UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

X **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2018

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 001-37872

Priority Technology Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**47-4257046**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2001 Westside Parkway, Suite 155 Alpharetta, Georgia	**30004**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(800) 935-5961**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common stock, $0.001 par value	Nasdaq Global Market
Warrants	Nasdaq Global Market
Units, each consisting of one share of common stock and one warrant	Nasdaq Global Market

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No (X)

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No (X)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes (X) No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes (X) No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	X	Smaller reporting company	X
		Emerging growth company	X

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No (X)

As of June 29, 2018, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately $52.8 million (based upon the closing sale price of the common stock on that date on The Nasdaq Capital Market).

As of March 22, 2019, 67,458,396 shares of common stock, par value $0.001 per share, were issued and outstanding.

Priority Technology Holdings, Inc.
Annual Report on Form 10-K
For the Year Ended December 31, 2018

Cautionary Note Regarding Forward-Looking Statements

Some of the statements made in this Annual Report on Form 10-K constitute forward-looking statements within the meaning of the federal securities laws. Such forward-looking statements include, but are not limited to, statements regarding our or our management's expectations, hopes, beliefs, intentions or strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, such as statements about our future financial performance, including any underlying assumptions, are forward- looking statements. The words "anticipate," "believe," "continue," "could," "estimate," "expect," "future," "goal," "intend," "likely," "may," "might," "plan," "possible," "potential," "predict," "project," "seek," "should," "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. Forward-looking statements contained in this Annual Report on Form 10-K include, but are not limited to, statements about:

- competition in the payment processing industry;
- the use of distribution partners;
- any unauthorized disclosures of merchant or cardholder data, whether through breach of our computer systems, computer viruses, or otherwise;
- any breakdowns in our processing systems;
- government regulation, including regulation of consumer information;
- the use of third-party vendors;
- any changes in card association and debit network fees or products;
- any failure to comply with the rules established by payment networks or standards established by third-party processor;
- any proposed acquisitions or any risks associated with completed acquisitions; and
- other risks and uncertainties set forth in the "Item 1A - Risk Factors" section of this Annual Report on Form 10-K.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this Annual Report on Form 10-K.

The forward-looking statements contained in this Annual Report on Form 10-K are based on our current expectations and beliefs concerning future developments and their potential effects on us. You should not place undue reliance on these forward-looking statements in deciding whether to invest in our securities. 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, including the risk factors set forth on page 20 of this Annual Report on Form 10-K, that may cause our 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.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Annual Report on Form 10-K, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely upon these statements.

You should read this Annual Report on Form 10-K with the understanding that our actual future results, levels of activity, performance and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

Forward-looking statements speak only as of the date they were made. 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.

Terms Used in the Annual Report on Form 10-K

As used in this Annual Report on Form 10-K, unless the context otherwise requires, references to the terms "Company," "Priority," "we," "us" and "our" refer to Priority Technology Holdings, Inc. and its consolidated subsidiaries.

PART I.

ITEM 1. BUSINESS

Basis of Presentation

On July 25, 2018, MI Acquisitions, Inc. ("MI Acquisitions"), which was formed under the laws of the State of Delaware on April 23, 2015, acquired all of the outstanding member equity interests of Priority Holdings, LLC in exchange for the issuance of MI Acquisitions' common stock. As a result, Priority Holdings, LLC, which was previously a privately-owned company, became a wholly-owned subsidiary of MI Acquisitions (the "Business Combination"). Simultaneously, MI Acquisitions changed its name to Priority Technology Holdings, Inc. For financial accounting and reporting purposes under generally accepted accounting principles in the United States ("GAAP"), the acquisition was accounted for as a "reverse merger." Under this method of accounting, MI Acquisitions is treated as the acquired entity whereby Priority Holdings, LLC was deemed to have issued common stock for the net assets and equity of MI Acquisitions accompanied by a simultaneous equity recapitalization of Priority Holdings, LLC. Net assets of the Company are stated at historical cost and accordingly the equity and net assets of the Company have not been adjusted to fair value. As of July 25, 2018, the consolidated financial statements of the Company include the combined operations, cash flows, and financial positions of both MI Acquisitions and Priority Holdings, LLC. Prior to July 25, 2018, the results of operations, cash flows, and financial position are those of Priority Holdings, LLC. The units and corresponding capital amounts and earnings per unit of Priority Holdings, LLC prior to July 25, 2018 have been retroactively restated as shares reflecting the exchange ratio established in the recapitalization.

Overview of the Company

We are a leading provider of merchant acquiring and commercial payment solutions, offering unique product capabilities to small and medium businesses ("SMBs"), enterprises and distribution partners such as retail independent sales organizations ("ISOs"), financial institutions ("FIs"), wholesale ISOs, and independent software vendors ("ISVs") in the United States. The Company, then Priority Holdings, LLC, was founded in 2005 with a mission to build a merchant inspired payments platform that would advance the goals of our SMB and enterprise clients and distribution partners. Since 2013, we have grown from the 38th largest U.S. merchant acquirer to become the 13th largest and 6th largest non-bank merchant acquirer as of the end of 2017, measured by Visa and MasterCard purchase volume according to the December 2017 Nilson Report. In 2018 and 2017, we processed over 466 million and 439 million transactions, respectively, and over $38 billion and $35 billion, respectively, in bankcard payment volume across approximately 181,000 and 174,000, respectively, merchants. Headquartered in Alpharetta, Georgia, we had 562 employees as of December 31, 2018 and are led by an experienced group of payments executives.

Our growth has been underpinned by three key strengths: (1) a cost-efficient, agile payment and business processing infrastructure, known internally as Vortex.Cloud and Vortex.OS, (2) two proprietary product platforms: the MX product suite targeting the consumer payments market and the commercial payments exchange ("CPX") product suite targeting the commercial payments market and (3) focused distribution engines dedicated to selling into business-to-consumer ("B2C") and commercial payments business-to-business ("B2B") markets.

The MX Product line provides technology-enabled payment acceptance and business management capabilities to merchants, enterprises and our distribution partners. The MX product line includes: (1) our MX ISO/Agent and VIMAS reseller technology systems (collectively referred to as "MX Connect") and (2) our MX Merchant products, which together provide resellers and merchant clients, a flexible and customizable set of business applications that help better manage critical business work functions and revenue performance using core payment processing as our leverage point. MX Connect provides our consumer payments reselling partners with automated tools that support low friction merchant on-boarding, underwriting and risk management, client service, and commission processing through a single mobile-enabled, web-based interface. The result is a smooth merchant activation onto our flagship consumer payments offering, MX Merchant, which provides core processing and business solutions to SMB clients. In addition to payment processing, the MX Merchant product line encompasses a variety of proprietary and third-party product applications that merchants can adopt such as MX Insights, MX Storefront, MX Retail, MX Invoice, MX B2B and ACH.com, among others. This comprehensive suite of solutions enables merchants to identify key consumer trends in their business, quickly implement e-commerce or retail point-of-sale ("POS") solutions, and even handle automated clearing house ("ACH") payments. By empowering resellers to adopt a consultative selling approach and embedding our technology into the critical day-

to-day workflows and operations of both merchants and resellers, we believe that we have established and maintained "sticky" relationships. We believe that our strong retention, coupled with consistent merchant boarding, have resulted in strong processing volume and revenue growth.

The CPX platform, like the MX Product line, provides a complete solution suite designed to monetize all types of B2B payments by maximizing automation for buyers and suppliers. CPX supports virtual card, purchase card, electronic fund transfer, ACH and check payments, intelligently routing each transaction via the optimal payment method. Underlying our MX and CPX platforms is the Company's Vortex.Cloud and Vortex.OS enterprise infrastructure, a curated cloud and application programming interface ("API") driven operating system built for scale and agility.

We developed an entirely virtual computing infrastructure in 2012. This infrastructure, known as Vortex.Cloud, is a highly-available, redundant, and audited payment card industry ("PCI"), Health Insurance Portability and Accountability Act ("HIPAA"), NACHA, and Financial Stability Oversight Council (the "FSOC") computing platform with centralized security and technical operations. We strive to enable Vortex.Cloud to maintain 99.999% uptime. All computational and IP assets of our operating companies are hosted and managed on Vortex.Cloud infrastructure. With Vortex.Cloud, we have constructed a uniform set of APIs, called Vortex.OS (operating system), that provide critical functionality to our payment divisions. The Vortex OS APIs provide electronic payments, security/crypto, data persistence, time series data (events), and artificial intelligence (AI). The MX and CPX product platforms leverage Vortex.OS and Vortex.Cloud for maximum scalability, high-availability, security, and access to advanced feature sets. The combined result is a purpose build infrastructure and product offering that produces solid organic growth and profit margin results. Furthermore, in addition to supporting a modern product stack, Vortex.Cloud and Vortex.OS enable the rapid inclusion of data and systems of acquisition targets for smooth consolidation to our operating infrastructure and accelerate achievement of revenue and cost synergies.

We sell our B2C merchant acquiring solutions primarily to SMBs through a growing and diverse reseller network, including ISOs, FIs, ISVs, Value-Added Resellers ("VARs") and other referral partners. We maintain stable, long-term relationships with our resellers, bolstered by the integration of MX Connect, a powerful customer relationship management ("CRM") and business operating system. MX Connect is used by our resellers and internal teams to manage their merchant base and accelerate the growth of their businesses through various value-added tools and resources which include marketing resources, automated onboarding, merchant underwriting, merchant activity monitoring and reporting. In addition, we offer ISVs and VARs a technology "agnostic" and feature rich API, providing developers with the ability to integrate electronic payment acceptance into their software and improve boarding efficiency for their merchant base. For the end user, MX Merchant provides a customizable, virtual terminal with proprietary business management tools and add-on applications that create an integrated merchant experience. MX Merchant's add-on applications include invoicing, website builder, inventory management and customer engagement and data analytics focused on targeted marketing among others. These proprietary business management tools and add-on applications, coupled with our omni-channel payment solutions, enable us to achieve attrition rates that, we believe, are well below industry average. MX Merchant can be deployed on hardware from a variety of vendors and operated either as a standalone product or integrated with third-party software. Through MX Merchant, we are well-positioned to capitalize on the trend towards integrated payments solutions, new technology adoption, and value-added service utilization in the SMB market. Our broad go-to-market strategy has resulted in a merchant base that is both industry and geographically diversified in the United States, resulting in low industry and merchant concentration.

In addition to our B2C offering, we have diversified our source of revenues through our growing presence in the B2B market. We work with enterprise clients and leading financial institutions seeking to automate their accounts payable processes. We provide curated managed services and a robust suite of integrated accounts payable automation solutions to industry leading financial institutions and card networks such as Citibank, MasterCard, Visa and American Express, among others. Unlike the consumer payments business which advocates a variable cost indirect sales strategy, Priority Commercial Payments supports a direct sales model that provides turnkey merchant development, product sales, and supplier enablement programs. CPX offers clients a seamless bridge for buyer to supplier (payor to provider) payments by integrating directly to a buyer's payment instruction file and parsing it for payment to suppliers via virtual card, purchase card, ACH +, dynamic discounting, or check. Successful implementation of our Accounts Payable ("AP") automation solutions provides suppliers with the benefits of cash acceleration, buyers with valuable rebate/discount revenue, and the Company with stable sources of payment processing and other revenue. Considering that the commercial payments volume in the United States is over twice the size of consumer payments and substantially less penetrated for electronic payments, we believe that this market represents a high growth opportunity for us.

More recently, we began to build our Integrated Partners component which offers solutions for ISVs, third-party integrators, and merchants that allow for the leveraging of our core payments engine via application program interfaces ("APIs") resources. Integrated Partners connects businesses with other businesses and their customers in the real estate, hospitality, and health care marketplaces.

We generate revenue primarily from fees charged for processing payment transactions, and to a lesser extent, from monthly subscription services and other solutions provided to merchants. Processing fees are generated from the ongoing sales of our merchants under multi-year merchant contracts, and thus are highly recurring in nature. Due to the nature of our strong reseller-centric distribution model and differentiated technology offering, we can drive efficient scale and operating leverage, generating robust margins and profitability.

For the year ended December 31, 2018, we generated revenue of $424.4 million, a net loss of $15.0 million and Adjusted EBITDA (a non-GAAP measure) of $52.9 million, compared to revenue of $425.6 million, net income of $4.6 million and Adjusted EBITDA of $56.9 million for the year ended December 31, 2017. For a discussion of Adjusted EBITDA and a reconciliation to net income (loss), the most directly comparable measure under GAAP, please see the section entitled "Item 7 - Management's Discussion and Analysis of Financial Conditions and Results of Operations—Certain Non-GAAP Measures" elsewhere in this Annual Report on Form 10-K.

Industry Overview

The B2C payment processing industry provides merchants with credit, debit, gift and loyalty card and other payment processing services, along with related value-added solutions and information services. The industry continues to grow, driven by wider merchant acceptance, increased consumer use of electronic payments and advances in payment technology. The proliferation of bankcards and use of other payment technologies has made the acceptance of electronic payments through multiple channels a virtual necessity for many businesses, regardless of size, to remain competitive. This increased use and acceptance of bankcards and the availability of more sophisticated products and services has resulted in a highly competitive and specialized industry.

Services to the SMB merchant market have been historically characterized by basic payment processing without ready access to more sophisticated technology, value-added solutions, or customer service that are typically offered to large merchants. To keep up with the changing demands of how consumers wish to pay for goods and services, we believe that SMB merchants increasingly recognize the need for value-added services wrapped around omni-channel payment solutions that are tailored to their specific business needs.

Key Industry Trends

The following are key trends we believe are impacting the merchant acquiring / payment processing industry:

- *Trend Toward Electronic Transactions*. We believe the continued shift from cash/paper payments toward electronic / card payments will drive growth for merchant acquirers and processors as volume continues to grow correspondingly. According to the December 2017 Nilson Report, card and electronic-based payments will make-up 83% of U.S. consumer payments (dollar volume) by 2021, compared to 64% and 75% in 2011 and 2016, respectively. We believe the continued migration from cash to card and overall market growth will continue to provide tailwinds to the electronic payments industry.

- *Increasing Demand for Integrated Payments.* Merchant acquirers are increasingly differentiating themselves from competitors via innovative technology, including integrated POS solutions ("integrated payments"). Integrated payments refer to the integration of payment processing with various software solutions and applications that are sold by VARs and ISVs. Integrated software tools help merchants manage their businesses, streamline processes, lower costs, increase accuracy, and drive growth for businesses. The broader solutions delivered as part of an integrated payments platform have become an increasingly important consideration point for many SMBs, whereas pricing was historically the key factor influencing the selection of a merchant acquirer. Merchant acquirers that partner with VARs and ISVs to integrate payments with software or own the software outright may benefit most from new revenue streams and higher merchant retention.

- *Mobile Payments.* Historically, e-commerce was conducted on a computer via a web browser; however, as mobile technologies continue to proliferate, consumers are making more purchases through mobile browsers and native mobile applications. We believe this shift represents a significant opportunity given the high growth rates of mobile payments volume, higher fees for card-not-present and cross-border processing and potential for the in-app economy to stimulate and/or alter consumer spending behavior.

- *Migration to EMV.* EMV, which stands for Europay, MasterCard and Visa, is the global payments standard that utilizes chip technology on cards designed to increase security. EMV technology employs dynamic authentication for each transaction, rendering any data copied from magnetic strip readers to produce counterfeit cards unusable. Demand for EMV ready terminals should remain resilient in the near term due to the following:

    - The United States was one of the last countries to adopt EMV technology, leaving a large group of merchants still transitioning to the EMV standards; and

    - U.S. merchants are penalized for failing to comply with EMV standards by bearing the chargeback risk when presented with an EMV enabled card when the terminal is non-compliant.

The large majority of our third-party products are EMV enabled, and we expect that most new hardware sales will be EMV enabled devices, although all hardware sales constitute only a small portion of our total revenue.

B2B payments is the largest payment market in the United States by volume and presents a significant opportunity for payment providers to capitalize on the conversion of check and paper-based payments to electronic payments, including card-based acceptance. As businesses have increasingly looked to improve efficiency and reduce costs, the electronification of B2B payments has gained momentum. Business Insider estimates that over 51% of B2B volume was paid via check in 2016, mainly due to the complex and cumbersome process associated with B2B payments, including invoicing, delayed payment terms and use of multiple banks.

Electronics Payments Overview

The payment processing and services industry provides the infrastructure and services necessary to enable the acceptance, processing, clearing and settlement of electronic payments predominantly consisting of credit card, debit card, ACH payments, gift cards and loyalty rewards programs. Characterized by recurring revenues, high operating leverage, and robust cash flow generation, the industry continues to benefit from the mass migration from cash and checks to electronic payments. According to the December 2017 Nilson Report, purchase volume on credit, debit and prepaid cards in the United States was approximately $6.2 trillion in 2016 and is estimated to reach nearly $8.5 trillion by 2021, a compound annual growth rate of 6.6%.

There are five key participants in the payment processing value chain: (i) card issuing banks, (ii) merchant acquirers, (iii) payment networks, (iv) merchant processors and (v) sponsor banks. Each of these participants performs key functions in the electronic payments process, while other entities, such as terminal manufacturers, gateway providers and independent sales organizations also play important functions within the value chain.

- *Card Issuing Banks* – Typically financial institutions that issue credit/debit cards to consumers (also underwrite the risk associated the cards), authorize (check for fraud and sufficient funds) transactions and transfer funds through the payment networks for settlement. Some card issuers do not have the ability to process transactions in-house, in which case the issuer may engage a card processor.

- *Merchant Acquirers* – Firms that sign up merchants to their platform through a variety of sales channels, enabling them to accept, process and settle electronic payments. Additionally, merchant acquirers provide other value-added services to help merchants run their businesses more efficiently, such as helping to select POS hardware and providing customer support and services.

- *Payment Networks* – Card brand companies, such as MasterCard or Visa, that set rules and provide the rails to route transactions and information between card issuers, merchant acquirers and payments processors in real-time over vast communication networks.

- *Merchant Processors* – Firms that provide the technology needed to allow for payment authorization, data transmission, data security and settlement functions. Oftentimes the term merchant acquirer and processor are used synonymously; however, they perform two distinct functions (sometimes provided by the same entity).

- *Sponsor Banks* – Financial Institutions that are acquiring members of Visa and MasterCard and provide sponsorship access to acquirers and processors to the card networks. Sponsor banks provide merchants the ultimate access to the card networks for their processing activity.

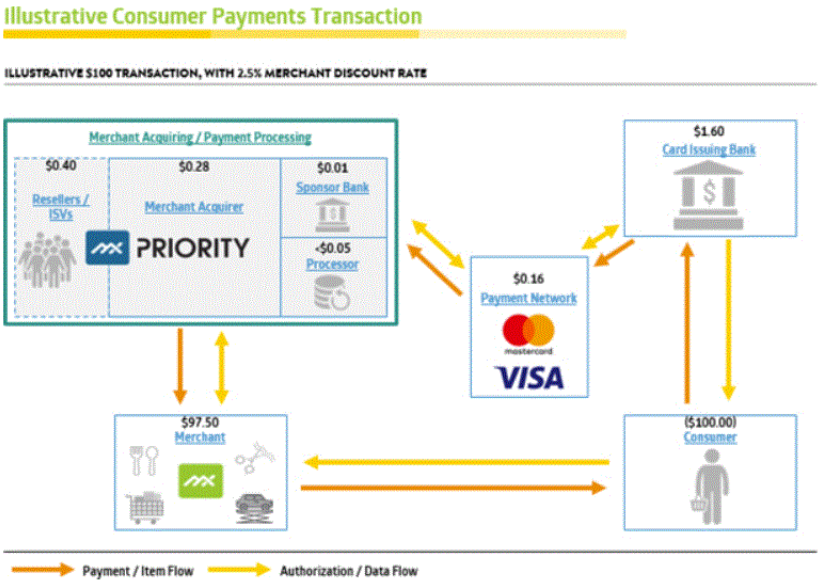
The industry also includes other third-party providers, including service, software and hardware companies that provide products and services designed to improve the experience for issuers, merchants and merchant acquirers. This category includes mobile payment enablers, terminal manufacturers, and ISV's.

Each electronic payment transaction consists of two key steps: the front-end authorization and back end settlement.

- *Front End Authorization* – The original request for payment authorization that occurs when the card is swiped or inserted at the POS or the data is entered into an online gateway.

- *Back End Settlement* – The settlement and clearing process consists of settling outstanding payables and receivables between the card issuing bank & merchant bank. This process is facilitated by a back-end processor that utilizes the network's platform to send outstanding payable information and funds between the two parties.

A credit or debit card transaction carried out offline or through signature debit is a two-message process, with the front end occurring at the POS and the back end occurring later as a part of a batch processing system that clears all of the day's payments from transaction occurring throughout the day. Credit and debit card transactions carried out with personal identification numbers consist of a single message, whereby the authorization and clearing occur immediately – the money is instantly debited from the cardholder's checking account, although the settlement of funds (the transfer to the merchant's account) may happen later as part of a batch process.



Competitive Strengths

We possess certain attributes that we believe differentiate us as a leading provider of merchant acquiring and commercial payment solutions in the United States. Our key competitive strengths include:

Purpose-Built Proprietary Technology

We have strategically built our proprietary software to provide technology-enabled payment acceptance and business management solutions to merchants, enterprises and resellers. The MX product line is embedded into the critical day-to-day workflows and operations of both merchants and resellers, leading to highly "sticky" relationships and high retention. CPX provides a complete commercial solution suite that monetizes commercial payments and maximizes automation for buyers and suppliers. By integrating with Vortex.Cloud and Vortex.OS, MX and CPX can scale in a cost-effective and efficient manner, while enhancing features and functionality. Both product lines also support low friction merchant onboarding and an integrated value-added product offering for merchants, resellers and ISVs in the consumer and commercial payment space. Furthermore, in addition to supporting a modern user experience, Vortex.Cloud enables the rapid inclusion of data and systems of acquisition targets for smooth consolidation to our operating infrastructure and accelerates achievement of revenue and of cost synergies.

Diverse Reseller Community

We maintain strong reseller relationships with approximately 1,000 ISOs, FIs, ISVs, VARs and other referral partners. MX Connect enables resellers to efficiently market merchant acquiring solutions to a broad base of merchants through this one-to-many distribution model. Resellers leverage MX Connect's powerful CRM and business operating features to manage their internal sales teams and engage their merchant base through various value-added tools and resources, such as marketing resources, automated onboarding, merchant underwriting, merchant activity monitoring and reporting, to support the growth of their businesses. We believe that our ability to service our reseller partners through a comprehensive offering provides a competitive advantage that has allowed the company to build a large, diverse merchant base characterized by high retention. The strength of our technology offering is manifest in the fact that we maintain ownership of merchant contracts, with most reseller contracts including strong non-solicit and portability restrictions.

Comprehensive Suite of Payment Solutions

MX Merchant offers a comprehensive and differentiated suite of traditional and emerging payment products and services that enables SMBs to address their payment needs through one provider. We provide a payment processing platform that allows merchants to accept electronic payments (e.g. credit cards, debit cards, and ACH) at the point of sale ("POS"), online, and via mobile payment technologies. In addition, through MX Merchant, we deliver innovative business management products and add-on features that meet the needs of SMBs across different vertical markets. Through our MX Merchant platform, we believe we are well-positioned to capitalize on the trend towards integrated payments solutions, new technology adoption and value-add service utilization that is underway in the SMB market. We believe our solutions facilitate a superior merchant experience that results in increased customer lifetime value.

Highly Scalable Business Model with Operating Leverage

As a result of thoughtful investments in our technology, we have developed robust and differentiated infrastructure that has enabled us to scale in a cost-efficient manner. Our purpose-built proprietary technology platforms, MX and CPX, each serve a unique purpose within consumer and commercial payments, enabling the company to realize significant operating leverage within each business segment. Furthermore, the agility of our Vortex.Cloud and Vortex.OS enterprise infrastructure enables us to quickly and cost efficiently consolidate acquisitions to drive revenue and cost synergies. Our operating efficiency supports a low capital expenditure environment to develop product enhancements that drive organic growth across our consumer and commercial payment ecosystems and attract both reselling partners and enterprise clients looking for best-in-class solutions. By creating a cost-efficient environment that facilitates the combination of ongoing product innovation to drive organic growth and stable cash flow to fund acquisitions, we anticipate ongoing economies of scale and increased margins over time.

Experienced Management Team Led by Industry Veterans

Our executive management team has a record of execution in the merchant acquiring and technology-enabled payments industry. Our team has continued to develop and enhance our proprietary and innovative technology platforms that differentiate us with merchants and resellers in the industry. Since founding the Company, our leadership team has built strong, long-term relationships with reseller and enterprise partners by leveraging the MX and CPX product platforms to meet the needs of businesses in specific vertical markets. We invest to attract and retain executive leadership that align with the opportunities in the market and our strategic focus.

Growth Strategies

We intend to continue to execute a multi-pronged growth strategy, with diverse organic initiatives supplemented by acquisitions. Growth strategies include:

Organic Growth in our Consumer Reseller and Merchant Base

We expect to grow through our existing reseller network and merchant base, capitalizing on the inherent growth of existing merchant volume and reseller merchant portfolios. By providing resellers with agile tools to manage their sales businesses and grow their merchant portfolio, we have established a solid base from which to generate new merchant adoption and retain existing merchants. By engaging in a consultative partnership approach, we maintain strong relationships with our reseller partners and continues to exhibit strong merchant adoption and volume growth trends. Through our resellers, we provide merchants with full-service acquiring solutions, as well as value-added services and tools to streamline their business processes and enables them to focus on driving same store sales growth.

Expand our Network of Distribution Partners

We have established and maintains a strong position within the reseller community, with approximately 1,000 partners. We intend to continue to expand our distribution network to reach new partners, particularly with ISVs and VARs to expand technology and integrated partnerships. We believe that our MX Connect technology offering enables us to attract, and retain, high quality resellers focused on growth.

Increase Margin per Merchant with Complementary Products and Services

We intend to drive the adoption of our value-added services and tools with our merchant base. MX Merchant allows merchants to add proprietary Priority applications as well as other third-party applications from the MX Merchant Marketplace to build customized payment solutions that are tailored to a merchant's business needs. As we continue to board new merchants and promote our MX Merchant solution, we can cross-sell these add-on applications. By increasing attachment rates, along with continued benefit from economies of scale, we expect to see improved margins per merchant. Merchants utilizing MX Merchant exhibit somewhat higher retention, contributing to our improving overall retention rates. We believe we are well-positioned to capitalize on the secular trend towards integrated payments solutions, new technology adoption and value-add service utilization in the SMB market.

Deploy Industry Specific Payment Technology

We intend to continue to enhance and deploy our technology-enabled payment solutions in attractive industries. Through MX Merchant, we have developed proprietary applications and added third-party tools that address the specific needs of merchants in certain verticals, including retail, healthcare and hospitality. We continue to identify and evaluate new and attractive industries where we can deliver differentiated technology-enabled payment solutions that meet merchants' industry-specific needs.

Expand Electronic Payments Share of B2B Transactions with CPX

We have a growing presence in the commercial payments market where we provide curated managed services and AP automation solutions to industry leading financial institutions and card networks such as Citibank, MasterCard, Visa and American Express. Commercial payments is the largest and one of the fastest growing payments market in the United States by volume. We are well positioned to capitalize on the secular shift from check to electronic payments, which currently lags the consumer payments

markets, by eliminating the friction between buyers and suppliers through our industry leading offering, and driving strong growth and profitability.

Accretive Acquisitions

We intend to selectively pursue strategic and tactical acquisitions that meet certain criteria, with a consistent long-term goal of maximizing stockholder value. We actively seek potential acquisition candidates that exhibit certain attractive attributes including, predictable and recurring revenue, scalable operating model, low capital intensity complementary technology offerings and strong cultural fit. Our Vortex.Cloud operating infrastructure is purpose-built to rapidly and seamlessly consolidate complementary businesses into our ecosystem, optimizing revenue and cost synergies.

Technology Infrastructure and Product Solutions

Infrastructure Offering

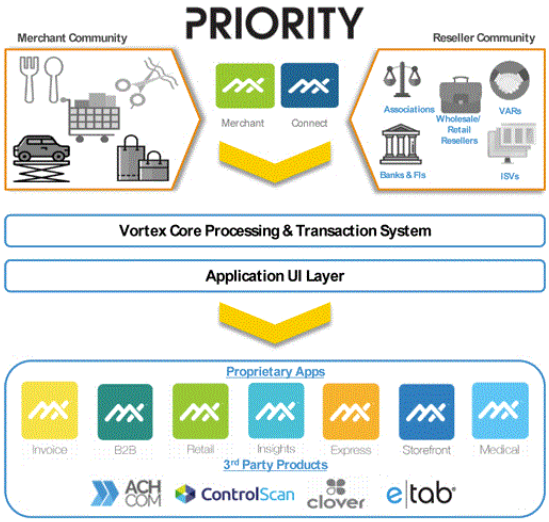
Vortex.Cloud

Vortex.Cloud is a highly-available, redundant, and audited (PCI, HIPAA, NACHA, and FSOC) computing platform with centralized security and technical operations. We strive to enable Vortex.Cloud to maintain 99.999% uptime. All computational and IP assets of our payment operating divisions are hosted and managed on Vortex.Cloud infrastructure. Vortex.Cloud enables the rapid inclusion of data and systems of acquisition targets for smooth consolidation to our operating infrastructure and accelerates achievement of revenue and cost synergies.

Vortex.OS

Vortex.OS provides critical technological functionality to our payment operating divisions. The Vortex.OS APIs include: electronic payments, security/crypto, data persistence, time series data (events), and artificial intelligence (AI). Our purpose-built payments engine facilitates industry leading organic growth and efficient consolidation of acquisitions resulting in strong profit margins.

Consumer Payments Offering



Reseller Tools

MX Connect

Our objective is to empower our resellers to grow their businesses and improve their merchant portfolios. To do so, we provide our resellers with a feature rich API architecture, powerful merchant relationship management tools, and thought leadership resources. MX Connect provides dynamic portfolio management giving resellers total control over their financial data along with convenient low friction merchant onboarding, automated underwriting, and robust portfolio reporting and compensation tracking.

In addition, we offer our resellers thought leadership resources to support their growth and educate their employees. Priority University ("PriorityU") includes proprietary white papers on Apple Pay, EMV, regulations & compliance, and other industry topics. PriorityU also includes a comprehensive set of marketing and training tools that re-sellers can leverage to train their employees and tactfully engage merchants. In addition to the written and video-based tools on our website, we maintain a live reseller support phone line to provide resellers with real time assistance.

Finally, we offer our resellers Brand Licensing and Wholesale Development Programs which allow resellers to leverage the strength of the Priority brand for immediate and meaningful marketing impact.

Merchant Products

Our core payment processing technology allows merchants to accept electronic payments via multiple integrated POS technologies. However, our payment processing platform goes beyond traditional electronic payments acceptance with a fully integrated platform called MX Merchant. Our proprietary product maximizes the lifetime value of merchant relationships.

MX Merchant

Our flagship offering, MX Merchant, is a customizable payments platform that allows merchants to accept electronic payments and manage their business. Merchants can accept credit cards, debit cards, and cash using a virtual terminal, monitor payment activity in real-time, manage payment history and customer data, and create customizable reports and statements. MX Merchant is a proprietary software platform and virtual terminal that can be deployed on hardware from a variety of vendors and operated on a standalone basis or integrated with 3rd party software products.

The MX Merchant platform also allows customers to add applications from the MX Merchant Marketplace to build a payment platform customized to that merchant's business, including:

- MX Invoice – Invoice and recurring billing app which speeds up the payment process and creates automatic, trustworthy, and easy to use invoices.
- MX Retail – Inventory and stock control app utilizing both MX Merchant and MX Retail applications to handle all point-of-sale needs, rewards program and inventory management with an iPhone application.
- MX B2B – Ensures merchants receive lower rates for Level II / III processing by setting up user level permissions based on job function.
- MX Insights – Customer engagement and data analytics tool focused on marketing campaigns with intelligent customer targeting through use of big data.
- MX Storefront – Allows merchants to quickly and easily create a professional, comprehensive, entirely customizable website, complete with full payment integration.
- MX Medical – Delivers patient payment estimates at the POS of a medical practice. The tool informs patients of their payment responsibility and presents the patient with a range of payment options. Once the patient leaves the medical practice, notifications and messaging are pushed to the patient's mobile device alerting them to future payments.
- ACH.com – Integrated ACH payment processing platform.

We offer several third-party products and services to our merchants including:

- ControlScan – On demand tools merchants can utilize to analyze, remediate, and validate PCI compliance.
- e-Tab – Provides a mobile restaurant / hospitality ordering and payment platform. We acquired the e-Tab business assets in February 2019.
- Terminals – we offer several EMV ready terminals and mobile card readers from manufacturers such as Ingenico, Verifone, and Magtek.
- Merchant Financing – we are a reseller of several merchant financing solutions provided by American Express.

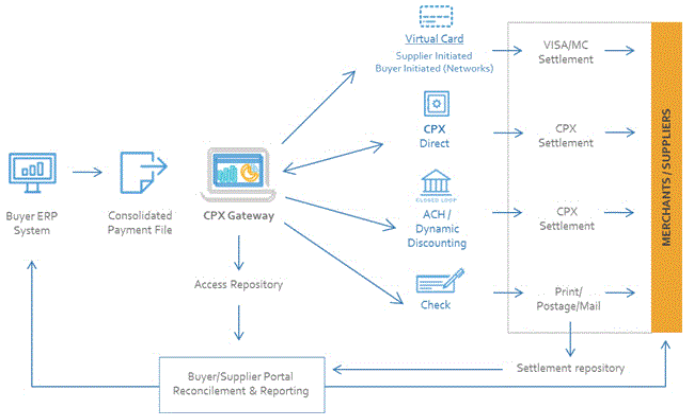
Commercial Payments Offering: Managed Services and CPX

We provide curated managed services and AP automation solutions (CPX) on behalf of industry leading financial institutions and card networks such as Citibank, MasterCard, Visa and American Express ("AMEX"). Our turnkey merchant development, business process outsourcing and refined supplier enablement program, allow commercial partners to leverage our long-standing customer relationships. Established in 2008, our commercial payments offering has allowed us to profit from the large and growing commercial payments market. Priority CPX offers solutions to key pain points such as scalability of expanding supplier onboarding while decreasing costs through automation. Successful implementation of our AP automation strategies provides vendors with the benefits of cash acceleration, buyers with valuable rebate/discount revenue, and the Company with stable sources of merchant acquiring, credit card interchange and discount fee revenue.

Managed Services

We provide business process outsourcing services to AMEX that offer AMEX's merchants access to several programs, including AMEX Buyer Initiated Payments ("BIP") and AMEX Merchant Financing loans. Acting as an outsourced sales force, we utilize approximately 180 employees to originate BIP or Merchant Financing loans for AMEX, earning a fee for each origination. Additionally, AMEX compensates us for personnel fees incurred for the employees who sell these outsourced services. We do not take any credit risk associated with the aforementioned programs.

CPX



Priority CPX is a turnkey commercial payments platform that automates the AP payment process between buyers and suppliers to maximize financial rebates and ensure timely, automated payment of vendor payments.

- CPX Access - Interactive portals connecting Buyers and Suppliers to promote the payment and data exchange between partners.
- CPX Gateway - Seamless integration with enterprise resource planning systems that produce a single payment file for the entire CPX solutions suite.
- CPX Commercial Acceptance - Optimize payment programs with a full suite of targeted solutions and powerful outreach campaign management and automated electronic quick-start application.
- CPX Payments - Leveraging a complete suite of traditional and transitional payment solutions to completely automate AP files.

Sales and Distribution

We reach our consumer payment merchants through three primary sales channels: 1) Retail ISOs/Agents and Financial Institutions (i.e. community banks), 2) Wholesale ISOs, and 3) Independent Software Vendors and Value-Added Resellers. MX Connect allows resellers to engage merchants for processing services and a host of value-added features designed to enhance their customer relationship. Merchants utilize our diverse product suite to manage their business, increasing our ability to retain the merchant if the ISO were to leave the Company.

- Retail ISOs/Agents and Financial Institutions (i.e. community banks) – A non-risk bearing independent company of sales agents, individual sales agent, or financial institution that operates as a sales force on behalf of the Company. Retail

resellers are not employed by us but rather are independently contracted to acquire merchants to utilize our payment processing and product offerings. While the reseller serves as the merchant's key contact, the processing contract is between us and the merchant and agreements with resellers include non-solicitation rights. We manage the transaction risk on behalf of retail resellers.

- Wholesale ISO – A risk bearing independent company of sales agents that operates as a sales force on behalf of the Company. Wholesale ISOs are not employed by us but rather are independently contracted to acquire merchants to utilize our payment processing and product offerings. While the ISO serves as the merchant's key contact, the processing contract is between us and the merchant, and agreements with ISOs include non-solicitation rights. Wholesale ISOs are responsible and bear all transaction risk on their merchant portfolios. We underwrite all such merchants even though wholesale ISOs bear the risk.

- ISVs and VARs - ISVs develop and sell business management software solutions while VARs sell third-party software solutions to merchants as part of a bundled package that includes the computer systems which operates the software. We partner with ISVs and VARs that can integrate our capabilities into a variety of software applications (e.g. medical billing software). These integrated payment solutions create an extremely "sticky" customer relationship.

Priority Commercial Payments obtains its "buyer" clients through direct sales initiative and referral and business partnerships with integrated software partners, the card networks (MasterCard, Visa, American Express) and large US banking institutions. We support a direct vendor sales model that provides turnkey merchant development, product sales, and supplier enablement programs. By establishing a seamless bridge for buyer-to-supplier (payor-to-provider) payments that is integrated directly to a buyer's payment instruction file to facilitate payments to vendors via all payment types (virtual card, purchase card, ACH +, dynamic discounting), we have established ourselves as an emerging force in commercial payments.

Our market strategy has resulted in a merchant base that we believe is diversified across both industries and geographies resulting in, what we believe, is more stable average profitability per merchant. No single reseller relationship contributes more than 10% of total bankcard processing volume. On a standalone basis the Priority CPX product would represent the 52nd largest merchant acquirer in the U.S. and among its fastest growing.

Security, Disaster Recovery and Back-up Systems

As a result of normal business operations, we store information relating to our merchants and their transactions. Because this information is considered sensitive in nature, we maintain a high level of security to attempt to protect it. Our computational systems are continually updated and audited to the latest security standards as defined by payment card industry and data security standards ("PCI DSS"), FSOC, and HIPAA audits. As such, we have a dedicated team responsible for security incident response. This team develops, maintains, tests and verifies our incident response plan. The primary function of this team is to react and respond to intrusions, denial of service, data leakage, malware, vandalism, and many other events that could potentially jeopardize data availability, integrity, and confidentiality. This team is responsible for investigating and reporting on all malicious activity in and around our information systems. In addition to handling security incidents, the incident response team continually educates themselves and us on information security matters.

High-availability and disaster recovery are provided through a combination of redundant hardware and software running at two geographically distinct data centers. Each data center deployment is an exact mirror of the other and each can handle all technical, payment, and business operations for all product lines independently of the other. If one site or service becomes impaired, the traffic is redirected to the other automatically. Business Continuity Planning drills are run each quarter to test fail-over and recovery as well as staff operations and readiness.

Third-Party Processors and Sponsor Banks

We partner with various vendors in the payments value chain to process payments for our merchant clients, most notably processors and sponsor banks, which sit between us (the merchant acquirer) and the card networks. Processing is a scale driven business in which many acquirers outsource the processing function to a small number of large processors. In these partnerships, we serve as a merchant acquirer and enters into processing agreements with payment processors, such as First Data or TSYS, to serve as our front-end and back-end transaction processor for which they are paid processing fees. These processors in turn have agreements

with card networks such as Visa and MasterCard, through which the transaction information is routed in exchange for network fees.

To provide processing services, acquirers such as we must be registered with the card networks (e.g. Visa and MasterCard). To register with a card network in the United States, acquirers must maintain relationships with banks willing to sponsor the acquirer's adherence to the rules and standards of the card networks, or a sponsor bank. We maintain sponsor bank relationships with Citizens Bank, Wells Fargo, and Synovus Bank. For ACH payments, the Company's ACH network (ACH.com) is sponsored by Atlantic Capital Bank, MB Financial Bank, and Regions Bank. Sponsor bank relationships enable us to route transactions under the sponsor bank's control and identification number (referred to as a BIN for Visa and ICA for MasterCard) across the card networks (or ACH network) to authorize and clear transactions.

Risk Management

Our thoughtful merchant and reseller underwriting policies combined with our forward-looking transaction management capabilities have enabled us to maintain low credit loss performance. Our risk management strategies are informed by a team with decades of experience managing merchant acquiring risk operations that are augmented by our modern systems designed to manage risk at the transaction level.

Initial Underwriting- Central to our risk management process is our front-line underwriting policies that vet all resellers and merchants prior to their contracting with us. Our automated risk systems pull credit bureau reports, corporate ownership details, as well as anti-money laundering, Office of Foreign Assets Control ("OFAC") and Financial Crimes Enforcement Network ("FinCEN") information from a variety of integrated data bases. This information is put into the hands of a tenured team of underwriters who conduct any necessary industry checks, financial performance analysis or owner back ground checks, consistent with our policies. Based upon these results the underwriting department rejects or approves and sets appropriate merchant and reseller reserve requirements which are held by our bank sponsors on our behalf. Resellers are subject to quarterly and/or annual assessments for financial strength compliance with our policies and adjustments to reserve levels. The results of our initial merchant underwriting inform the transaction level risk limits for volume, average ticket, transaction types and authorization codes among other items that are captured by our CYRIS risk module—a proprietary risk system that monitors and reports transaction risk activity to our risk team. This transaction level risk module, housed within MX Connect, forms the foundational risk management framework that enables the company to optimize transaction activity and processing scale while preserving a modest aggregate risk profile that has resulted in historically low losses.

Real-Time Risk Monitoring- Merchant transactions are monitored on a transactional basis to proactively enforce risk controls. Our risk systems provide automated evaluation of merchant transaction activity against initial underwriting settings. Transactions that are outside underwriting parameters are queued for further investigation. Also, resellers whose merchant portfolio represents a concentration of investigated merchants are evaluated for risk action (i.e., increased reserves or contract termination).

Risk Audit- Transactions flagged by our risk monitoring systems or that demonstrate suspicious activity traits that have been flagged for review can result in funds being held and other risk mitigation actions. These can include non- authorization of the transaction, debit of reserves or even termination of processing agreement. Merchants are periodically reviewed to assess any risk adjustments based upon their overall financial health and compliance with Network standards. Merchant transaction activity is investigated for instances of business activity changes or credit impairment (and improvement).

Loss Mitigation- In instances where particular transactions and/or individual merchants are flagged for fraud, where transaction activity is resulting in excessive charge-backs, several loss mitigation actions may be taken. These include charge-back dispute resolution, merchant and reseller funds (reserves or processed batches) withheld, inclusion on Network Match List to notify the industry of a "bad actor", and even legal action.

We ensure that our risk and underwriting activities are coordinated with our bank sponsors (Wells Fargo, Citizens Bank and Synovus) and authorization and settlement partners (First Data and TSYS).

Acquisitions of Businesses

On June 19, 2015, we entered into a definitive agreement to purchase substantially all merchant acquiring related assets, except those identified as excluded, of American Credit Card Processing Corp., American Credit Card Processing Corp. II, American

Credit Card Processing Corp. III and their affiliates. The total purchase price consideration was approximately $27.6 million, consisting of cash paid and a contingent earnout payment.

During 2018, we consummated the acquisitions of four businesses for total cash consideration of $7.5 million plus shares of our common stock with a fair value of $5.0 million. There is the potential for additional contingent consideration up to $1.5 million.

For more information regarding our acquisitions, see Note 2,*Business Combinations*, to our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Competition

The U.S. acquiring industry is highly competitive, with several large processors accounting for the majority of processing volume; when excluding banks, we ranked 6th among U.S. merchant acquiring as of 2017, according to the December 2017 Nilson Report. When comparing top non-bank U.S. merchant acquirers by volume, Worldpay holds the leadership position followed by Global Payments, First Data and TSYS. While the scale of these companies is large, we believe there is still ample opportunity for companies like us to continue to grow given the vast amount of growth in MasterCard/Visa purchasing volume which increased in 2017 given the utility of card-based payments by U.S. consumers.

The concentration at the top of the industry partly reflects consolidation; however, we believe that consolidation has also resulted in many large processors having multiple, inflexible legacy IT systems that are not well equipped to adjust to changing market requirements. We believe that the large merchant acquirers whose innovation has been hindered by these redundant, legacy systems risk losing market share to acquirers with more agile and dynamic IT systems, such as Priority.

Pricing has historically been the key factor influencing the selection of a merchant acquirer. However, providers with more advanced tech-enabled services (primarily online and integrated offerings) have an advantage over providers operating legacy technology and offering undifferentiated services that have come under pricing pressure from higher levels of competition. High quality customer service further differentiates providers as this helps to reduce attrition. Other competitive factors that set acquirers apart include price, partnerships with financial institutions, servicing capability, data security and functionality. Leading acquirers are expected to continue to add additional services to expand cross-selling opportunities, primarily in omni-channel payment solutions, POS software, payments security, customer loyalty and other payments-related offerings.

The largest opportunity for acquirers to expand is within the small to medium-sized merchant market. According to First Annapolis, there are approximately 7.2 million small to mid-sized merchants generating over $800 billion in credit/debit dollar volume annually, which equates to approximately $6 billion in acquirer net revenue. JP Morgan estimates that small and mid-sized merchants make up 30% to 35% of U.S. bank card purchase volume. Volume per merchant is lower for acquirers with high penetration rates amongst small businesses; however, this is largely offset by the aggregate processing fee potential and market size.

According to the SMB group, a markets insight firm for small and medium-sized businesses, the majority of small (approximately 67%) and medium-sized businesses (approximately 81%) recognize the upside tech-enabled solutions provide to daily operations and long-term growth potential. As small businesses increasingly demand integrated solutions tailored to specific business functions or industries merchant processors are adopting payment enabled software offerings that combine payments with core business operating software. By subsisting within SMB's critical business software processors are able to improve economic results through better merchant retention and often higher processing margins. Through our MX Merchant platform, we are well-positioned to capitalize on the trend towards integrated solutions, new technology adoption and value added-service utilization in the SMB market.

Government Regulation and Payment Network Rules

We operate in an increasingly complex legal and regulatory environment. We are subject to a variety of federal, state and local laws and regulations and the rules and standards of the payment networks that are utilized to provide our electronic payment services, as more fully described below.

Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act")

The Dodd-Frank Act, which was signed into law in the United States in 2010, resulted in significant structural and other changes to the regulation of the financial services industry. The Dodd-Frank Act directed the Board of Governors of the Federal Reserve System (the "Federal Reserve Board") to regulate the debit interchange transaction fees that a card issuer or payment card network receives or charges for an electronic debit transaction. Pursuant to the so-called "Durbin Amendment" to the Dodd-Frank Act, these fees must be "reasonable and proportional" to the cost incurred by the card issuer in authorizing, clearing and settling the transaction. Pursuant to regulations promulgated by the Federal Reserve Board, debit interchange rates for card issuers with assets of $10 billion or more are capped at $0.21 per transaction and an ad valorem component of 5 basis points to reflect a portion of the issuer's fraud losses plus, for qualifying issuers, an additional $0.01 per transaction in debit interchange for fraud prevention costs. The cap on interchange fees has not had a material direct effect on our results of operations.

In addition, the Dodd-Frank Act limits the ability of payment card networks to impose certain restrictions because it allows merchants to: (i) set minimum dollar amounts (not to exceed $10) for the acceptance of a credit card (and allows federal governmental entities and institutions of higher education to set maximum amounts for the acceptance of credit cards) and (ii) provide discounts or incentives to encourage consumers to pay with cash, checks, debit cards or credit cards.

The rules also contain prohibitions on network exclusivity and merchant routing restrictions that require a card issuer to enable at least two unaffiliated networks on each debit card, prohibit card networks from entering into exclusivity arrangements and restrict the ability of issuers or networks to mandate transaction routing requirements. The prohibition on network exclusivity has not significantly affected our ability to pass on network fees and other costs to our customers, nor do we expect it to in the future.

The Dodd-Frank Act also created the FSOC, which was established to, among other things, identify risks to the stability of the United States financial system. The FSOC has the authority to require supervision and regulation of nonbank financial companies that the FSOC determines pose a systemic risk to the United States financial system. Accordingly, we may be subject to additional systemic risk-related oversight.

Payment Network Rules and Standards

As a merchant acquirer, we are subject to the rules of Visa, MasterCard, American Express, Discover and other payment networks. In order to provide services, several of our subsidiaries are either registered as service providers for member institutions with MasterCard, Visa and other networks or are direct members of MasterCard, Visa and other networks. Accordingly, we are subject to card association and network rules that could subject us to a variety of fines or penalties that may be levied by the card networks for certain acts or omissions.

Furthermore, payment networks establish their own rules and standards that allocate responsibilities among the payment networks and their participants. These rules and standards, including the PCI DSS, govern a variety of areas including how consumers and merchants may use their cards, data security and allocation of liability for certain acts or omissions including liability in the event of a data breach. The payment networks may change these rules and standards from time to time as they may determine in their sole discretion and with or without advance notice to their participants. These changes may be made for any number of reasons, including as a result of changes in the regulatory environment, to maintain or attract new participants, or to serve the strategic initiatives of the networks and may impose additional costs and expenses on or be disadvantageous to certain participants. Participants are subject to audit by the payment networks to ensure compliance with applicable rules and standards. The networks may fine, penalize or suspend the registration of participants for certain acts or omissions or the failure of the participants to comply with applicable rules and standards.

An example of a standard is EMV, which is mandated by Visa, MasterCard, American Express and Discover. This mandate sets new requirements and technical standards, including requiring integrated POS systems to be capable of accepting the more secure "chip" cards that utilize the EMV standard and set new rules for data handling and security. Processors and merchants that do not comply with the mandate or do not use systems that are EMV compliant risk fines and liability for fraud-related losses. We have invested significant resources to ensure our systems' compliance with the mandate, and to assist our merchants in becoming compliant by the applicable deadlines.

To provide our electronic payments services, we must be registered either indirectly or directly as service providers with the payment networks that we utilize. Because we are not a bank, we are not eligible for membership in certain payment networks, including Visa and MasterCard, we are therefore unable to directly access these networks. The operating regulations of certain payment networks, including Visa and MasterCard, require us to be sponsored by a member bank as a service provider. We are

registered with certain payment networks, including Visa and MasterCard, through Wells Fargo, Citizens Bank and Synovus Bank. The agreements with our bank sponsors give them substantial discretion in approving certain aspects of our business practices including our solicitation, application and qualification procedures for merchants and the terms of our agreements with merchants. We are registered directly as service providers with Discover, American Express and certain other networks. We are also subject to network operating rules promulgated by NACHA—the Electronic Payments Associations relating to payment transaction processed by us using the Automated Clearing House Network. For ACH payments, our ACH network (ACH.com) is sponsored by Atlantic Capital Bank, MB Financial Bank, and Regions Bank.

Banking Laws and Regulations

The Federal Financial Institutions Examination Council (the "FFIEC") is an interagency body comprised of federal bank and credit union regulators such as the Federal Reserve Board, the Federal Deposit Insurance Corporation ("FDIC"), the National Credit Union Administration, the Office of the Comptroller of the Currency and the Bureau of Consumer Financial Protection. The FFIEC examines large data processors in order to identify and mitigate risks associated with systemically significant service providers, including specifically the risks they may pose to the banking industry.

We are considered by the Federal Financial Institutions Examination Council to be a technology service provider ("TSP") based on the services we provide to financial institutions. As a TSP, we are subject to audits by an interagency group consisting of the Federal Reserve System, FDIC, and the Office of the Comptroller of the Currency.

Privacy and Information Security Laws

We provide services that may be subject to various state, federal and foreign privacy laws and regulations. These laws and regulations include the federal Gramm-Leach-Bliley Act of 1999, which applies to a broad range of financial institutions and to companies that provide services to financial institutions in the United States, including gaming business. We are also subject to a variety of foreign data protection and privacy laws, including, without limitation, Directive 95/46/EC, as implemented in each member state of the European Union and its successor, the General Data Protection Regulation, which became effective in May 2018. Among other things, these foreign and domestic laws, and their implementing regulations, in certain cases restrict the collection, processing, storage, use and disclosure of personal information, require notice to individuals of privacy practices, and provide individuals with certain rights to prevent use and disclosure of protected information. These laws also impose requirements for safeguarding and removal or elimination of personal information.

Anti-Money Laundering and Counter-Terrorism Regulation

The United States federal anti-money laundering laws and regulations, including the Bank Secrecy Act of 1970, as amended by the USA PATRIOT Act of 2001 (collectively, the "BSA"), and the "BSA" implementing regulations administered by FinCEN, a bureau of the United States Department of the Treasury, require, among other things, each financial institution to: (1) develop and implement a risk-based anti-money laundering program; (2) file reports on large currency transactions; (3) file suspicious activity reports if the financial institution believes a customer may be violating U.S. laws and regulations; and (4) maintain transaction records. Given that a number of our clients are financial institutions that are directly subject to U.S. federal anti-money laundering laws and regulations, we have developed an anti-money laundering compliance program to best assist our clients in meeting such legal and regulatory requirements.

We are subject to certain economic and trade sanctions programs that are administered by OFAC of the United States Department of Treasury, which place prohibitions and restrictions on all U.S. citizens and entities with respect to transactions by U.S. persons with specified countries and individuals and entities identified on OFAC's Specially Designated Nationals list (for example, individuals and companies owned or controlled by, or acting for or on behalf of, countries subject to certain economic and trade sanctions, as well as terrorists, terrorist organizations and narcotics traffickers identified by OFAC under programs that are not country specific). Similar anti-money laundering, counter-terrorist financing and proceeds of crime laws apply to movements of currency and payments through electronic transactions and to dealings with persons specified on lists maintained by organizations similar to OFAC in several other countries and which may impose specific data retention obligations or prohibitions on intermediaries in the payment process. We have developed and continue to enhance compliance programs and policies to monitor and address such legal and regulatory requirements and developments. We continue to enhance such programs and policies to ensure that our customers do not engage in prohibited transactions with designated countries, individuals or entities.

Debt Collection and Credit Reporting Laws

Portions of our business may be subject to the Fair Debt Collection Practices Act, the Fair Credit Reporting Act and similar state laws. These debt collection laws are designed to eliminate abusive, deceptive and unfair debt collection practices and may require licensing at the state level. The Fair Credit Reporting Act regulates the use and reporting of consumer credit information and also imposes disclosure requirements on entities that take adverse action based on information obtained from credit reporting agencies. We have procedures in place to comply with the requirements of these laws.

Unfair or Deceptive Acts or Practices

We and many of our merchants are subject to Section 5 of the Federal Trade Commission Act prohibiting unfair or deceptive acts or practices, or UDAP. In addition, the UDAP and other laws, rules and or regulations, including the Telemarketing Sales Act, may directly impact the activities of certain of our merchants, and in some cases may subject us, as the merchant's payment processor or provider of certain services, to investigations, fees, fines and disgorgement of funds if we were deemed to have aided and abetted or otherwise provided the means and instrumentalities to facilitate the illegal or improper activities of the merchant through our services. Various federal and state regulatory enforcement agencies including the Federal Trade Commission and the states attorneys general have authority to take action against non-banks that engage in UDAP or violate other laws, rules and regulations and to the extent we are processing payments or providing services for a merchant that may be in violation of laws, rules and regulations, we may be subject to enforcement actions and as a result may incur losses and liabilities that may impact our business.

Indirect Regulatory Requirements

A number of our clients are financial institutions that are directly subject to various regulations and compliance obligations issued by the Consumer Financial Protection Bureau (the "CFPB"), the Office of the Comptroller of the Currency and other agencies responsible for regulating financial institutions. While these regulatory requirements and compliance obligations do not apply directly to us, many of these requirements materially affect the services we provide to our clients. The banking agencies, including the Office of the Comptroller of the Currency, have imposed requirements on regulated financial institutions to manage their third-party service providers. Among other things, these requirements include performing appropriate due diligence when selecting third-party service providers; evaluating the risk management, information security, and information management systems of third-party service providers; imposing contractual protections in agreements with third-party service providers (such as performance measures, audit and remediation rights, indemnification, compliance requirements, confidentiality and information security obligations, insurance requirements, and limits on liability); and conducting ongoing monitoring of the performance of third-party service providers. Accommodating these requirements applicable to our clients imposes additional costs and risks in connection with our financial institution relationships. We expect to expend resources on an ongoing basis in an effort to assist our clients in responding to any regulatory inquiries on behalf of merchants and resellers.

Telephone Consumer Protection Act

We are subject to the Federal Telephone Consumer Protection Act and various state laws to the extent we place telephone calls and short message service ("SMS") messages to clients and consumers. The Telephone Consumer Protection Act regulates certain telephone calls and SMS messages placed using automatic telephone dialing systems or artificial or prerecorded voices.

Other Regulation

We are subject to U.S. federal and state unclaimed or abandoned property (escheat) laws which require us to turn over to certain government authorities the property of others we hold that has been unclaimed for a specified period of time such as account balances that are due to a distribution partner or merchant following discontinuation of our relationship with them. The Housing Assistance Tax Act of 2008 requires certain merchant acquiring entities and third-party settlement organizations to provide information returns for each calendar year with respect to payments made in settlement of electronic payment transactions and third-party payment network transactions occurring in that calendar year. Reportable transactions are also subject to backup withholding requirements.

The foregoing is not an exhaustive list of the laws, rules and regulations to which we are subject to and the regulatory framework governing our business is changing continuously.

Intellectual Property

We have developed a payments platform that includes many instances of proprietary software, code sets, work flows and algorithms. It is our practice to enter into confidentiality, non-disclosure, and invention assignment agreements with our employees and contractors, and into confidentiality and non-disclosure agreements with other third parties, to limit access to, and disclosure and use of, our confidential information and proprietary technology. In addition to these contractual measures, we also rely on a combination of trademarks, copyrights, registered domain names, and patent rights to help protect the Priority brand and our other intellectual property.

As of December 31, 2018, we had in excess of 30 active trademarks that pertain to company, product names, and logos. We may file patent applications as we innovate through research and development efforts, and to pursue additional patent protection to the extent we deem it beneficial and cost-effective. We also own a number of domain names necessary for business operations and brand protection.

Employees

As of December 31, 2018, we employed562 employees, of which 516 were employed full-time. None of our employees are represented by a labor union and we have experienced no work stoppages. We consider our employee relations to be good.

Availability of Filings

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are made available free of charge on our internet web site at www.prth.com, as soon as reasonably practicable after we have electronically filed the material with, or furnished it to, the Securities and Exchange Commission (the "SEC"). The SEC maintains an internet site that contains our reports, proxy and information statements and our other SEC filings. The address of that web site is https://www.sec.gov/. The contents of our websites are not intended to be incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the SEC, and any references to our websites are intended to be inactive textual references only.

ITEM 1A. RISK FACTORS

You should carefully consider the risks described below. Our business, prospects, financial condition or operating results could be harmed by any of these risks, as well as other risks not currently known to us or that we currently consider immaterial.

Risk Factors Related to Our Business

The payment processing industry is highly competitive and such competition is likely to increase, which may adversely influence the prices we can charge to merchants for our services and the compensation we must pay to our distribution partners, and as a result, our profit margins.

The payment processing industry is highly competitive. We primarily compete in the SMB merchant industry. Competition has increased recently as other providers of payment processing services have established a sizable market share in the SMB merchant acquiring industry. Our primary competitors for SMB merchants in these markets include financial institutions and their affiliates and well-established payment processing companies that target SMB merchants directly and through third parties, including Bank of America Merchant Services, Chase Merchant Services, Elavon, Inc. (a subsidiary of U.S. Bancorp), Wells Fargo Merchant Services, First Data Corporation, Worldpay, Inc., Global Payments, Inc., TSYS and Square. We also compete with many of these same entities for the assistance of distribution partners. For example, many of our distribution partners are not exclusive to us but also have relationships with our competitors, such that we have to continually expend resources to maintain those relationships. Our growth will depend on the continued growth of payments with credit, debit and prepaid cards ("Electronic Payments"), particularly Electronic Payments to SMB merchants, and our ability to increase our market share through successful competitive efforts to gain new merchants and distribution partners.

In addition, many financial institutions, subsidiaries of financial institutions or well-established payment-enabled technology providers with which we compete, have substantially greater capital, technological, management and marketing resources than we have. These factors may allow our competitors to offer better pricing terms to merchants and more attractive compensation to distribution partners, which could result in a loss of our potential or current merchants and distribution partners. Competing with financial institutions is also challenging because, unlike us, they often bundle processing services with other banking products and services. This competition may effectively limit the prices we can charge our merchants, cause us to increase the compensation we pay to our distribution partners and require us to control costs aggressively in order to maintain acceptable profit margins. Our current and future competitors may also develop or offer services that have price or other advantages over the services we provide.

We are also facing new, well capitalized, competition from emerging technology and non-traditional payment processing companies as well as traditional companies offering alternative electronic payments services and payment enabled software solutions. If these new entrants gain a greater share of total electronic payments transactions, they could impact our ability to retain and grow our relationships with merchants and distribution partners. Acquirers may be susceptible to the adoption by the broader merchant community of payment enabled software versus terminal based payments.

To acquire and retain a segment of our merchants, we depend in part on distribution partners that may not serve us exclusively and are subject to attrition.

We rely in significant part on the efforts of ISOs, ISVs, and referral partners to market our services to merchants seeking to establish a merchant acquiring relationship. These distribution partners seek to introduce us, as well as our competitors, to newly established and existing SMB merchants, including retailers, restaurants and other businesses. Generally, our agreements with distribution partners (with the exception of a portion of our integrated technology partners and bank referral partners) are not exclusive, and distribution partners retain the right to refer merchants to other merchant acquirers. Gaining and maintaining loyalty or exclusivity can require financial concessions to maintain current distribution partners and merchants or to attract potential distribution partners and merchants from our competitors. We have been required, and expect to be required in the future, to make concessions when renewing contracts with our distribution partners and such concessions can have a material impact on our financial condition or operating performance. If these distribution partners switch to another merchant acquirer, cease operations or become insolvent, we will no longer receive new merchant referrals from them, and we risk losing existing merchants that were originally enrolled by them. Additionally, our distribution partners are subject to the requirements imposed by our bank sponsors, which may result in fines to them for non-compliance and may, in some cases, result in these entities ceasing to refer merchants to us. We cannot accurately predict the level of attrition of our distribution partners or merchants in the future, particularly those merchants we

acquired as customers in the portfolio acquisitions we have completed in the past five years, which makes it difficult for us to forecast growth. If we are unable to establish relationships with new distribution partners or merchants, or otherwise increase our transaction processing volume in order to counter the effect of this attrition, our revenues will decline.

Unauthorized disclosure of merchant or cardholder data, whether through breach of our computer systems, computer viruses, or otherwise, could expose us to liability, protracted and costly litigation and damage our reputation.

We are responsible for data security for ourselves and for third parties with whom we partner, including by contract and under the rules and regulations established by the payment networks, such as Visa, MasterCard, Discover and American Express, as well as debit card networks. These third parties include merchants, our distribution partners and other third-party service providers and agents. We and other third parties collect, process, store and/or transmit sensitive data, such as names, addresses, social security numbers, credit or debit card numbers and expiration dates, driver's license numbers and bank account numbers. We have ultimate liability to the payment networks and our bank sponsors that register us with Visa or MasterCard for our failure or the failure of third parties with whom we contract to protect this data in accordance with payment network requirements. The loss, destruction or unauthorized modification of merchant or cardholder data by us or our contracted third parties could result in significant fines, sanctions and proceedings or actions against us by the payment networks, governmental bodies, consumers or others.

Information security risks for us and our competitors have substantially increased in recent years in part due to the proliferation of new technologies and the increased sophistication, resources and activities of hackers, terrorists, activists, organized crime, and other external parties, including hostile nation-state actors. Examples of such information security risks are the recent Spectre and Meltdown threats which, rather than acting as viruses, were design flaws in many CPUs that allowed programs to steal data stored in the memory of other running programs and required patch software to correct. The techniques used by these bad actors to obtain unauthorized access, disable or degrade service, sabotage systems or utilize payment systems in an effort to perpetrate financial fraud change frequently and are often difficult to detect. Furthermore, threats may derive from human error, fraud or malice on the part of employees or third parties, or may result from accidental technological failure. For example, certain of our employees have access to sensitive data that could be used to commit identity theft or fraud. Concerns about security increase when we transmit information electronically because such transmissions can be subject to attack, interception or loss. Also, computer viruses can be distributed and spread rapidly over the internet and could infiltrate our systems or those of our contracted third parties. Denial of service or other attacks could be launched against us for a variety of purposes, including interfering with our services or to create a diversion for other malicious activities. These types of actions and attacks and others could disrupt our delivery of services or make them unavailable. Any such actions or attacks against us or our contracted third parties could hurt our reputation, force us to incur significant expenses in remediating the resulting impacts, expose us to uninsured liability, result in the loss of our bank sponsors or our ability to participate in the payment networks, subject us to lawsuits, fines or sanctions, distract our management or increase our costs of doing business. For example, we are presently evaluating whether the recent Spectre and Meltdown threats may require us to replace substantial portions of our current technology hardware and infrastructure in order to mitigate the risk associated with those threats. If we are required to replace a substantial portion of our current technology hardware and infrastructure, either as a result of the Spectre and Meltdown threats or similar future threats, we would likely incur substantial capital expenditures, which may materially and adversely affect our free cash flow and results of operations as a result.

We and our contracted third parties could be subject to breaches of security by hackers. Its encryption of data and other protective measures may not prevent unauthorized access to or use of sensitive data. A breach of a system may subject us to material losses or liability, including payment network fines, assessments and claims for unauthorized purchases with misappropriated credit, debit or card information, impersonation or other similar fraud claims. A misuse of such data or a cybersecurity breach could harm our reputation and deter merchants from using electronic payments generally and our services specifically, thus reducing our revenue. In addition, any such misuse or breach could cause us to incur costs to correct the breaches or failures, expose us to uninsured liability, increase our risk of regulatory scrutiny, subject us to lawsuits, and result in the imposition of material penalties and fines under state and federal laws or by the payment networks. While we maintain insurance coverage that may, subject to policy terms and conditions, cover certain aspects of cyber risks, our insurance coverage may be insufficient to cover all losses. In addition, a significant cybersecurity breach of our systems or communications could result in payment networks prohibiting us from processing transactions on their networks or the loss of our bank sponsors that facilitate our participation in the payment networks, either of which could materially impede our ability to conduct business.

The confidentiality of the sensitive business information and personal consumer information that resides on our systems and our associated third parties' systems are critical to our business. While we maintain controls and procedures to protect the sensitive data we collect, we cannot be certain that these measures will be successful or sufficient to counter all current and emerging

technology threats that are designed to breach these systems in order to gain access to confidential information. For example, although we generally require that our agreements with distribution partners or our service providers which may have access to merchant or cardholder data include confidentiality obligations that restrict these parties from using or disclosing any merchant or cardholder data except as necessary to perform their services under the applicable agreements, we cannot guarantee that these contractual measures will prevent the unauthorized use, modification, destruction or disclosure of data or allow us to seek reimbursement from the contracted party. In addition, many of our merchants are small and medium businesses that may have limited competency regarding data security and handling requirements and may thus experience data breaches. Any unauthorized use, modification, destruction or disclosure of data could result in protracted and costly litigation and the incurrence of significant losses.

In addition, our agreements with our bank sponsors and our third-party payment processors (as well as payment network requirements) require us to take certain protective measures to ensure the confidentiality of merchant and consumer data. Any failure to adequately comply with these protective measures could result in fees, penalties, litigation or termination of our bank sponsor agreements.

Any significant unauthorized disclosure of sensitive data entrusted to us would cause significant damage to our reputation and impair our ability to attract new integrated technology and referral partners, and may cause parties with whom we already have such agreements to terminate them.

As a result of information security risks, we must continuously develop and enhance our controls, processes, and practices designed to protect our computer systems, software, data and networks from attack, damage, or unauthorized access. This continuous development and enhancement will require us to expend additional resources, including to investigate and remediate significant information security vulnerabilities detected. Despite our investments in security measures, we are unable to assure that any security measures will not be subject to system or human error.

We may experience breakdowns in our processing systems that could damage client relations and expose us to liability.

Our core business depends heavily on the reliability of our processing systems. A system outage could have a material adverse effect on our business, financial condition, and results of operations. Not only would we suffer damage to our reputation in the event of a system outage, but we may also be liable to third parties. Many of our contractual agreements with clients require us to pay penalties if our systems do not meet certain operating standards. To successfully operate our business, we must be able to protect our processing and other systems from interruption, including from events that may be beyond our control. Events that could cause system interruptions include, but are not limited to, fire, natural disaster, unauthorized entry, power loss, telecommunications failure, computer viruses, terrorist acts, cyber-attacks, and war. Although we have taken steps to protect against data loss and system failures, there is still risk that we may lose critical data or experience system failures. To help protect against these events, we perform the vast majority of disaster recovery operations ourselves, but we also utilize select third parties for certain operations. To the extent we outsource our disaster recovery, we are at risk of the vendor's unresponsiveness or other failures in the event of breakdowns in our systems. In addition, our property and business interruption insurance may not be adequate to compensate us for all losses or failures that may occur.

Governmental regulations designed to protect or limit access to or use of consumer information could adversely affect our ability to effectively provide our services to merchants.

Governmental bodies in the United States have adopted, or are considering the adoption of, laws and regulations restricting the use, collection, storage, and transfer of, and requiring safeguarding of, non-public personal information. Our operations are subject to certain provisions of these laws. Relevant federal privacy laws include the Gramm-Leach-Bliley Act of 1999, which applies directly to a broad range of financial institutions and indirectly, or in some instances directly, to companies that provide services to financial institutions. These laws and regulations restrict the collection, processing, storage, use and disclosure of personal information, require notice to individuals of privacy practices and provide individuals with certain rights to prevent the use and disclosure of protected information. These laws also impose requirements for safeguarding and proper destruction of personal information through the issuance of data security standards or guidelines.

The Federal Trade Commission's information safeguarding rules under the Gramm-Leach-Bliley Act require us to develop, implement and maintain a written, comprehensive information security program containing safeguards that are appropriate for our size and complexity, the nature and scope of our activities and the sensitivity of any customer information at issue. Our financial

institution clients are subject to similar requirements under the guidelines issued by the federal banking regulators. As part of their compliance with these requirements, each of our financial institution clients is expected to have a program in place for responding to unauthorized access to, or use of, customer information that could result in substantial harm or inconvenience to customers and they are also responsible for our compliance efforts as a major service provider. In addition, regulators are proposing new laws or regulations which could require us to adopt certain cybersecurity and data handling practices. In many jurisdictions consumers must be notified in the event of a data breach, and such notification requirements continue to increase in scope and cost. The changing privacy laws in the United States create new individual privacy rights and impose increased obligations on companies handling personal data.

In addition, there are state laws restricting the ability to collect and utilize certain types of information such as Social Security and driver's license numbers. Certain state laws impose similar privacy obligations as well as obligations to provide notification of security breaches of computer databases that contain personal information to affected individuals, state officers and consumer reporting agencies and businesses and governmental agencies that own data.

In connection with providing services to our merchants, we are required by regulations and contracts with our merchants and with our financial institution referral partners to provide assurances regarding the confidentiality and security of non-public consumer information. These contracts require periodic audits by independent companies regarding our compliance with industry standards and also allow for similar audits regarding best practices established by regulatory guidelines. The compliance standards relate to our infrastructure, components and operational procedures designed to safeguard the confidentiality and security of non-public consumer personal information shared by our merchants with it. Our ability to maintain compliance with these standards and satisfy these audits will affect our ability to attract, grow and maintain business in the future. If we fail to comply with the laws and regulations relating to the protection of data privacy, we could be exposed to suits for breach of contract or to governmental proceedings. In addition, our relationships and reputation could be harmed, which could inhibit our ability to retain existing merchants and distribution partners and obtain new merchants and distribution partners.

If more restrictive privacy laws or rules are adopted by authorities in the future, our compliance costs may increase and our ability to perform due diligence on, and monitor the risk of, our current and potential merchants may decrease, which could create liability for it. Additionally, our opportunities for growth may be curtailed by our compliance capabilities or reputational harm, and our potential liability for security breaches may increase.

Potential distribution partners and merchants may be reluctant to switch to a new merchant acquirer, which may adversely affect our growth.

Many potential distribution partners and merchants worry about potential disadvantages associated with switching merchant acquirers, such as a loss of accustomed functionality, increased costs and business disruption. For our distribution partners, switching to us from another merchant acquirer or integrating with us may be perceived by them as a significant undertaking. As a result, many distribution partners and merchants often resist change. There can be no assurance that our strategies for overcoming potential reluctance to change vendors or initiate a relationship with us will be successful, and this resistance may adversely affect our growth and performance results.

Because we rely on third-party vendors to provide products and services, we could be adversely impacted if they fail to fulfill their obligations.

Our business is dependent on third-party vendors to provide us with certain products and services. For example, we utilize First Data and TSYS to provide authorization and settlement services. Our current amended and restated processing agreement with First Data was entered into in December 2014 and will remain in effect through December 2019 and automatically renews for successive one-year terms thereafter unless either party provides written notice of non-renewal to the other party. Our current processing agreement with TSYS is effective January 1, 2019 for a three-year term and automatically renews for a successive one-year term thereafter unless either party provides written notice of non-renewal to the other party.

The failure of these vendors, such as First Data and TSYS, to perform their obligations in a timely manner could adversely affect our operations and profitability. In addition, if we are unable to renew our existing contracts with our most significant vendors, such as First Data and TSYS, we might not be able to replace the related product or service at the same cost, which would negatively impact our profitability. Specifically, while we believe we would be able to locate alternative vendors to provide substantially

similar services at comparable rates, or otherwise replicate such services internally, it is not assured that a change will not be disruptive to our business, which could potentially lead to a material adverse impact on our revenue and profitability until resolved.

Changes in card association and debit network fees or products could increase costs or otherwise limit our operations.

From time to time, card associations and debit networks increase the organization and/or processing fees (known as interchange fees) that they charge. It is possible that competitive pressures will result in us absorbing a portion of such increases in the future, which would increase our operating costs, reduce our profit margin, and adversely affect our business, operating results, and financial condition. In addition, the various card associations and networks prescribe certain capital requirements. Any increase in the capital level required would further limit our use of capital for other purposes.

We are subject to extensive government regulation, and any new laws and regulations, industry standards or revisions made to existing laws, regulations or industry standards affecting the electronic payments industry may have an unfavorable impact on our business, financial condition and results of operations.

We are subject to numerous regulations that affect electronic payments including, U.S. financial services regulations, consumer protection laws, escheat regulations, and privacy and information security regulations. Regulation and proposed regulation of our industry has increased significantly in recent years. Changes to statutes, regulations or industry standards, including interpretation and implementation of statutes, regulations or standards, could increase our cost of doing business or affect the competitive balance. For example, the Trump Administration has called for changes in existing regulatory requirements, including those applicable to financial services.

We cannot predict the impact, if any, of such changes on our business. It is likely that some policies adopted by the new administration will benefit us, while others will negatively affect it. Until we know what changes are adopted, we will not know whether in total we benefit from, or are negatively affected by, the changes. Failure to comply with regulations may have an adverse effect on our business, including the limitation, suspension or termination of services provided to, or by, third parties, and the imposition of penalties or fines.

Interchange fees, which are typically paid by the payment processor to the issuer in connection with electronic payments, are subject to increasingly intense legal, regulatory, and legislative scrutiny. In particular, the Dodd-Frank Act significantly changed the United States financial regulatory system, including by regulating and limiting debit card fees charged by certain issuers, allowing merchants to set minimum dollar amounts for the acceptance of credit cards and allowing merchants to offer discounts or other incentives for different payment methods.

Rules implementing the Dodd-Frank Act also contain certain prohibitions on payment network exclusivity and merchant routing restrictions. These restrictions could limit the number of debit transactions, and prices charged per transaction, which would negatively affect our business. The Dodd-Frank Act also created the CFPB, which has assumed responsibility for most federal consumer protection laws, and the FSOC, which has the authority to determine whether any non-bank financial company, which may include us within the definitional scope, should be supervised by the Federal Reserve Board because it is systemically important to the United States financial system. Any such designation would result in increased regulatory burdens on our business, which increases our risk profile and may have an adverse impact on our business, financial condition and results of operations.

We and many of our merchants are subject to Section 5 of the Federal Trade Commission Act prohibiting unfair or deceptive acts or practices. That statement and other laws, rules and or regulations, including the Telemarketing Sales Act, may directly impact the activities of certain of our merchants and, in some cases, may subject us, as the merchant's electronic processor or provider of certain services, to investigations, fees, fines and disgorgement of funds if we were deemed to have improperly aided and abetted or otherwise provided the means and instrumentalities to facilitate the illegal or improper activities of the merchant through our services. Various federal and state regulatory enforcement agencies, including the Federal Trade Commission and state attorneys general, have authority to take action against non-banks that engage in unfair or deceptive practices or violate other laws, rules and regulations and to the extent we are processing payments or providing services for a merchant that may be in violation of laws, rules and regulations, we may be subject to enforcement actions and as a result may incur losses and liabilities that may impact our business.

Our business may also be subject to the Fair Credit Reporting Act (the "FCRA"), which regulates the use and reporting of consumer credit information and also imposes disclosure requirements on entities that take adverse action based on information obtained

from credit reporting agencies. We could be liable if our practices under the FCRA are not in compliance with the FCRA or regulations under it.

Separately, the Housing Assistance Tax Act of 2008 included an amendment to the Internal Revenue Code that requires the filing of yearly information returns by payment processing entities and third-party settlement organizations with respect to payments made in settlement of electronic payment transactions and third-party payment network transactions occurring in that calendar year. Transactions that are reportable pursuant to these rules are subject to backup withholding requirements. We could be liable for penalties if our information returns do not comply with these regulations.

These and other laws and regulations, even if not directed at us, may require us to make significant efforts to change our products and services and may require that we incur additional compliance costs and change how we price our services to merchants. Implementing new compliance efforts may be difficult because of the complexity of new regulatory requirements and may cause us to devote significant resources to ensure compliance. Furthermore, regulatory actions may cause changes in business practices by us and other industry participants which could affect how we market, price and distribute our products and services, which could limit our ability to grow, reduce our revenues, or increase our costs. In addition, even an inadvertent failure to comply with laws and regulations, as well as rapidly evolving social expectations of corporate fairness, could damage our business or our reputation.

Failure to comply with the rules established by payment networks or standards established by third-party processors could result in those networks or processors imposing fines or the networks suspending or terminating our registrations through our bank sponsors.

In order to provide our merchant acquiring services, we are registered through our bank sponsors with the Visa and MasterCard networks as service providers for member institutions. Approximately $35.8 billion of our processing volume in the year ended December 31, 2018 was attributable to transactions processed on the Visa and MasterCard networks. As such, we and our merchants are subject to payment network rules. The payment networks routinely update and modify requirements applicable to merchant acquirers including rules regulating data integrity, third-party relationships (such as those with respect to bank sponsors), merchant chargeback standards and PCI DSS. Standards governing our third-party processing agreements may also impose requirements with respect to compliance with PCI DSS.

If we do not comply with the payment network requirements or standards governing our third-party processing agreements, our transaction processing capabilities could be delayed or otherwise disrupted, and recurring non-compliance could result in fines from the payment networks or third-party processors, the payment networks suspending or terminating our registrations which allow us to process transactions on their networks, which would make it impossible for us to conduct our business on our current scale.

In the first quarter of 2018, we closed in excess of 1,200 merchant accounts in order to ensure compliance with the card associations subscription e-commerce criteria. The closure of these merchant accounts was made in response to the card associations having identified at least one merchant as having engaged in deceptive practices with consumers and being noncompliant with their card association requirements, which resulted in excessive chargebacks. The card association has also found evidence that certain merchants had engaged in activities that violated certain card association rules, including entering transactions that did not represent bona fide business between the merchant of record and the cardholder, and processing sales for the same cardholder under different merchant accounts over time. The card association also raised concern about data security failures by merchants or merchant non-compliance with PCI DSS and about a customer relationship vendor that some of our merchants were using at the time.

As a result of these and other findings, we took certain corrective actions, after reviewing these merchant accounts for alleged violations of card association rules and our terms of service, including opening duplicate or multiple accounts to avoid compliance with our chargeback limitations. The corrective actions increase the costs of our compliance program which were passed along to resellers representing these merchants. As a result of some of these discrete corrective actions as well as standard risk assessment conducted through our risk management systems, we terminated certain of the merchant accounts. We continue to evaluate additional existing and new merchant accounts for similar activity, and the number and type of merchants we will onboard in the future could potentially continue to be affected. In addition, if we are in the future forced to close a material number of our merchant accounts as a result of separate inquiries from card associations of our own internal risk assessment process, such closures could have a material adverse effect on our business, financial condition, results of operations, and cash flows. We have not been fined by the credit card association related to these account closures, however, had we not resolved the issues presented in such notices, we

may have been required to pay a fine. If in the future if we are unable to recover fines from or pass-through costs to our merchants and/or resellers, or recover losses under insurance policies, we would experience a financial loss, and any such loss could be significant.

Under certain circumstances specified in the payment network rules or our third-party processing agreements, we may be required to submit to periodic audits, self-assessments or other assessments of our compliance with the PCI DSS. Such activities may reveal that we have failed to comply with the PCI DSS. In addition, even if we comply with the PCI DSS, there is no assurance that we will be protected from a security breach. The termination of our registration with the payment networks, or any changes in payment network or issuer rules that limit our ability to provide merchant acquiring services, could have an adverse effect on our payment processing volumes, revenues and operating costs. If an audit or self-assessment under PCI DSS identifies any deficiencies that we need to remediate, the remediation efforts may distract our management team and be expensive and time consuming.

Changes in payment network rules or standards could adversely affect our business, financial condition and results of operations.

Payment network rules are established and changed from time to time by each payment network as they may determine in their sole discretion and with or without advance notice to their participants. The timelines imposed by the payment networks for expected compliance with new rules have historically been, and may continue to be, highly compressed, requiring us to quickly implement changes to our systems which increases the risk of non-compliance with new standards. In addition, the payment networks could make changes to interchange or other elements of the pricing structure of the merchant acquiring industry that would have a negative impact on our results of operations. For example, we closed approximately 1,200 merchant accounts in 2018 in order to ensure compliance with the card association subscription e-commerce criteria.

There may be a decline in the use of electronic payments as a payment mechanism for consumers or adverse developments with respect to the electronic payments industry in general which could adversely affect our business, financial condition and operating results.

Maintaining or increasing our profitability is dependent on consumers and businesses continuing to use credit, debit and prepaid cards at the same or greater rate than previously. If consumers do not continue to use these cards for their transactions or if there is a change in the mix of payments between cash and electronic payments which is adverse to us, our business could decline and we could incur material losses. Regulatory changes may also result in merchants seeking to charge customers additional fees for use of electronic payments. Additionally, in recent years, increased incidents of security breaches have caused some consumers to lose confidence in the ability of retailers to protect their information.

In order to remain competitive and to continue to increase our revenues and earnings, we must continually update our products and services, a process which could result in increased costs and the loss of revenues, earnings, merchants and distribution partners if the new products and services do not perform as intended or are not accepted in the marketplace.

The electronic payments industry in which we compete is subject to rapid technological changes and is characterized by new technology, product and service introductions, evolving industry standards, changing merchant needs and the entrance of non-traditional competitors. We are subject to the risk that our existing products and services become obsolete, and that we are unable to develop new products and services in response to industry demands. Our future success will depend in part on our ability to develop or adapt to technological changes and the evolving needs of our resellers, merchants and the industry at large. We are continually involved in many business and technology projects, such as CPX, MX Connect and MX Merchant. MX Connect and MX Merchant provide resellers and merchant clients, a flexible and customizable set of business applications that help better manage critical business work functions and revenue performance using core payment processing as our leverage point. Additionally, CPX provides AP automation solutions that offers enterprise clients a bridge for buyer to supplier payments. These may require investment in products or services that may not directly generate revenue. These projects carry the risks associated with any development effort, including difficulty in determining market demand and timing for delivery of new products and services, cost overruns, delays in delivery and performance problems. In addition, new products and offerings may not perform as intended or generate the business or revenue growth expected. Defects in our software and errors or delays in our processing of electronic transactions could result in additional development costs, diversion of technical and other resources from our other development efforts, loss of credibility with current or potential distribution partners and merchants, harm to our reputation, fines

imposed by card networks, or exposure to liability claims. Any delay in the delivery of new products or services or the failure to differentiate our products and services could render them less desirable, or possibly even obsolete, to our merchants. Additionally, the market for alternative payment processing products and services is evolving, and we may develop too rapidly or not rapidly enough for us to recover the costs we have incurred in developing new products and services.

We may not be able to continue to expand our share of the existing electronic payments industry or expand into new markets, which would inhibit our ability to grow and increase our profitability.

Our future growth and profitability depend, in part, upon our continued expansion within the markets in which we currently operate, the emergence of other markets for electronic payments and our ability to penetrate these markets and our current distribution partners' merchant base. Future growth and profitability of our business may depend upon our ability to penetrate new industries and markets for electronic payments.

Our ability to expand into new industries and markets also depends upon our ability to adapt our existing technology or to develop new technologies to meet the particular needs of each new industry or market. We may not have adequate financial or technological resources to develop effective and secure services or distribution channels that will satisfy the demands of these new industries or markets. Penetrating these new industries or markets may also prove to be more challenging or costly or take longer than we may anticipate. If we fail to expand into new and existing electronic payments industries and markets, we may not be able to continue to grow our revenues and earnings.

Our acquisitions subject us to a variety of risks that could harm our business.

We review and complete selective acquisition opportunities as part of our growth strategy. There can be no assurances that we will be able to complete suitable acquisitions for a variety of reasons, including the identification of and competition for acquisition targets, the need for regulatory approvals, the inability of the parties to agree to the structure or purchase price of the transaction and our inability to finance the transaction on commercially acceptable terms. In addition, any potential acquisition will subject us to a variety of other risks:

- we may need to allocate substantial operational, financial and management resources in integrating new businesses, technologies and products, and management may encounter difficulties in integrating the operations, personnel or systems of the acquired businesses;
- acquisitions may have a material adverse effect on our business relationships with existing or future merchants or distribution partners, in particular, to the extent we consummate acquisitions that increase our sales and distribution capabilities;
- we may assume substantial actual or contingent liabilities, known and unknown;
- acquisitions may not meet our expectations of future financial performance;
- counter-parties to the acquisition transactions may fail to perform their obligations under the applicable acquisition related documents, and/or negligently or intentionally commit misrepresentations as to the condition of the acquired business, asset, or go-forward enterprise;
- we may experience delays or reductions in realizing expected synergies or benefits;
- we may incur substantial unanticipated costs or encounter other problems associated with acquired businesses or devote time and capital investigating a potential acquisition and not complete the transaction;
- we may be unable to achieve our intended objectives for the transaction; and
- we may not be able to retain the key personnel, customers and suppliers of the acquired business.

Additionally, we may be unable to maintain uniform standards, controls, procedures and policies as we attempt to integrate the acquired businesses, and this may lead to operational inefficiencies. These factors related to our acquisition strategy, among others, could have a material adverse effect on our business, financial condition and results of operations.

Potential changes in the competitive landscape, including disintermediation from other participants in the payments value chain, could harm our business.

We expect that the competitive landscape will continue to change, including the following developments:

- rapid and significant changes in technology may result in technology-led marketing that is focused on business solutions rather than pricing, new and innovative payment methods and programs that could place us at a competitive disadvantage and reduce the use of our services;
- competitors, distribution partners, and other industry participants may develop products that compete with or replace our value-added products and services;
- participants in the financial services, payments and technology industries may merge, create joint ventures or form other business combinations that may strengthen their existing business services or create new payment services that compete with us; and
- new services and technologies that we develop may be impacted by industry-wide solutions and standards related to migration to EMV chip technology, tokenization or other security-related technologies.

Failure to compete effectively against any of these competitive threats could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to successfully manage our intellectual property and may be subject to infringement claims.

We rely on a combination of contractual rights and copyright, trademark, patent and trade secret laws to establish and protect our proprietary technology. Third parties may challenge, circumvent, infringe or misappropriate our intellectual property, or such intellectual property may not be sufficient to permit us to take advantage of current market trends or otherwise to provide competitive advantages, which could result in costly redesign efforts, discontinuance of service offerings or other competitive harm. Others, including our competitors, may independently develop similar technology, duplicate our services or design around our intellectual property and, in such cases, we could not assert our intellectual property rights against such parties. Further, our contractual arrangements may not effectively prevent disclosure of our confidential information or provide an adequate remedy in the event of unauthorized disclosure of our confidential information. We may have to litigate to enforce or determine the scope and enforceability of our intellectual property rights and know-how, which is expensive, could cause a diversion of resources and may not prove successful. Also, because of the rapid pace of technological change in our industry, aspects of our business and our services rely on technologies developed or licensed by third parties, and we may not be able to obtain or continue to obtain licenses and technologies from these third parties on reasonable terms or at all. The loss of intellectual property protection or the inability to license or otherwise use third-party intellectual property could harm our business and ability to compete.

We may also be subject to costly litigation if our services and technology are alleged to infringe upon or otherwise violate a third-party's proprietary rights. Third parties may have, or may eventually be issued, patents that could be infringed by our products, services or technology. Any of these third parties could make a claim of infringement against us with respect to our products, services or technology. We may also be subject to claims by third parties for patent, copyright or trademark infringement, breach of license or violation of other third-party intellectual property rights. Any claim from third parties may result in a limitation on our ability to use the intellectual property subject to these claims. Additionally, in recent years, individuals and groups have been purchasing intellectual property assets for the sole purpose of making claims of infringement or other violations and attempting to extract settlements from companies like ours. Even if we believe that intellectual property related claims are without merit, defending against such claims is time consuming and expensive and could result in the diversion of the time and attention of our management and employees. Claims of intellectual property infringement or violation also might require us to redesign affected products or services, enter into costly settlement or license agreements, pay costly damage awards, or face a temporary or permanent injunction prohibiting us from marketing or selling certain of our products or services. Even if we have an agreement for indemnification against such costs, the indemnifying party, if any in such circumstances, may be unable to uphold our contractual

obligations. If we cannot or do not license the infringed technology on reasonable terms or substitute similar technology from another source, our revenue and earnings could be adversely impacted.

We are subject to economic and political risk, the business cycles of our merchants and distribution partners and the overall level of consumer and commercial spending, which could negatively impact our business, financial condition and results of operations.

The electronic payments industry depends heavily on the overall level of consumer, commercial and government spending. We are exposed to general economic conditions that affect consumer confidence, consumer spending, consumer discretionary income and changes in consumer purchasing habits. A sustained deterioration in general economic conditions or increases in interest rates could adversely affect our financial performance by reducing the number or aggregate dollar volume of transactions made using electronic payments. If our merchants make fewer sales of their products and services using electronic payments, or consumers spend less money through electronic payments, we will have fewer transactions to process at lower dollar amounts, resulting in lower revenue. In addition, a weakening in the economy could force merchants to close at higher than historical rates, resulting in exposure to potential losses and a decline in the number of transactions that we process. We also have material fixed and semi-fixed costs, including rent, debt service, contractual minimums and salaries, which could limit our ability to quickly adjust costs and respond to changes in our business and the economy.

Global economic, political and market conditions affecting the U.S. markets may adversely affect our business, results of operations and financial condition, including our revenue growth and profitability.

The current worldwide financial market situation, as well as various social and political tensions in the United States and around the world, may contribute to increased market volatility, may have long-term effects on the United States and may cause economic uncertainties or deterioration in the United States. The U.S. markets experienced extreme volatility and disruption during the economic downturn that began in mid-2007, and the U.S. economy was in a recession for several consecutive calendar quarters during the same period. In addition, the fiscal and monetary policies of foreign nations, such as Russia and China, may have a severe impact on U.S. financial markets.

Any new legislation that may be adopted in the United States could significantly affect the regulation of U.S. financial markets. Areas subject to potential change, amendment or repeal include the Dodd-Frank Act and the authority of the Federal Reserve Board and the Financial Stability Oversight Council. The United States may also potentially withdraw from or renegotiate various trade agreements and take other actions that would change current trade policies of the United States. We cannot predict which, if any, of these actions will be taken or, if taken, their effect on the financial stability of the United States. Such actions could have a significant adverse effect on our business, financial condition and results of operations, particularly in view of the regulatory oversight we presently face. We cannot predict the effects of these or similar events in the future on the U.S. economy in general, or specifically on our business model or growth strategy, which typically involves the use of debt financing. To the extent a downturn in the U.S. economy impacts our merchant accounts, regulatory changes increase the burden we face in operating our business, or disruptions in the credit markets prevent us from using debt to finance future acquisitions, our financial condition and results of operations may be materially and adversely impacted.

A substantial portion of all of our merchants are small- and medium-sized businesses, which may increase the impact of economic fluctuations and merchant attrition on it.

We market and sell our solutions primarily to SMB merchants. SMB merchants are typically more susceptible to the adverse effects of economic fluctuations than larger businesses. We experience attrition in merchants and merchant charge volume in the ordinary course of business resulting from several factors, including business closures, transfers of merchants' accounts to our competitors and account closures that we initiate due to heightened credit risks relating to, or contract breaches by, a merchant. Adverse changes in the economic environment or business failures of our SMB merchants may have a greater impact on us than on our competitors who do not focus on SMB merchants to the extent that we do. We cannot accurately predict the level of SMB merchant attrition in the future. If we are unable to establish accounts with new merchants or otherwise increase our payment processing volume in order to counter the effect of this attrition, our revenues will decline.

Our systems and our third-party providers' systems may fail due to factors beyond our control, which could interrupt our service, resulting in our inability to process, cause us to lose business, increase our costs and expose us to liability.

We depend on the efficient and uninterrupted operation of numerous systems, including our computer network systems, software, data centers and telecommunication networks, as well as the systems and services of our bank sponsors, the payment networks, third-party providers of processing services and other third parties. Our systems and operations or those of our third-party providers, such as our provider of dial-up authorization services, or the payment networks themselves, could be exposed to damage or interruption from, among other things, fire, natural disaster, power loss, telecommunications failure, unauthorized entry, computer viruses, denial-of-service attacks, acts of terrorism, human error or sabotage, financial insolvency and similar events. Our property and business interruption insurance may not be adequate to compensate us for all losses or failures that may occur. At present, our critical operational systems, such as our payment gateway, are fully redundant, while certain of our less critical systems are not. Therefore, certain aspects of our operations may be subject to interruption. Also, while we have disaster recovery policies and arrangements in place, they have not been tested under actual disasters or similar events.

Defects in our systems or those of third parties, errors or delays in the processing of payment transactions, telecommunications failures or other difficulties could result in failure to process transactions, additional operating and development costs, diversion of technical and other resources, loss of revenue, merchants and distribution partners, loss of merchant and cardholder data, harm to our business or reputation, exposure to fraud losses or other liabilities and fines and other sanctions imposed by payment networks.

We rely on other service and technology providers. If they fail or discontinue providing their services or technology generally or to us specifically, our ability to provide services to merchants may be interrupted, and, as a result, our business, financial condition and results of operations could be adversely impacted.

We rely on third parties to provide or supplement bankcard processing services and for infrastructure hosting services. We also rely on third parties for specific software and hardware used in providing our products and services. The termination by our service or technology providers of their arrangements with us or their failure to perform their services efficiently and effectively may adversely affect our relationships with our merchants and, if we cannot find alternate providers quickly, may cause those merchants to terminate their relationship with it.

We also rely in part on third parties for the development and access to new technologies, or updates to existing products and services for which third parties provide ongoing support, which increases the cost associated with new and existing product and service offerings. Failure by these third-party providers to devote an appropriate level of attention to our products and services could result in delays in introducing new products or services, or delays in resolving any issues with existing products or services for which third-party providers provide ongoing support.

Fraud by merchants or others could cause us to incur losses.

We face potential liability for fraudulent electronic payment transactions initiated by merchants or others. Merchant fraud occurs when a merchant opens a fraudulent merchant account and conducts fraudulent transactions or when a merchant, rather than a customer (though sometimes working together with a customer engaged in fraudulent activities), knowingly uses a stolen or counterfeit card or card number to record a false sales transaction, or intentionally fails to deliver the merchandise or services sold in an otherwise valid transaction. Any time a merchant is unable to fund a chargeback, we have a number of contractual arrangements and other means of recourse to mitigate those risks. Nonetheless, there still is loss exposure in the event a merchant is unable to fund a chargeback. Additionally, merchant fraud occurs when employees of merchants change the merchant demand deposit accounts to their personal bank account numbers, so that payments are improperly credited to the employee's personal account. We have established systems and procedures to detect and reduce the impact of merchant fraud, but we cannot be sure that these measures are or will be effective. Failure to effectively manage risk and prevent fraud could increase our chargeback or other liability.

We also have potential liability for losses caused by fraudulent card-based payment transactions. Card fraud occurs when a merchant's customer uses a stolen card (or a stolen card number in a card-not-present transaction) to purchase merchandise or services. In a card-present transaction, where a merchant has an EMV, or "chip reader", compliant machine, if the merchant swipes the card and receives authorization for the transaction from the issuer, the issuer remains liable for any loss. In a card-not-present transaction, or where a merchant lacks an EMV-capable machine even if the merchant receives authorization for the transaction, the merchant is liable for any loss arising from the transaction. Many of the merchants that we serve transact a substantial percentage of their sales in card-not-present transactions over the internet or in response to telephone or mail orders, which makes these merchants more vulnerable to fraud than merchants whose transactions are conducted largely in card-present transactions.

We incur liability when our merchants refuse or cannot reimburse us for chargebacks resolved in favor of their customers.

We have potential liability for chargebacks associated with the transactions we process. If a billing dispute between a merchant and a cardholder is not ultimately resolved in favor of the merchant, the disputed transaction is "charged back" to the merchant's bank and credited or otherwise refunded to the cardholder. The risk of chargebacks is typically greater with those merchants that promise future delivery of goods and services rather than delivering goods or rendering services at the time of payment. If we or our bank sponsors are unable to collect the chargeback from the merchant's account or reserve account (if applicable), or if the merchant refuses or is financially unable (due to bankruptcy or other reasons) to reimburse the merchant's bank for the chargeback, we may bear the loss for the amount of the refund paid to the cardholder. Any increase in chargebacks not paid by our merchants could increase our costs and decrease our revenues. We have policies to manage merchant-related credit risk and often mitigate such risk by requiring collateral and monitoring transaction activity. Notwithstanding our programs and policies for managing credit risk, it is possible that a default on such obligations by one or more of our merchants could have a material adverse effect on our business.

We rely on bank sponsors, which have substantial discretion with respect to certain elements of our business practices, in order to process electronic payment transactions. If these sponsorships are terminated and we are not able to secure new bank sponsors, we will not be able to conduct our business.

Because we are not a bank, we are not eligible for membership in the Visa, MasterCard and other payment networks. These networks' operating regulations require us to be sponsored by a member bank in order to process Electronic Payment transactions. We are currently registered with Visa and MasterCard through Citizens Bank, Wells Fargo and Synovus Bank. We are also subject to network operating rules promulgated by the National Automated Clearing House Association relating to payment transactions processed by us using the Automated Clearing House Network. For ACH payments, our ACH network (ACH.com) is sponsored by Atlantic Capital Bank, BB&T Bank and MB Financial Bank. From time to time, we may enter into other sponsorship relationships as well.

Our bank sponsors may terminate their agreements with us if we materially breach the agreements and do not cure the breach within an established cure period, if our membership with Visa and/or MasterCard terminates, if we enter bankruptcy or file for bankruptcy, or if applicable laws or regulations, including Visa and/or MasterCard regulations, change to prevent either the applicable bank or us from performing services under the agreement. If these sponsorships are terminated and we are unable to secure a replacement bank sponsor within the applicable wind down period, we will not be able to process electronic payment transactions.

Furthermore, our agreements with our bank sponsors provide the bank sponsors with substantial discretion in approving certain elements of our business practices, including our solicitation, application and underwriting procedures for merchants. We cannot guarantee that our bank sponsors' actions under these agreements will not be detrimental to it, nor can we provide assurance that any of our bank sponsors will not terminate their sponsorship of us in the future. Our bank sponsors have broad discretion to impose new business or operational requirements on us, which may materially adversely affect our business. If our sponsorship agreements are terminated and we are unable to secure another bank sponsor, we will not be able to offer Visa or MasterCard transactions or settle transactions which would likely cause us to terminate our operations.

Our bank sponsors also provide or supplement authorization, funding and settlement services in connection with our bankcard processing services. If our sponsorships agreements are terminated and we are unable to secure another bank sponsor, we will not be able to process Visa and MasterCard transactions which would have a material adverse effect on our business, financial condition and results of operations.

In July 2018, the Office of the Comptroller of the Currency announced that it will begin accepting special purpose national bank charter applications from financial technology companies ("FinTech Charter"). No applications for a FinTech Charter have been submitted to date, and we cannot predict which, if any, of our current or future competitors would take advantage of the charter. However, such a development could increase the competitive risks discussed above or create new competitive risks, such as our nonbank competitors being able to more easily access the payment networks without the requirement of a bank sponsor, which could provide them with a competitive advantage.

Our risk management policies and procedures may not be fully effective in mitigating our risk exposure in all market environments or against all types of risks.

We operate in a rapidly changing industry. Accordingly, our risk management policies and procedures may not be fully effective to identify, monitor, manage and remediate our risks. Some of our risk evaluation methods depend upon information provided by others and public information regarding markets, merchants or other matters that are otherwise inaccessible by us. In some cases, that information may not be accurate, complete or up-to-date. Additionally, our risk detection system is subject to a high degree of "false positive" risks being detected, which makes it difficult for us to identify real risks in a timely manner. If our policies and procedures are not fully effective or we are not always successful in capturing all risks to which we are or may be exposed, we may suffer harm to our reputation or be subject to litigation or regulatory actions that materially increase our costs and subject us to reputational damage that could limit our ability to grow and cause us to lose existing merchant clients.

Legal proceedings could have a material adverse effect on our business, financial condition or results of operations.

In the ordinary course of business, we may become involved in various litigation matters, including but not limited to commercial disputes and employee claims, and from time to time may be involved in governmental or regulatory investigations or similar matters arising out of our current or future business. Any claims asserted against us, regardless of merit or eventual outcome, could harm our reputation and have an adverse impact on our relationship with our merchants, distribution partners and other third parties and could lead to additional related claims. Certain claims may seek injunctive relief, which could disrupt the ordinary conduct of our business and operations or increase our cost of doing business. Our insurance or indemnities may not cover all claims that may be asserted against us, and any claims asserted against it, regardless of merit or eventual outcome, may harm our reputation and cause us to expend resources in our defense. Furthermore, there is no guarantee that we will be successful in defending ourselves in future litigation. Should the ultimate judgments or settlements in any pending litigation or future litigation or investigation significantly exceed our insurance coverage, they could have a material adverse effect on our business, financial condition and results of operations.

Our President, Chief Executive Officer and Chairman, Mr. Thomas Priore, is presently subject to an SEC civil order pertaining to his prior involvement with a registered investment adviser, which could heighten the regulatory scrutiny on us.

On June 21, 2010, the SEC filed a civil lawsuit against ICP Asset Management ("ICP") and Thomas Priore in his role as majority owner, President and Chief Investment Officer of ICP's registered investment advisor. The SEC principally alleged that portfolio rebalancing trades executed by ICP at the height of the credit crisis, in connection with its management of the assets of four collateralized debt obligation vehicles (the Triaxx "CDOs"), violated certain fiduciary duties and obligations under the CDOs' trust indentures. The SEC contended that certain trades executed by ICP at purchase prices between the CDO trusts, should have been executed at then prevailing market prices and on an arms' length basis, and, by failing to do so, ICP caused the CDOs to overpay for securities in violation of its fiduciary duty. The SEC further alleged that the nature of certain trades was mischaracterized to investors and executed without requisite approvals from the CDOs' trustee. On August 14, 2012, Mr. Priore and ICP agreed to a civil settlement with regulators without admitting or denying the allegations, consenting to the entry of a civil order by the SEC (the "SEC Order"). On March 11, 2015 the administrative settlement was entered pertaining to the SEC Order that barred Mr. Priore from associating with any broker, dealer, investment adviser, municipal securities dealer or transfer agent, and from participating in any offering involving a penny stock, for a minimum of five years from the date of the SEC Order with the right to apply to the applicable regulatory body for reentry thereafter. The SEC Order does not, nor has it ever, prohibited Thomas Priore's involvement with us, or his service as President, Chief Executive Officer and Chairman. During such time that the SEC bar remains in effect, we will be required to monitor if any future offerings of our stock might be considered an offering of "penny stock" which would be prohibited under the bar. In addition, while the SEC bar remains in effect, Mr. Priore is prohibited from owning a controlling equity stake in or operating a securities broker dealer, investment adviser, municipal securities dealer or transfer agent. The SEC bar does not, however, impact our current business.

The loss of, for example, key personnel or of our ability to attract, recruit, retain and develop qualified employees could adversely affect our business, financial condition and results of operations.

Our success depends upon the continued services of our senior management and other key personnel who have substantial experience in the electronic payments industry and the markets in which we offer our services. In addition, our success depends in large part

upon the reputation within the industry of our senior managers who have developed relationships with our distribution partners, payment networks and other payment processing and service providers. Further, in order for us to continue to successfully compete and grow, we must attract, recruit, develop and retain personnel who will provide us with expertise across the entire spectrum of our intellectual capital needs. Our success is also dependent on the skill and experience of our sales force, which we must continuously work to maintain. While we have many key personnel who have substantial experience with our operations, we must also develop our personnel to provide succession plans capable of maintaining the continuity of our operations. The market for qualified personnel is competitive, and we may not succeed in recruiting additional personnel or may fail to effectively replace current personnel who depart with qualified or effective successors.

In addition, we rely heavily on several senior key directors and executive officers, including Mr. Thomas Priore, who is our President, Chief Executive Officer and Chairman, who helped found Priority. Our future success will continue to depend on the diligence, skill, network of business contacts and continued service of Thomas Priore, together with members of our senior management team. We cannot assure you that unforeseen business, medical, personal or other circumstances would not lead any such individual to terminate his relationship with us. The loss of Thomas Priore, or any of the members of our senior management team, could have a material adverse effect on our ability to achieve our growth strategy as well as on our future financial condition and results of operations. Failure to retain or attract key personnel could impede our ability to grow and could result in our inability to operate our business profitably. In addition, contractual obligations related to confidentiality, assignment of intellectual property rights, and non-solicitation may be ineffective or unenforceable and departing employees may share our proprietary information with competitors in ways that could adversely impact us or seek to solicit our distribution partners or merchants or recruit our key personnel to competing businesses.

Our business and operations could be negatively affected if we become subject to any securities litigation or stockholder activism, which could cause us to incur significant expense, hinder execution of business and growth strategy and impact our stock price.

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. Stockholder activism, which could take many forms or arise in a variety of situations, has been increasing recently. Volatility in our stock price or other reasons may in the future cause us to become the target of securities litigation or stockholder activism. Securities litigation and stockholder activism, including potential proxy contests, could result in substantial costs and divert our management's and the board of directors' attention and resources from our business. Additionally, such securities litigation and stockholder activism could give rise to perceived uncertainties as to our future, adversely affect our relationships with service providers and make it more difficult to attract and retain qualified personnel. Also, we may be required to incur significant legal fees and other expenses related to any securities litigation and activist stockholder matters. Further, our stock price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any securities litigation and stockholder activism.

Changes in tax laws and regulations could adversely affect our results of operations and cash flows from operations.

Our operations are subject to tax by U.S. federal, state, local, and non-U.S. taxing jurisdictions. Changes in tax laws in our significant tax jurisdictions could materially increase the amount of taxes we owe, thereby negatively impacting our results of operations as well as our cash flows from operations. For example, restrictions on the deductibility of interest expense in a U.S. jurisdiction without a corresponding reduction in statutory tax rates could negatively impact our effective tax rate, financial position, results of operations, and cash flows in the period that such a change occurs and future periods.

Our reported financial results may be adversely affected by changes in U.S. GAAP.

Generally accepted accounting principles in the United States ("U.S. GAAP") are subject to interpretation by the Financial Accounting Standards Board ("FASB"), the American Institute of Certified Public Accountants, the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations, including changes related to revenue recognition, could have a significant effect on our reported financial results, and could affect the reporting of transactions completed before the announcement of a change.

We are an "emerging growth company" and the reduced disclosure requirements applicable to emerging growth companies may make our securities less attractive to investors.

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012 ("JOBS Act"). We may remain an "emerging growth company" until the fiscal year ended December 31, 2021. However, if our non-convertible debt issued within a three-year period or revenues exceeds $1.07 billion, or the market value of our common stock that are held by non-affiliates exceeds $700 million on the last day of the second fiscal quarter of any given fiscal year, we would cease to be an emerging growth company as of the following fiscal year. As an emerging growth company, we are not required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, have reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and are exempt from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. Additionally, as an emerging growth company, we have elected to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. As such, our financial statements may not be comparable to companies that comply with public company effective dates. We cannot predict if investors will find our common stock less attractive because we will rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active market for our common stock, our share price may be more volatile and the price at which our securities trade could be less than if we did not use these exemptions.

Material weaknesses have been identified in our internal control over financial reporting.

We have identified material weaknesses in internal controls over our financial reporting that remain unremediated. A material weakness is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis.

The material weaknesses identified were (1) lack of sufficient resources with appropriate depth and experience to interpret complex accounting guidance and prepare financial statements and related disclosures in accordance with U.S. GAAP and (2) deficiencies in certain aspects of the financial statement close process and specifically lacks processes and procedures to ensure critical evaluation and review of various account reconciliations, analyses and journal entries.

We were not required to perform an evaluation of internal control over financial reporting as of December 31, 2018, 2017 and 2016 in accordance with the provisions of the Sarbanes-Oxley Act of 2002 as we were a private company prior to July 2018. Had such an evaluation been performed, additional control deficiencies may have been identified by our management, and those control deficiencies could have also represented one or more material weaknesses.

We have taken steps to enhance our internal control environment and plan to take additional steps to remediate the material weaknesses. Although we plan to complete this remediation process as quickly as possible, we cannot at this time estimate how long it will take.

Risk Factors Related to Our Indebtedness

We will face risks related to our substantial indebtedness.

As of December 31, 2018, we had outstanding debt of$412.7 million compared to $283.1 million as of December 31, 2017, an increase of $129.6 million or 46%, consisting of outstanding debt of $322.7 million under a senior credit facility with a syndicate of lenders (the "Senior Credit Facility") and$90.0 million under a subordinated term loan (including accrued payment-in-kind interest through December 31, 2018) (the "Subordinated Term Loan"). In addition, the Senior Credit Facility includes a $25.0 million revolving credit facility, which was undrawn as of December 31, 2018. Our total interest expense was $29.9 million, $25.1 million, and $4.8 million in 2018, 2017 and 2016, respectively. In the future, we may elect to use additional forms of indebtedness, including publicly or privately offered notes, which may further increase our levels of indebtedness. See "Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" for a description of our existing credit facilities.

Our current and future levels of indebtedness could have important consequences to us, including, but not limited to:

- increasing our vulnerability to, and reducing our flexibility to respond to, general adverse economic and industry conditions;

- requiring the dedication of a substantial portion of our cash flow from operations to the payment of principal of, and interest on, our indebtedness, thereby reducing the availability of such cash flow to fund working capital, capital expenditures, acquisitions, joint ventures or other general corporate purposes;

- limiting our flexibility in planning for, or reacting to, changes in our business and the competitive environment; and

- limiting our ability to borrow additional funds and increasing the cost of any such borrowing.

Substantially all of our indebtedness is floating rate debt. As a result, an increase in interest rates generally, such as those we have recently experienced, would adversely affect our profitability. We may enter into pay-fixed interest rate swaps to limit our exposure to changes in floating interest rates. Such instruments may result in economic losses should interest rates decline to a point lower than our fixed rate commitments. We would be exposed to credit-related losses, which could impact the results of operations in the event of fluctuations in the fair value of the interest rate swaps due to a change in the credit worthiness or non-performance by the counterparties to the interest rate swaps.

We may incur substantial additional indebtedness in the future. Although the agreements governing our existing indebtedness contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to several significant qualifications and exceptions and, under certain circumstances, the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial.

Our Senior Credit Facility requires us to maintain certain leverage ratios, which will become more restrictive later this year.

Certain of our subsidiaries are borrowers (the "Borrowers") or guarantors under the Senior Credit Facility. The Senior Credit Facility includes a Total Net Leverage Ratio covenant, which requires a Total Net Leverage Ratio of no more than 6.50:1.00 as of December 31, 2018, 6.25:1.00 as of March 31, 2019, and further steps down in each subsequent quarter of 2019 to be no more than 5.25:1.00 as of December 31, 2019 and for each quarter thereafter. The Senior Credit Facility defines Total Net Leverage Ratio as the consolidated total debt of the Borrowers, less unrestricted cash subject to certain restrictions, divided by the Earnout Adjusted EBITDA (a non-GAAP measure) of the Borrowers for the prior four quarters. See "Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations - Certain Non-GAAP Measures."

If the Borrowers were to fail to comply with the Total Net Leverage Ratio covenant, it would trigger an event of default under the Senior Credit Facility, as described below. As of December 31, 2018, the Borrowers' Total Net Leverage Ratio was 5.06:1.00.

Upon the occurrence of an event of default under the credit agreements relating to our credit facilities or any future debt instruments we may issue, the lenders thereunder could elect to accelerate payments due and terminate all commitments to extend further credit. Consequently, we may not have sufficient assets to repay amounts then outstanding under any such indebtedness.

Under the terms of our existing credit facilities, upon the occurrence of an event of default, the lenders will be able to elect to declare all amounts outstanding under such credit facilities to be immediately due and payable and terminate all commitments to lend additional funds. Among other reasons, an event of default could be declared by the lenders in the event we fail to pay when due the interest, principal of or premium on any loan, we fail to comply with certain financial and operational covenants or any negative covenant, or event of default with respect to certain other credit facilities or debt instruments we may issue in the future.

Any future credit facilities or debt instruments we may issue will likely contain similar, or potentially more expansive, events of default as compared to those set forth in the terms of our existing credit facilities, including those breach or defaults with respect to any of our other outstanding debt instruments. Our existing credit facilities are secured by a pledge of substantially all of our assets and any indebtedness we incur in the future may also be secured.

The credit agreements governing our existing credit facilities and any other debt instruments we may issue in the future will contain restrictive covenants that may impair our ability to conduct business.

The credit agreements governing our existing credit facilities contain operating covenants and financial covenants that may limit management's discretion with respect to certain business matters. In addition, any debt instruments we may issue in the future will

likely contain similar operating and financial covenants restricting our business. Among other things, these covenants will restrict our ability to:

- pay dividends, or redeem or purchase equity interests;
- incur additional debt;
- incur liens;
- change the nature of our business;
- engage in transactions with affiliates;
- sell or otherwise dispose of assets;
- make acquisitions or other investments; and
- merge or consolidate with other entities.

In addition, we are required to comply with certain restrictions on the ratio of our indebtedness to our Earnout Adjusted EBITDA (a non-GAAP measure as defined in the credit agreements governing our existing credit facilities).

As a result of these covenants and restrictions, we will be limited in our ability to pay dividends or buy back stock and how we conduct our business, and we may be unable to raise additional debt or other financings to compete effectively or to take advantage of new business opportunities. The terms of any future indebtedness we may incur could also include even more restrictive covenants. Failure to comply with such restrictive covenants may lead to default and acceleration and may impair our ability to conduct business. We may not be able to maintain compliance with these covenants in the future and, if we fail to do so, that we will be able to obtain waivers from the lenders and/or amend the covenants, which may result in foreclosure on our assets and our common stock becoming worthless. See "Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" for a description of our existing credit facilities.

Risks Factors Related to Our Common Stock

You may not be able to resell shares of our common stock at or above the price you paid or at all, and you could lose all or part of your investment as a result.

The trading price of our common stock is likely to be volatile. The stock market recently has experienced volatility. This volatility often has been unrelated or disproportionate to the operating performance of particular companies. You may not be able to resell your shares at or above the initial price you paid due to a number of factors such as those listed in "—Risks Factors Related to our Business" and the following:

- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates and investment recommendations by securities analysts and investors;
- declines in the market prices of stocks generally;
- strategic actions by us or our competitors;
- announcements by us or our competitors of significant contracts, new products, acquisitions, joint marketing relationships, joint ventures, other strategic relationships, or capital commitments;

- changes in general economic or market conditions or trends in our industry or markets;
- changes in business or regulatory conditions;
- future sales of our common stock or other securities;
- investor perceptions or the investment opportunity associated with our common stock relative to other investment alternatives;
- the public's response to press releases or other public announcements by us or third parties, including our filings with the SEC;
- announcements relating to litigation;
- guidance, if any, that we provide to the public, any changes in this guidance, or our failure to meet this guidance;
- the development and sustainability of an active trading market for our stock;
- changes in accounting principles;
- occurrences of extreme or inclement weather; and
- other events or factors, including those resulting from natural disasters, war, acts of terrorism, or responses to these events.

These broad market and industry fluctuations may adversely affect the market price of our common stock, regardless of our actual operating performance. In addition, price volatility may be greater if the public float and trading volume of our common stock is low.

In the past, following periods of market volatility, stockholders have instituted securities class action litigation. If we were involved in securities litigation, it could have a substantial cost and divert resources and the attention of executive management from our business regardless of the outcome of such litigation.

Because we have no current plans to pay cash dividends on our common stock for the foreseeable future, you may not receive any return on investment unless you sell your common stock for a price greater than that which you paid for it.

We intend to retain future earnings, if any, for future operations, expansion, and debt repayment and have no current plans to pay any cash dividends for the foreseeable future. The declaration, amount, and payment of any future dividends on shares of common stock will be at the sole discretion of our board of directors. Our board of directors may take into account general and economic conditions, our financial condition, and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax, and regulatory restrictions, implications on the payment of dividends by us to our stockholders or by our subsidiaries to us, and such other factors as our board of directors may deem relevant. In addition, our ability to pay dividends is limited by covenants of our existing and outstanding indebtedness and may be limited by covenants of any future indebtedness we or our subsidiaries incur. As a result, you may not receive any return on an investment in our common stock unless you sell our common stock for a price greater than that which you paid for it.

If securities analysts do not publish research or reports about our business or if they downgrade our common stock or our sector, our stock price and trading volume could decline.

The trading market for our common stock will rely in part on the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts. Furthermore, if one or more of the analysts who do cover us downgrades our common stock or our industry, or the stock of any of our competitors, or publish inaccurate or unfavorable research about our business, the price of our common stock could decline. If one or more of these analysts ceases coverage of the combined company

or fails to publish reports on us regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline.

Anti-takeover provisions in our organizational documents could delay or prevent a change of control.

Certain provisions of our Amended and Restated Certificate of Incorporation and our Amended and Restated Bylaws have an anti-takeover effect and may delay, defer, or prevent a merger, acquisition, tender offer, takeover attempt, or other change of control transaction that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by our stockholders.

These provisions provide for, among other things:

- the ability of our board of directors to issue one or more series of preferred stock;
- advance notice for nominations of directors by stockholders and for stockholders to include matters to be considered at our annual meetings;
- certain limitations on convening special stockholder meetings;
- the removal of directors only for cause and only upon the affirmative vote of holders of at least 66 2⁄3% of the shares of common stock entitled to vote generally in the election of directors if Priority Investment Holdings, LLC and Priority Incentive Equity Holdings, LLC and their affiliates (collectively, the "Priority Holders") hold less than 40% of our outstanding shares of common stock; and
- that certain provisions may be amended only by the affirmative vote of at least 66 2⁄3% of the shares of common stock entitled to vote generally in the election of directors if the Priority Holders hold less than 40% of our outstanding shares of common stock.

The provisions requiring 66 2⁄3% approval if the Priority Holders hold less than 40% of our outstanding shares of common stock gives the Priority Holders significant influence over the vote on these items even after the Priority Holders own less than a majority of our outstanding shares of common stock.

In addition, these anti-takeover provisions could make it more difficult for a third-party to acquire us, even if the third-party's offer may be considered beneficial by many of our stockholders. As a result, our stockholders may be limited in their ability to obtain a premium for their shares.

Our Amended and Restated Certificate of Incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or stockholders.

Our Amended and Restated Certificate of Incorporation provides that, subject to limited exceptions, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for any (i) derivative action or proceeding brought on behalf of our Company, (ii) action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or stockholders to us or our stockholders, (iii) action asserting a claim against us or any of our directors, officers or stockholders arising pursuant to any provision of the Delaware General Corporation Law or our Amended and Restated Certificate of Incorporation or our Amended and Restated Bylaws, or (iv) action asserting a claim against us or any of our directors, officers or stockholders governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and to have consented to the provisions of our Amended and Restated Certificate of Incorporation described above. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and employees. Alternatively, if a court were to find these provisions of our Amended and Restated Certificate of Incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition.

We believe that our stockholders will benefit from having any such disputes litigated in the Court of Chancery of the State of Delaware. Although some plaintiffs might prefer to litigate matters in a forum outside of Delaware because another court may be more convenient or because they believe another court would be more favorable to their claims, we believe that the benefits us and our stockholders outweigh these concerns. Delaware offers a system of specialized courts to deal with corporate law questions, with streamlined procedures and processes which help provide relatively quick decisions. These courts have developed considerable expertise in dealing with corporate law issues, as well as a substantial and influential body of case law construing Delaware's corporate law and long-standing precedent regarding corporate governance. In addition, the adoption of this provision would reduce the risk that we could be involved in duplicative litigation in more than one forum, as well as the risk that the outcome of cases in multiple forums could be inconsistent, even though each forum purports to follow Delaware law. The enforceability of similar exclusive jurisdiction provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with any action, a court could find the exclusive jurisdiction provision contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in such action. However, given the decisions of the Court of Chancery of the State of Delaware in 2013 upholding similar provisions in *Boilermakers Local 154 Retirement Fund v. Chevron Corp., et al.* and *IClub Investment Partnership v. FedEx Corp., et al.*, we believe that the Court of Chancery of the State of Delaware would find our exclusive forum provisions to be enforceable as well.

Mr. Thomas Priore, our President, Chief Executive Officer and Chairman, controls the Company, and his interests may conflict with ours or yours in the future.

Thomas Priore and his affiliates have the ability to elect all of the members of our board of directors and thereby control our policies and operations, including the appointment of management, future issuances of our common stock or other securities, the payment of dividends, if any, on our common stock, the incurrence or modification of debt by us, amendments to our Amended and Restated Certificate of Incorporation and our Amended and Restated Bylaws, and the entering into of extraordinary transactions, and their interests may not in all cases be aligned with your interests. In addition, Thomas Priore may have an interest in pursuing acquisitions, divestitures, and other transactions that, in his judgment, could enhance his investment, even though such transactions might involve risks to you. For example, he could cause us to make acquisitions that increase our indebtedness or cause us to sell revenue-generating assets. Additionally, in certain circumstances, acquisitions of debt at a discount by purchasers that are related to a debtor can give rise to cancellation of indebtedness income to such debtor for U.S. federal income tax purposes.

Our Amended and Restated Certificate of Incorporation provides that neither he nor any of his affiliates, or any director who is not employed by us (including any non-employee director who serves as one of our officers in both his director and officer capacities) will have any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we operate. So long as Thomas Priore continues to own a significant amount of our combined voting power, even if such amount is less than 50%, he will continue to be able to strongly influence or effectively control our decisions. Furthermore, so long as Thomas Priore and his respective affiliates collectively own at least 50% of all outstanding shares of our common stock entitled to vote generally in the election of directors, they will be able to appoint individuals to our board of directors. In addition, given his level of control, Thomas Priore will be able to determine the outcome of all matters requiring stockholder approval and will be able to cause or prevent a change of control of the Company or a change in the composition of our board of directors and could preclude any unsolicited acquisition of the Company. The concentration of ownership could deprive you of an opportunity to receive a premium for your shares of common stock as part of a sale of the Company and ultimately might affect the market price of our common stock.

We are a "controlled company" within the meaning of the rules of the Nasdaq Stock Market, LLC ("Nasdaq") and, as a result, qualify for, and rely on, exemptions from certain corporate governance requirements. You will not have the same protections as those afforded to stockholders of companies that are subject to such governance requirements.

Mr. Thomas Priore controls a majority of the voting power of our outstanding common stock. As a result, we are a "controlled company" within the meaning of the corporate governance standards of Nasdaq. Under these rules, a company of which more than 50% of the voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of our board of directors consist of independent directors;

- the requirement that we have a Nominating/Corporate Governance Committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and

- the requirement that we have a Compensation Committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities.

We utilize and intend to continue to utilize these exemptions. As a result, we do not have a majority of independent directors and our Compensation Committee and Nominating/Corporate Governance Committee does not consist entirely of independent directors. Accordingly, our stockholders do not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of Nasdaq.

Risk Factors Related to Our Warrants

We may redeem your unexpired warrants prior to their exercise at a time that is disadvantageous to you, thereby making your warrants worthless.

We have the ability to redeem outstanding warrants (the "Warrants") at any time after they become exercisable and prior to their expiration, at $0.01 per warrant, if the last reported sales price (or the closing bid price of our common stock in the event the common stock is not traded on any specific trading day) of the common stock equals or exceeds $16.00 per share for any 20 trading days within a 30-trading day period ending on the third business day prior to the date we send proper notice of such redemption, provided that on the date we give notice of redemption and during the entire period thereafter until the time we redeem the Warrants, we have an effective registration statement under the Securities Act covering the common stock issuable upon exercise of the Warrants and a current prospectus relating to them is available or cashless exercise is exempt from the registration requirements under the Securities Act. If and when the Warrants become redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying securities for sale under all applicable state securities laws. Redemption of the outstanding Warrants could force a warrant holder: (i) to exercise Warrants and pay the exercise price therefore at a time when it may be disadvantageous for you to do so, (ii) to sell Warrants at the then-current market price when you might otherwise wish to hold your Warrants or (iii) to accept the nominal redemption price which, at the time the outstanding Warrants are called for redemption, may be substantially less than the market value of your Warrants.

The liquidity of the Warrants may be limited.

There is a limited trading market for our Warrants, which might adversely affect the liquidity, market price and price volatility of the Warrants. In addition, our publicly-traded Warrants were recently removed from quotation on The Nasdaq Global Market. As a result, investors in our Warrants may find it more difficult to dispose of or obtain accurate quotations as to the market value of our Warrants, and the ability of our stockholders to sell our Warrants in the secondary market has been materially limited.

ITEM 1B. UNRESOLVED STAFF COMMENTS

N/A

ITEM 2. PROPERTIES

We maintain several offices across the United States, all of which we lease.

Our key office locations include:

- corporate headquarters in Alpharetta, Georgia with approximately 95,000 leased square feet;
- data management office in Atlanta, Georgia with approximately 130 leased square feet;
- data management office in Austin, Texas with approximately 260 leased square feet;
- telesales office in our Alpharetta, Georgia location with approximately 33,000 leased square feet which is part of our corporate headquarters' total leased space; and
- administrative office in New York, NY with approximately 3,300 square feet.

We lease several small facilities for sales and operations. Our current facilities meet the needs of our employee base and can accommodate our currently contemplated growth. We believe that we will be able to obtain suitable additional facilities on commercially reasonable term to meet any needs.

ITEM 3. LEGAL PROCEEDINGS

In 2015, approximately three years after reaching a civil settlement with regulators on the matter, and without admitting or denying the allegations against him, Mr. Thomas Priore consented to the entry of the SEC Order relating to his prior involvement as the majority owner, President and Chief Investment Officer of a registered investment adviser, ICP Asset Management, LLC. Under the SEC Order, Mr. Priore agreed to be barred from associating with any broker, dealer, investment adviser, municipal securities dealer or transfer agent, and from participating in any offering involving a penny stock, for a minimum of five years from the date of the SEC Order with the right to apply to the applicable regulatory body for reentry thereafter. The SEC Order does not, nor has it ever, prohibited Thomas Priore's involvement with the Company, or his service as President, Chief Executive Officer or Chairman. During such time that the SEC bar remains in effect, the combined company will be required to monitor if any future offerings of our stock might be considered an offering of "penny stock" which would be prohibited under the bar.

During October 2018, we settled a legal matter for$1.6 million, which is included in Selling, general, and administrative expenses in our consolidated statement of operations for the year ended December 31, 2018.

We are involved in certain other legal proceedings and claims, which arise in the ordinary course of business. In the opinion of the Company, based on consultations with inside and outside counsel, the results of any of these ordinary course matters, individually and in the aggregate, are not expected to have a material effect on our results of operations, financial condition, or cash flows. As more information becomes available and we determine that an unfavorable outcome is probable on a claim and that the amount of probable loss that we will incur on that claim is reasonably estimable, we will record an accrued expense for the claim in question. If and when we record such an accrual, it could be material and could adversely impact our results of operations, financial condition, and cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

N/A

PART II.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Prior to the consummation of the Business Combination on July 25, 2018, MI Acquisitions' common stock, warrants and units were each listed on The Nasdaq Capital Market under the symbol "MACQ," "MACQW" and "MACQU," respectively. Upon the consummation of the Business Combination and the change of the Company's name to Priority Technology Holdings, Inc., our common stock commenced trading on The Nasdaq Global Market under the symbol "PRTH" and our warrants and units commenced trading under the symbols "PRTHW" and "PRTHU, " respectively. As of March 6, 2019, our warrants and units were delisted from trading on The Nasdaq Global Market. Following their delisting, our warrants and units became available to be quoted in the over-the-counter market under the symbols "PRTHW" and "PRTHU," respectively.

Holders

As of March 22, 2019, we had 34, 2, and 1 holders of record of our common stock, warrant and units, respectively. This figure does not include the number of persons whose securities are held in nominee or "street" name accounts through brokers.

Dividends

We have never declared or paid, and do not anticipate declaring or paying in the foreseeable future, any cash dividends on our common stock.

Recent Sales of Unregistered Securities

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

On December 19, 2018, the Company's Board of Directors authorized a stock repurchase program. Under the program, the Company may purchase up to $5.0 million of its outstanding common stock from time to time through June 30, 2019. As of March 22, 2019, the Company has not repurchased any of its common stock pursuant to the repurchase plan.

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth selected historical financial information derived from our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K as of December 31, 2018 and 2017, and for the years ended December 31, 2018, 2017, and 2016, and from our audited consolidated financial statements not included in this Annual Report on Form 10-K as of December 31, 2016 and for the year ended December 31, 2015. You should read the following selected financial data in conjunction with the sections entitled "Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations" and the audited consolidated financial statements and the related notes appearing elsewhere in this Annual Report on Form 10-K.

	Years Ended December 31,			
(in thousands except per share amounts)	**2018**	**2017**	**2016**	**2015**
Statement of operations data				
Revenues	$ 424,415	$ 425,619	$ 344,114	$ 286,244
Operating expenses	404,496	390,370	318,274	271,685
Interest expense	(29,935)	(25,058)	(4,777)	(4,052)
Other, net	(6,784)	(5,597)	(877)	(1,240)
(Loss) income before income taxes	(16,800)	4,594	20,186	9,267
Income tax benefit	(1,759)	—	—	—
Net (loss) income	$ (15,041)	$ 4,594	$ 20,186	$ 9,267
Basic and diluted (loss) earnings per share	$ (0.24)	$ 0.06	$ 0.15	$ 0.07

	Years Ended December 31,			
(in thousands)	**2018**	**2017**	**2016**	**2015**
Statement of cash flows data				
Net cash provided by (used in):				
Operating activities	$ 31,348	$ 36,869	$ 22,275	$ 25,308
Investing activities	$ (108,928)	$ (9,037)	$ (6,362)	$ (31,888)
Financing activities	$ 67,252	$ (25,375)	$ (10,548)	$ 18,714

(in thousands)	As of December 31,		
	2018	**2017**	**2016**
Balance Sheet data			
Cash and restricted cash	$ 33,831	$ 44,159	$ 41,702
Total assets	$ 388,618	$ 266,707	$ 256,050
Total liabilities	$ 474,091	$ 356,862	$ 140,043
Total stockholders' (deficit) equity	$ (85,473)	$ (90,155)	$ 116,007
Shares of common stock outstanding	67,038	73,110	195,439

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following management's discussion and analysis of financial condition and results of operations together with "Item 6 - Selected Financial Data" and our audited financial statements and the related notes included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements about our business, operations and industry that involve risks and uncertainties, such as statements regarding our plans, objectives, expectations and intentions. Our future results and financial condition may differ materially from those currently anticipated by us as a result of the factors described in the sections entitled "Item 1A - Risk Factors" and "Cautionary Note Regarding Forward Looking Statements." Certain amounts in this section may not foot due to rounding.

For a description and additional information about our two reportable segments, see Note 16,*Segment Information*, contained in "Item 8 - Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

Results of Operations

This section includes a summary of our results of operations for the periods presented followed by a detailed discussion of our results for (i) the year ended December 31, 2018 compared to the year ended December 31, 2017 and (ii) the year ended December 31, 2017 compared to the year ended December 31, 2016. We have derived this data, except key indicators for merchant bankcard processing dollar values and transaction volumes, from our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Our revenue for the year ended December 31, 2018 has been negatively affected by the closure of high-margin accounts with certain subscription-billing e-commerce merchants. The closure of merchants in this channel was due to industry-wide changes for enhanced card association compliance. This revenue, which is entirely within our Consumer Payments reportable segment, was $65.2 million, $95.6 million, and $58.3 million for the years ended December 31, 2018, 2017, and 2016, respectively. Our income from operations associated with these merchants was $21.3 million, $31.9 million, and $19.0 million for the years ended December 31, 2018, 2017, and 2016, respectively. Based upon the current trend, we currently expect revenue from this channel of subscription-billing e-commerce merchants to be approximately $15.0 million and income from operations to be approximately $6.0 million for the year ending December 31, 2019.

In addition to the impact of the closures of certain merchants described above, our income from operations for the year ended December 31, 2018 has been negatively affected by expenses associated with our Business Combination, conversion to a public company, and certain legal matters. These expenses, which were entirely within Corporate, were $12.4 million, $5.6 million, and $0.7 million for the years ended December 31, 2018, 2017, and 2016, respectively.

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

	Years Ended December 31,			
	2018	2017	$ Change	% Change
	(dollars in thousands)			
REVENUE:				
Merchant card fees	$ 392,033	$ 398,988	$ (6,955)	(1.7)%
Outsourced services and other	32,382	26,631	5,751	21.6 %
Total revenue	424,415	425,619	(1,204)	(0.3)%
OPERATING EXPENSES:				
Costs of merchant card fees	296,223	305,461	(9,238)	(3.0)%
Costs of outsourced services and other	18,128	15,743	2,385	15.1 %
Salary and employee benefits	38,324	32,357	5,967	18.4 %
Depreciation and amortization	19,740	14,674	5,066	34.5 %
Selling, general and administrative	32,081	22,545	9,536	42.3 %
Change in fair value of contingent consideration	—	(410)	410	nm
Total operating expenses	404,496	390,370	14,126	3.6 %
Income from operations	19,919	35,249	(15,330)	(43.5)%
OTHER (EXPENSES) INCOME:				
Interest expense	(29,935)	(25,058)	(4,877)	19.5 %
Other, net	(6,784)	(5,597)	(1,187)	21.2 %
Total other expenses, net	(36,719)	(30,655)	(6,064)	19.8 %
(Loss) income before taxes	(16,800)	4,594	(21,394)	(465.7)%
Income tax benefit	(1,759)	—	(1,759)	nm
Net (loss) income	$ (15,041)	$ 4,594	$ (19,635)	(427.4)%

n.m. = not meaningful

The following table shows our segment income statement data and selected performance measures for the periods indicated:

(dollars and volume amounts in thousands)	Years Ended December 31,			
	2018	**2017**	**Change**	**% Change**
Consumer Payments:				
Revenue	$ 394,986	$ 400,320	$ (5,334)	(1.3)%
Operating expenses	344,458	344,847	(389)	(0.1)%
Income from operations	$ 50,528	$ 55,473	$ (4,945)	(8.9)%
Operating margin	12.8 %	13.9 %	(1.1)%	
Key Indicators:				
Merchant bankcard processing dollar value	$ 37,892,474	$ 34,465,600	$ 3,426,874	9.9 %
Merchant bankcard transaction volume	465,584	439,055	26,529	6.0 %
Commercial Payments and Managed Services:				
Revenue	$ 29,429	$ 25,299	$ 4,130	16.3 %
Operating expenses	32,350	24,327	8,023	33.0 %
(Loss) income from operations	$ (2,921)	$ 972	$ (3,893)	(400.5)%
Operating margin	(9.9)%	3.8 %	(13.7)%	
Key Indicators:				
Merchant bankcard processing dollar value	$ 262,824	$ 190,338	$ 72,486	38.1 %
Merchant bankcard transaction volume	173	95	78	82.1 %
Income from operations of reportable segments	$ 47,607	$ 56,445	$ (8,838)	(15.7)%
Corporate expenses	(27,688)	(21,196)	(6,492)	30.6 %
Consolidated income from operations	$ 19,919	$ 35,249	$ (15,330)	
Key Indicators:				
Merchant bankcard processing dollar value	$ 38,155,298	$ 34,655,938	$ 3,499,360	10.1 %
Merchant bankcard transaction volume	465,757	439,150	26,607	6.1 %

Revenue

For the year ended December 31, 2018, our consolidated revenue decreased by $1.2 million, or 0.3%, from the year ended December 31, 2017 to $424.4 million. This decrease was driven by a $5.3 million, or 1.3%, decrease in revenue from our Consumer Payments segment, partially offset by a $4.1 million, or 16.3%, increase in revenue from our Commercial Payments and Managed Services segment. Consolidated bankcard processing dollar value and merchant bankcard transactions increased 10.1% and 6.1%, respectively.

For the year ended December 31, 2018, the decrease in Consumer Payments revenue was primarily attributable to a decrease in revenue of $30.4 million from certain subscription-billing e-commerce merchants, largely offset by revenue resulting from the overall increases in bankcard processing dollar value and merchant bankcard transactions of 9.9% and 6.0%, respectively, compared to the year ended December 31, 2017. The higher merchant bankcard processing dollar value and transaction volume in 2018

were mainly due to the continuation of higher consumer spending trends in 2018 and positive net onboarding of new merchants. Additionally, the average dollar amount per bankcard transaction increased to $81.39, or 3.7%, in 2018 from $78.50 in 2017.

The increase in Commercial Payments and Managed Services revenue for year ended December 31, 2018 was attributable in part to increases in CPX merchant bankcard processing dollar value and the number of merchant bankcard transactions volume of 38.1% and 82.1%, respectively. Managed Services revenue grew due to an increase in headcount of our in-house sales force dedicated to selling merchant financing products on behalf of our financial institution partners, for which we record revenue on a cost-plus basis.

Operating expenses

Our consolidated operating expenses increased $14.1 million, or 3.6%, from $390.4 million for the year ended December 31, 2017 to $404.5 million for the year ended December 31, 2018, driven primarily by a $9.6 million, or 42.3%, increase in Selling, General, and Administrative ("SG&A") expenses. This increase in SG&A expenses was due primarily to in-house sales force expansion and corporate expenses related to transaction costs associated with the Business Combination and conversion to a public company, such as legal, accounting and other advisory and consulting expenses. Higher consolidated operating expenses were partially offset by lower costs of merchant card fees attributable to 2018 acquisitions of residual portfolio commission rights, partially offset by growth in processing volume. Costs of merchant card fees as a percentage of merchant card fee revenue dropped by 10 basis points in 2018 from 2017. Salary and employee benefits increased $6.0 million, or 18.4%, related to increases in corporate and operations headcount and increases in headcount from business acquisitions in 2018. Depreciation and amortization increased $5.1 million, or 34.5%, attributable mainly to the internally developed software for the MX Connect and CPX platforms and acquired merchant portfolios.

Income from operations

Consolidated income from operations decreased $15.3 million, or 43.5%, for the year ended December 31, 2018 compared to the year ended December 31, 2017. Our consolidated operating margin for year ended December 31, 2018 was 4.7% compared to 8.3% for the year ended December 31, 2017. The margin decrease was primarily due to the loss of certain subscription-billing e-commerce merchants and increases in expenses related to the Business Combination, conversion to a public company, and certain legal matters.

Our Consumer Payments reportable segment contributed $50.5 million in segment operating income for the year ended December 31, 2018, a decrease of $4.9 million, or 8.9%, from $55.5 million for the year ended December 31, 2017. This decrease largely reflected the loss of certain subscription-billing e-commerce merchants, partially offset by increases in merchant processing transactions.

Our Commercial Payments and Managed Services segment incurred a $2.9 million operating loss for year ended December 31, 2018, compared to $1.0 million in segment operating income for the year ended December 31, 2017. This decline in operating income was attributable to the startup of our newly established Integrated Partners businesses and increased investment in Commercial Payments staffing and infrastructure.

Corporate expenses were $27.7 million for the year ended December 31, 2018, an increase of $6.5 million over expenses of $21.2 million in the year ended December 31, 2017. This increase was driven primarily by a $6.8 million increase in expenses associated with our Business Combination, conversion to a public company, and certain legal matters. These expenses were $12.4 million and $5.6 million for the years ended December 31, 2018 and 2017, respectively.

Interest expense

Interest expense, including amortization of deferred debt issuance costs and discount, increased by $4.9 million, or 19.5%, to$29.9 million in 2018 from $25.1 million in 2017. This increase was due to higher outstanding borrowings in 2018, partially offset by lower applicable interest rates as a result of the debt modification in January 2018.

Other, net

Other, net increased $1.2 million from a net expense of $5.6 million in the year ended December 31, 2017 to a net expense of $6.8 million in the year ended December 31, 2018. This change was primarily due to debt modification costs of $2.0 million in the year ended December 31, 2018.

Income tax expense (benefit)

We became part of a "C-corporation" reporting tax group on July 25, 2018 in connection with the Business Combination. On July 25, 2018, we recognized a net deferred income tax asset of $47.5 million, which also resulted in a credit to our additional paid-in capital within our consolidated stockholders' equity (deficit). The net deferred tax asset is the result of the difference between the initial tax bases in the assets and liabilities and their respective carrying amounts for financial statement purposes.

For the year ended December 31, 2018, our income tax benefit was $1.8 million, resulting in an effective income tax benefit rate of 10.5%. This income tax benefit was based on the pre-tax loss incurred after July 25, 2018. On a pro-forma basis assuming C-corp status for the full year 2018, our income tax benefit would have been $2.6 million, resulting in a pro-forma effective income tax benefit rate of 15.6%. Our annualized pro-forma effective income tax benefit rate for 2018 is less than the statutory rate due to timing and permanent differences between amounts calculated under GAAP and the tax code.

The actual and pro-forma effective income tax rates for 2018 may not be indicative of our effective tax rates for future periods.

Net loss

Our consolidated net loss for the year ended December 31, 2018 was $15.0 million compared to net income of $4.6 million for the year ended December 31, 2017 for the aforementioned reasons.

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

The following table shows our consolidated income statement data for the periods indicated:

	Years Ended December 31,			
	2017	2016	$ Change	% Change
	(*dollars in thousands*)			
REVENUE:				
Merchant card fees	$ 398,988	$ 321,091	$ 77,897	24.3 %
Outsourced services and other	26,631	23,023	3,608	15.7 %
Total revenue	425,619	344,114	81,505	23.7 %
OPERATING EXPENSES:				
Costs of merchant card fees	305,461	243,049	62,412	25.7 %
Costs of outsourced services and other	15,743	13,971	1,772	12.7 %
Salary and employee benefits	32,357	32,330	27	0.1 %
Depreciation and amortization	14,674	14,733	(59)	(0.4)%
Selling, general and administrative	22,545	16,856	5,689	33.8 %
Change in fair value of contingent consideration	(410)	(2,665)	2,255	(84.6)%
Total operating expenses	390,370	318,274	72,096	22.7 %
Income from operations	35,249	25,840	9,409	36.4 %
OTHER (EXPENSES) INCOME:				
Interest expense	(25,058)	(4,777)	(20,281)	424.6 %
Other, net	(5,597)	(877)	(4,720)	538.2 %
Total other expenses, net	(30,655)	(5,654)	(25,001)	442.2 %
Net income	$ 4,594	$ 20,186	$ (15,592)	(77.2)%

The following table shows our segment income statement data and selected performance measures for the periods indicated:

(dollars and volume amounts in thousands)	Years Ended December 31,			
	2017	**2016**	**Change**	**% Change**
Consumer Payments:				
Revenue	$ 400,320	$ 322,666	$ 77,654	24.1 %
Operating expenses	344,847	284,894	59,953	21.0 %
Income from operations	$ 55,473	$ 37,772	$ 17,701	46.9 %
Operating margin	13.9 %	11.7 %	2.2 %	
Key Indicators:				
Merchant bankcard processing dollar value	$ 34,465,600	$ 30,335,776	$ 4,129,824	13.6 %
Merchant bankcard transaction volume	439,055	398,498	40,557	10.2 %
Commercial Payments and Managed Services:				
Revenue	$ 25,299	$ 21,448	$ 3,851	18.0 %
Operating expenses	24,327	19,587	4,740	24.2 %
Income from operations	$ 972	$ 1,861	$ (889)	(47.8)%
Operating margin	3.8 %	8.7 %	(4.9)%	
Key Indicators:				
Merchant bankcard processing dollar value	$ 190,338	$ 95,834	$ 94,504	98.6 %
Merchant bankcard transaction volume	95	64	31	48.4 %
Income from operations of reportable segments	$ 56,445	$ 39,633	$ 16,812	42.4 %
Corporate expenses	(21,196)	(13,793)	(7,403)	53.7 %
Consolidated income from operations	$ 35,249	$ 25,840	$ 9,409	
Key Indicators:				
Merchant bankcard processing dollar value	$ 34,655,938	$ 30,431,610	$ 4,224,328	13.9 %
Merchant bankcard transaction volume	439,150	398,562	40,588	10.2 %

Revenue

Consolidated revenue increased $81.5 million, or 23.7%, from $344.1 million in 2016 to $425.6 million in 2017. This increase was driven primarily by a $77.7 million, or 24.1%, increase in revenue from our Consumer Payments segment and a $3.9 million, or 18.0%, increase in revenue from our Commercial Payments and Managed Services segment.

The increase in Consumer Payments revenue was attributable primarily to a 13.6% increase in merchant bankcard processing dollar value and a 10.2% increase in the number of merchant bankcard transactions, attributable mainly to higher consumer spending trends in 2017, positive net boarding of new active merchants, including the onboarding of a sizeable merchant portfolio in July 2017, and merchant mix. The increase in merchant processing dollar value was also impacted by a small increase in average transaction dollar value. A small increase in average transaction processing fees, attributable to merchant mix, also contributed to revenue growth.

The increase in Commercial Payments and Managed Services revenue was attributable primarily to an increase in headcount in our in-house sales force dedicated to selling merchant financing products on behalf of our financial institution partners (for which we record revenue on a cost-plus basis, as described above).

Operating expenses

Consolidated operating expenses increased $72.1 million, or 22.7%, from $318.3 million in 2016 to $390.4 million in 2017. This increase was driven primarily by a $62.4 million, or 25.7%, increase in costs of merchant card fees, attributable to growth in processing volume. Selling, general and administrative expenses increased $5.7 million as a result of growth in business volume and 2017 litigation settlements and related expenses.

Income from operations

Consolidated income from operations increased $9.4 million, or 36.4%, from $25.8 million in 2016 to $35.2 million in 2017 due to the aforementioned changes in revenue and operating expenses.

Consumer Payments contributed $55.5 million in segment operating income in 2017, a $17.7 million, or 46.9%, increase from $37.8 million in 2016 due the increase in processing volume discussed above and a 2.2 percentage point improvement in segment operating margin due mainly to merchant mix.

Commercial Payments and Managed Services contributed $1.0 million in segment operating income in 2017, a $0.9 million, or 47.8%, decrease from $1.9 million in 2016. The decrease in Commercial Payments and Managed Services operating income was principally the result of ramp up in headcount ahead of the rollout of the CPX platform in September 2017.

Corporate expenses were $21.2 million in the year ended December 31, 2017, an increase of $7.4 million over expenses of $13.8 million in the year ended December 31, 2016. This increase was driven primarily by litigation settlements and related expenses, as well as other SG&A expenses.

Interest expense

Interest expense for the year ended December 31, 2017 was $25.1 million compared to $4.8 million for the year ended December 31, 2016. This increase was attributable to the increase in outstanding debt in 2017.

Other, net

Other, net increased $4.7 million from $0.9 million in 2016 to $5.6 million in 2017 due to expense associated with the increase in the fair value of the Goldman Sachs warrant liability and costs related to the debt refinancing in 2017.

Net income (loss)

Consolidated net income decreased $15.6 million, or 77.2%, from $20.2 million in 2016 to $4.6 million in 2017, due to the increases in interest expense and other, net that was offset partially by the increase in income from operations, as described above.

Certain Non-GAAP Measures

We periodically review the following key non-GAAP measures to evaluate our business and trends, measure our performance, prepare financial projections and make strategic decisions.

EBITDA, Adjusted EBITDA and Earnout Adjusted EBITDA Included in this presentation are discussions and reconciliations of earnings before interest, income tax and depreciation and amortization ("EBITDA") and EBITDA adjusted for certain non-cash, non-recurring or non-core expenses ("Adjusted EBITDA") to net income in accordance with GAAP. Adjusted EBITDA excludes certain non-cash and other expenses, litigation settlement costs, certain legal services costs, professional and consulting fees and expenses, severance, separation and employee settlements, share-based compensation and one-time Business Combination expenses and certain adjustments. We believe these non-GAAP measures illustrate the underlying financial and business trends relating to our results of operations and comparability between current and prior periods. We also use these non-GAAP measures to establish and monitor operational goals.

In addition, our financial covenants under our debt agreements and the earnout incentive plan pursuant to the Business Combination and Recapitalization, are based on a measure similar to Adjusted EBITDA ("Earnout Adjusted EBITDA"). The calculations of Earnout Adjusted EBITDA under our debt agreements and the earnout incentive plan include adjustments for, among other things, pro forma effects related to acquired merchant portfolios and residual streams and run rate adjustments for certain contracted savings on an annualized basis, which are not included as adjustments to Adjusted EBITDA.

These non-GAAP measures are not in accordance with, or an alternative to, GAAP and should be considered in addition to, and not as a substitute or superior to, the other measures of financial performance prepared in accordance with GAAP. Using only the non-GAAP financial measures, particularly Adjusted EBITDA or Earnout Adjusted EBITDA, to analyze our performance would have material limitations because their calculations are based on subjective determination regarding the nature and classification of events and circumstances that investors may find significant. We compensate for these limitations by presenting both the GAAP and non-GAAP measures of our operating results. Although other companies may report measures entitled "Adjusted EBITDA" or similar in nature, numerous methods may exist for calculating a company's Adjusted EBITDA or similar measures. As a result, the methods we use to calculate Adjusted EBITDA and Earnout Adjusted EBITDA may differ from the methods used by other companies to calculate their non-GAAP measures.

(in thousands)	Years Ended December 31,		
	2018	**2017**	**2016**
Consolidated Net (Loss) Income (GAAP)	**$ (15,041)**	**$ 4,594**	**$ 20,186**
Add: Interest expense (1)	29,935	25,058	4,777
Add: Depreciation and amortization	19,740	14,674	14,733
Less: Income tax benefit	(1,759)	—	—
Consolidated EBITDA (non-GAAP)	**32,875**	**44,326**	**39,696**
Further adjusted by:			
Add: Non-cash equity-based compensation	1,649	1,021	2,314
Add: Debt modification costs and warrant fair value changes	6,042	5,966	1,204
Add: Changes in fair value of contingent consideration	—	(410)	(2,665)
Add: Litigation settlement costs	1,615	2,329	36
Add: Certain legal services (2)	4,900	2,699	2,136
Add: Professional, accounting and consulting fees (3)	5,856	952	1,156
Consolidated Adjusted EBITDA (non-GAAP)	**52,937**	**56,883**	**$ 43,877**
Further adjusted by:			
Add: Pro-forma impacts for acquisitions	14,010	1,303	
Add: Contracted revenue and savings	2,924	1,743	
Add: Other professional and consulting fees	1,236	713	
Add: Other tax expenses and other adjustments	1,566	690	
Consolidated Earnout Adjusted EBITDA (non-GAAP) (4)	**$ 72,673**	**$ 61,332**	

(1) Interest expense includes amortization expense for debt issuance costs and issue discount.

(2) Legal expenses related to business and asset acquisition activity and settlement negotiation and other litigation expenses.

(3) Primarily transaction-related, capital markets and accounting advisory services.

(4) Presented only for the years ended December 31, 2018 and 2017, reflecting definition in debt agreements entered into in connection with the January 2017 debt refinancing. Subsequent to the Business Combination, the Earnout Adjusted EBITDA of the Borrowers under the credit agreements excludes expenses of Priority Technology Holdings, Inc., which is neither a Borrower nor a guarantor under the credit agreements. Earnout Adjusted EBITDA of the Borrowers was approximately $78.5 million for the year ended December 31, 2018.

Liquidity and Capital Resources

Liquidity and capital resource management is a process focused on providing the funding we need to meet our short-term and long-term cash and working capital needs. We have used our funding sources to build our merchant portfolio, technology solutions, and to make acquisitions with the expectation that such investments will generate cash flows sufficient to cover our working capital needs and other anticipated needs, including for our acquisition strategy. We anticipate that cash on hand, funds generated from operations and available borrowings under our revolving credit agreement are sufficient to meet our working capital requirements for at least the next twelve months.

Our principal uses of cash are to fund business operations, administrative costs, and debt service.

Our working capital, defined as current assets less current liabilities, was $21.1 million at December 31, 2018 and $39.5 million at December 31, 2017. As of December 31, 2018, we had cash totaling $15.6 million compared to $28.0 million at December 31, 2017. These balances do not include restricted cash, which reflects cash accounts holding customer settlement funds and reserves for potential losses of $18.2 million at December 31, 2018 and $16.2 million at December 31, 2017.

At December 31, 2018, we had availability of $25.0 million under our revolving credit arrangement.

The following tables and narrative reflect our changes in cash flows for the comparative annual periods.

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

	Years Ended December 31,	
(in thousands)	**2018**	**2017**
Net cash provided by (used in):		
Operating activities	$ 31,348	$ 36,869
Investing activities	(108,928)	(9,037)
Financing activities	67,252	(25,375)
Net (decrease) increase in cash and restricted cash	$ (10,328)	$ 2,457

Cash Provided By Operating Activities

Net cash provided by operating activities was $31.3 million and $36.9 million for the year ended December 31, 2018 and 2017, respectively. The $5.5 million, or 15.0%, decrease was principally the result of reduced income from operations of $15.3 million, partially offset by changes in operating working capital. Changes in operating working capital increased by $11.9 million for the year ended December 31, 2018 compared to the year ended December 31, 2017.

Cash Used In Investing Activities

Net cash used in investing activities was $108.9 million and $9.0 million for the year ended December 31, 2018 and 2017, respectively. Cash flow used in investing activities includes the acquisitions of merchant portfolios, purchases of property, equipment and software, and acquisitions of businesses. For the year ended December 31, 2018, we invested $90.9 million in merchant portfolio acquisitions, an $88.4 million increase from the year ended December 31, 2017. We used $7.5 million for business acquisitions for the year ended December 31, 2018, compared to zero in the prior year. Cash used for purchases of property, plant and equipment for the year ended December 31, 2018 was $10.6 million, an increase of $4.0 million from the year ended December 31, 2017. The increase in purchases was driven primarily by equipment purchases for MX Connect and CPX, capitalization of internally developed software and improvements to the legal and CPX office space.

Cash Provided By (Used In) Financing Activities

Net cash provided by financing activities was $67.3 million in the year ended December 31, 2018 compared to net cash used in financing activities of $25.4 million in the prior year. Cash flows from financing activities for the year ended December 31, 2018 resulted primarily from the proceeds received in the January 2018 and December 2018 debt upsizings and the equity recapitalization in connection with the Business Combination, offset in part by cash used for equity redemptions, the redemption of the Goldman Sachs warrant, and equity distributions prior to July 25, 2018. Cash flows used in financing activities for the year ended December 31, 2017 primarily reflected equity redemptions partially offset by a net increase in long term debt.

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

	Years Ended December 31,	
(in thousands)	**2017**	**2016**
Net cash provided by (used in):		
Operating activities	$ 36,869	$ 22,275
Investing activities	(9,037)	(6,362)
Financing activities	(25,375)	(10,548)
Net increase in cash and restricted cash	$ 2,457	$ 5,365

Cash Provided By Operating Activities

Net cash provided by operating activities was $36.9 million in 2017, a $14.6 million, or 65.5%, increase from $22.3 million in 2016. The $14.6 million increase from 2016 to 2017 was principally the result of the $9.4 million increase in income from operations as well as changes in working capital.

Cash Used In Investing Activities

Net cash used in investing activities was $9.0 million for 2017 and $6.4 million for 2016. Cash flows used in investing activities in 2017 and 2016 reflect the purchases of property, plant, equipment and software, which increased by $2.5 million from 2016 to 2017, driven primarily by leasehold improvements related to an increase in office space to support the roll out of new business lines, and additions to merchant portfolios.

Cash Provided By (Used In) Financing Activities

Net cash used in financing activities was $25.4 million in 2017 and $10.5 million in 2016. Cash flows used in financing activities in 2017 primarily reflect $203.0 million in membership unit redemptions and $90.7 million in repayments of the long-term debt, which more than offset new debt proceeds of $276.3 million. Cash flows used in financing activities in 2016 primarily include $10.0 million in equity distributions.

Long-Term Debt

As of December 31, 2018, we had outstanding long-term debt of $412.7 million compared to $283.1 million at December 31, 2017, an increase of $129.6 million. The debt balance consisted of outstanding term debt of $322.7 million under the Senior Credit Facility and $90.0 million in term debt under the subordinated Credit and Guaranty Agreement with Goldman Sachs Specialty Lending Group, L.P. (the "GS Credit Facility") (including accrued payment-in-kind ("PIK") interest through December 31, 2018). Additionally, under the Senior Credit Facility, we have a $25.0 million revolving credit facility, which was undrawn as of December 31, 2018 and December 31, 2017. The outstanding principal amounts under the Senior Credit Facility and the subordinated GS Credit Facility mature in January 2023 and July 2023, respectively. The $25 million revolving credit facility expires in January 2022.

Outstanding borrowings under the Senior Credit Facility bear interest at the London Interbank Offered Rate (LIBOR) with a floor of 1.0%, plus an applicable margin. The margin stood at 5.0% as of December 31, 2018, which was a reduction from 6.0% as of December 31, 2017, due to amendments made in connection with the January 2018 debt upsizing. We are required to make quarterly principal payments under the Senior Credit Facility, as determined and defined in the credit agreement.

The subordinated GS Credit Facility provides for cash and PIK interest components. Cash interest is payable at an annual rate of 5.0% while PIK interest resets on a quarterly basis based on our Total Net Leverage Ratio, as defined in the credit agreement relating to the GS Credit Facility, with a floor of 5.0%. As of December 31, 2018, the outstanding amount on the subordinated GS Credit Facility term debt totaled $90.0 million, a $4.9 million increase from December 31, 2017 attributable to the accrual of PIK interest. The PIK interest payable on the subordinated GS Credit Facility decreased from 6.25% as of December 31, 2017 to 5.5% in January 2018 (which remained the applicable PIK rate as of December 31, 2018) based our Total Net Leverage Ratio, as defined in the credit agreement.

The Senior Credit Facility and the subordinated GS Credit Facility are secured by substantially all of our assets, however, the parent entity, Priority Technology Holdings, Inc., is neither a borrower nor guarantor to the Senior Credit Facility or the GS Credit Facility.

The Senior Credit Facility and the subordinated GS Credit Facility contain representations and warranties, financial and collateral requirements, mandatory payment events, and events of default and affirmative and negative covenants, including without limitation, covenants that restrict among other things, the ability to create liens, merge or consolidate, dispose of assets, incur additional indebtedness, make certain investments or acquisitions, enter into certain transactions (including with affiliates), and to enter into certain leases. The financial covenants include requirements to maintain certain leverage and fixed charge coverage ratios. As of December 31, 2018, we were in compliance with our financial covenants.

As of December 31, 2018, financial covenants under the Senior Credit Facility required the Total Net Leverage Ratio, as defined in the agreement, not to exceed 6.50:1.00, which threshold will decline to 6.25:1.00 as of March 31, 2019, 6.00:1.00 as of June 30, 2019, 5.75:1.00 as of September 30, 2019, and 5.25:1.00 as of December 31, 2019. Under certain circumstances, we may also be required to maintain a First Lien Net Leverage Ratio, as defined in the agreement, not to exceed 4.25:1.00. The Net Leverage Ratios are determined using the outstanding debt balance and Earnout Adjusted EBITDA (a non-GAAP measure), as defined in the Senior Credit Facility. For a reconciliation of Earnout Adjusted EBITDA to net income, see above under "Certain Non-GAAP Measures." As of December 31, 2018, the Borrowers' Total Net Leverage Ratio was 5.06:1.00. The subordinated GS Credit Facility contains financial covenants similar to the Senior Credit Facility.

Contractual Obligations

The following table sets forth our contractual obligations and commitments for the periods indicated as of December 31, 2018.

(in thousands)	**Payments Due by Period**				
Contractual Obligations	**Total**	**Less than 1 year**	**1 to 3 years**	**3 to 5 Years**	**More than 5 years**
Facility and other leases (a)	$ 10,628	$ 1,637	$ 2,587	$ 2,573	$ 3,831
Debt (b)	412,682	3,293	6,585	402,804	—
Interest on debt (c)	170,530	33,567	67,687	69,276	—
Processing minimums (d)	21,000	7,000	14,000	—	—
	$ 614,840	$ 45,497	$ 90,859	$ 474,653	$ 3,831

(a)We have entered into, or assumed via acquisitions, several operating leases for office space in the states of Georgia, New York, Tennessee, Texas and Florida, as well as equipment leases.
(b)Reflects contractual principal payments.

(c)Reflects minimum interest payable on term debt under the Senior Credit Facility and the subordinated GS Credit Facility.
(d)Reflects minimum annual spend commitments with third-party processor partners. In the event we fail to meet the minimum annual spend commitment, we are required to pay the difference between the minimum and the actual dollar amount spent in the year.

Off-Balance Sheet Arrangements

We have not entered into any transactions with third parties or unconsolidated entities whereby we have financial guarantees, subordinated retained interest, derivative instruments, or other contingent arrangements that expose us to material continuing risks, contingent liabilities or other obligations.

Critical Accounting Policies and Estimates

Our accounting policies are more fully described in Note 1,*Nature of Business and Accounting Policies*. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ significantly from those estimates. We believe that the following discussion addresses our most critical accounting policies, which are those that are most important to the portrayal of our financial condition and results of operations and require management's most difficult, subjective, and complex judgments.

Revenue Recognition

The determination of whether we should recognize revenue based on the gross amount billed to a customer or the net amount retained is a matter of judgment that depends on the facts and circumstances of the arrangement. We recognize merchant card fee revenues net of interchange fees, which are assessed to our merchant customers on all transactions processed by third parties. Interchange fees and rates are not controlled by us, and therefore we effectively act as a clearing house collecting and remitting interchange fee settlement on behalf of issuing banks, debit networks, credit card associations, and processing customers. All other revenue is reported on a gross basis, as we contract directly with the merchant, assume the risk of loss, and have pricing flexibility.

Income Taxes

We account for income taxes under the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using enacted tax rates and laws that are expected to be in effect when the differences are expected to be recovered or settled. Realization of deferred tax assets is dependent upon future taxable income. A valuation allowance is recognized if it is more likely than not that some portion or all of a deferred tax asset will not be realized based on the weight of available evidence, including expected future earnings.

We recognize an uncertain tax position in our financial statements when we conclude that a tax position is more likely than not to be sustained upon examination based solely on its technical merits. Only after a tax position passes the first step of recognition will measurement be required. Under the measurement step, the tax benefit is measured as the largest amount of benefit that is more likely than not to be realized upon effective settlement. This is determined on a cumulative probability basis. The full impact of any change in recognition or measurement is reflected in the period in which such change occurs. Interest and penalties related to income taxes are recognized in the provision for income taxes.

Goodwill and Long-Lived Assets

We test goodwill for impairment for each of our reporting units on an annual basis or when events occur, or circumstances indicate the fair value of a reporting unit is below our carrying value. We perform the impairment tests by using market data and discounted cash flow analysis, which involve estimates of future revenues and operating cash flows.

We review our long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. For long-lived assets, except goodwill, an impairment loss is indicated when the undiscounted

future cash flows estimated to be generated by the asset group are not sufficient to recover the unamortized balance of the asset group.

Merchant Portfolios

Merchant portfolios represent the value of the acquired merchant customer base at the time of acquisition. We amortize the cost of our acquired merchant portfolios over their estimated useful lives using either a straight-line or an accelerated method that most accurately reflects the estimated pattern in which the economic benefits of the respective asset is consumed.

Potential Impacts of Recently Issued Accounting Standards

For the potential impacts that pending adoptions of recently issued accounting standards may have on our future financial position, results of operations, or cash flows, see Note 1, *Nature of Business and Accounting Policies*, under the header "Recently Issued Standards Not Yet Adopted."

ITEM 7A. QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISK

Interest rate risk

Our Senior Credit Facility bears interest at a rate based on LIBOR plus a fixed margin. As of December 31, 2018, we had $322.7 million in outstanding borrowings under our Senior Credit Facility. A hypothetical 1% increase or decrease in the applicable LIBOR rate on our outstanding indebtedness under the Senior Credit Facility would have increased or decreased cash interest expense on our indebtedness by approximately $3.2 million per annum. The discrepancy between the hypothetical increase and decrease is attributable to the 1.0% LIBOR floor under the Senior Credit Facility. The applicable LIBOR rate stood at approximately 2.50% at December 31, 2018.

We do not currently hedge against interest rate risk.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

PRIORITY TECHNOLOGY HOLDINGS, INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of Priority Technology Holdings, Inc. and Subsidiaries

Opinion on the Financial Statements
We have audited the accompanying consolidated balance sheets of Priority Technology Holdings, Inc. and Subsidiaries (as successor to Priority Holdings, LLC and Subsidiaries) (the "Company") as of December 31, 2018 and 2017, the related consolidated statements of operations, changes in stockholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 2018, and the related notes to the consolidated financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Recapitalization
As discussed in Note 1 to the financial statements, on July 25, 2018, Priority Holdings LLC consummated a reverse merger with M I Acquisitions, Inc. and a simultaneous recapitalization.

Basis for Opinion
These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ RSM US LLP

We have served as the Company's auditor since 2014.

Atlanta, Georgia
March 29, 2019

Priority Technology Holdings, Inc.

Consolidated Balance Sheets
As of December 31, 2018 and 2017

(in thousands, except share and per share amounts)	December 31, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash	$ 15,631	$ 27,966
Restricted cash	18,200	16,193
Accounts receivable, net of allowances of $511 and $484, respectively	45,651	47,433
Prepaid expenses and other current assets	3,642	3,747
Current portion of notes receivable (Note 4)	979	3,442
Settlement assets (Note 3)	1,042	7,207
Total current assets	85,145	105,988
Notes receivable, less current portion (Note 4)	852	3,807
Property, equipment, and software, net (Note 6)	17,482	11,943
Goodwill (Note 5)	109,515	101,532
Intangible assets, net (Note 5)	124,637	42,062
Deferred income tax assets, net (Note 9)	49,692	—
Other non-current assets	1,295	1,375
Total assets	$ 388,618	$ 266,707
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable and accrued expenses (Note 7)	$ 27,638	$ 18,603
Accrued residual commissions	18,715	23,470
Customer deposits and advance payments	3,282	4,853
Current portion of long-term debt (Note 8)	3,293	7,582
Settlement obligations (Note 3)	11,132	10,474
Current portion of equity repurchase obligation	—	1,500
Total current liabilities	64,060	66,482
Long-term debt, net of discounts and deferred financing costs (Note 8)	402,095	267,939
Warrant liability (Note 8)	—	8,701
Equity repurchase obligation	—	7,690
Other non-current liabilities	7,936	6,050
Total long-term liabilities	410,031	290,380
Total liabilities	474,091	356,862
Commitments and contingencies (Note 10)		
Stockholders' equity (deficit): (Note 12)		
Preferred stock, par value $0.001 per share, 100,000,000 and zero shares authorized at December 31, 2018 and 2017, respectively, and zero shares issued and outstanding at December 31, 2018 and 2017	—	—
Common stock, par value of $0.001 per share, 1 billion shares authorized, 67,038,304 and 73,110,114 shares issued and outstanding at December 31, 2018 and 2017, respectively	67	73
Accumulated deficit	(85,540)	(90,228)
Total stockholders' equity (deficit)	(85,473)	(90,155)
Total liabilities and stockholders' equity (deficit)	$ 388,618	$ 266,707

See Notes to Consolidated Financial Statements

Priority Technology Holdings, Inc.

Consolidated Statements of Operations
For the years ended December 31, 2018, 2017, and 2016

(in thousands, except per share amounts)	2018	2017	2016
REVENUE:			
Merchant card fees	$ 392,033	$ 398,988	$ 321,091
Outsourced services and other	32,382	26,631	23,023
Total revenue	424,415	425,619	344,114
OPERATING EXPENSES:			
Costs of merchant card fees	296,223	305,461	243,049
Costs of outsourced services and other	18,128	15,743	13,971
Salary and employee benefits	38,324	32,357	32,330
Depreciation and amortization	19,740	14,674	14,733
Selling, general and administrative	32,081	22,545	16,856
Changes in fair value of contingent consideration	—	(410)	(2,665)
Total operating expenses	404,496	390,370	318,274
Income from operations	19,919	35,249	25,840
OTHER (EXPENSES) INCOME:			
Interest expense	(29,935)	(25,058)	(4,777)
Other, net	(6,784)	(5,597)	(877)
Total other expenses, net	(36,719)	(30,655)	(5,654)
(Loss) income before income taxes	(16,800)	4,594	20,186
Income tax benefit (Note 9)	(1,759)	—	—
Net (loss) income	$ (15,041)	$ 4,594	$ 20,186
(Loss) income per common share: (Note 17)			
Basic and diluted	$ (0.24)	$ 0.06	$ 0.15
Weighted-average common shares outstanding: (Note 17)			
Basic and diluted	61,607	67,144	131,706
PRO FORMA (C-corporation basis): (Note 9)			
Pro forma income tax (benefit) expense (unaudited)	$ (2,619)	$ 1,530	
Pro forma net (loss) income (unaudited)	$ (14,181)	$ 3,064	
(Loss) earnings per common share:			
Basic and diluted (unaudited)	$ (0.23)	$ 0.04	

See Notes to Consolidated Financial Statements

Priority Technology Holdings, Inc.

Consolidated Statements of Changes in Stockholders' Equity (Deficit)
For the years ended December 31, 2018, 2017, and 2016

(in thousands)

	Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings/ Accumulated	**Stockholders' Equity (Deficit)**
	Shares	Amount	Shares	Amount	(Deficit)	(Deficit)	
January 1, 2016	—	$ —	187,036	$ 187	$ 94,752	$ 8,587	$ 103,526
Cash distributions to members	—	—	—	—	(10,019)	—	(10,019)
Equity-based compensation	—	—	8,403	8	2,306	—	2,314
Net income	—	—	—	—	—	20,186	20,186
December 31, 2016	—	—	195,439	195	87,039	28,773	116,007
Cash distributions to members	—	—	—	—	(3,399)	—	(3,399)
Member redemptions	—	—	(62,574)	(122)	(79,283)	(123,595)	(203,000)
Reclass for common shares repurchase obligation	—	—	—	—	(9,190)	—	(9,190)
Elimination of Class C units	—	—	(19,756)	—	—	—	—
Release of contingent consideration	—	—	—	—	3,812	—	3,812
Elimination of Preferred units	—	—	(35,574)	—	—	—	—
Pro-rate adjustment and forfeitures	—	—	(4,425)	—	—	—	—
Equity-based compensation	—	—	—	—	1,021	—	1,021
Net income	—	—	—	—	—	4,594	4,594
December 31, 2017	—	—	73,110	73	—	(90,228)	(90,155)
Cash distributions to members prior to Business Combination	—	—	—	—	(7,075)	—	**(7,075)**
Member redemptions prior to Business Combination	—	—	(12,565)	(13)	(36,548)	(28,342)	**(64,903)**
Conversion of MI Acquisitions, Inc. shares	—	—	6,667	7	49,382	—	**49,389**
Pro-rata adjustment	—	—	(724)	—	—	—	**—**
Effects of Founders' Share Agreement	—	—	(175)	—	(2,118)	—	**(2,118)**
Equity-based compensation	—	—	250	—	1,063	586	**1,649**
Recapitalization costs	—	—	—	—	(9,704)	—	**(9,704)**
Net deferred income taxes related to loss of partnership status	—	—	—	—	—	47,485	**47,485**
Common stock issued for business acquisitions	—	—	475	—	5,000	—	**5,000**
Net loss	—	—	—	—	—	(15,041)	**(15,041)**
December 31, 2018	**—**	**$ —**	**67,038**	**$ 67**	**$ —**	**$ (85,540)**	**$ (85,473)**

See Notes to Consolidated Financial Statements

Priority Technology Holdings, Inc.

Consolidated Statements of Cash Flows
For the years ended December 31, 2018, 2017, and 2016

(in thousands)	2018	2017	2016
Cash Flows From Operating Activities:			
Net (loss) income	$ (15,041)	$ 4,594	$ 20,186
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation and amortization of assets	19,740	14,674	14,733
Equity-based compensation	1,649	1,021	2,314
Amortization of debt issuance costs and discount	1,418	1,211	665
Equity in losses and impairment of unconsolidated entities	865	133	162
Provision for deferred income taxes	(2,206)	—	—
Change in fair value of warrant liability	3,458	4,198	1,204
Change in fair value of contingent consideration	—	(410)	(2,665)
Loss on debt extinguishment	—	1,753	—
Payment-in-kind interest	4,897	5,118	—
Other non-cash charges	211	133	196
Change in operating assets and liabilities (net of business combinations):			
Accounts receivable	1,991	(13,687)	8,388
Settlement assets	6,166	(1,517)	1,296
Prepaid expenses and other current assets	171	1,673	409
Notes receivable	4,862	(1,677)	(2,855)
Accounts payable and other current liabilities	2,473	19,017	(21,685)
Other assets and liabilities	694	635	(73)
Net Cash Provided By Operating Activities	31,348	36,869	22,275
Cash Flows From Investing Activities:			
Acquisitions of businesses	(7,508)	—	—
Additions to property, equipment, and software	(10,562)	(6,554)	(4,098)
Acquisitions of merchant portfolios	(90,858)	(2,483)	(2,264)
Net Cash Used In Investing Activities	(108,928)	(9,037)	(6,362)
Cash Flows From Financing Activities:			
Proceeds from issuance of long-term debt, net of issue discount	126,813	276,290	—
Repayments of long-term debt	(2,834)	(90,696)	—
Borrowings under revolving line of credit	8,000	—	—
Repayments of borrowings under revolving line of credit	(8,000)	—	—
Debt issuance costs	(425)	(4,570)	(529)
Distributions from equity	(7,075)	(3,399)	(10,019)
Redemptions of equity interests	(76,211)	(203,000)	—
Recapitalization proceeds	49,389	—	—
Redemption of warrants	(12,701)	—	—
Recapitalization costs	(9,704)	—	—
Net Provided By (Used In) Financing Activities	67,252	(25,375)	(10,548)
Net change in cash and restricted cash	(10,328)	2,457	5,365
Cash and restricted cash at beginning of year	44,159	41,702	36,337
Cash and restricted cash at end of year	**$ 33,831**	**$ 44,159**	**$ 41,702**

Priority Technology Holdings, Inc.

Supplemental cash flow information:			
Cash paid for interest	$ 23,350	$ 19,036	$ 3,716
Non-cash investing and financing activities:			
Purchases of property, equipment, and software through accounts payable	$ 50	$ 60	$ 392
Notes receivable from sellers used as partial consideration for business acquisitions	$ 560	$ —	$ —
Common stock issued as partial consideration in business acquisitions in Consumer Payments segment	$ 5,000	$ —	$ —
Cash consideration payable for business acquisition	$ 184	$ —	$ —
Common share repurchase obligation	$ —	$ 9,190	$ —

See Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF BUSINESS AND ACCOUNTING POLICIES

The Business

Headquartered in Alpharetta, Georgia, Priority Technology Holdings, Inc. and subsidiaries (together, the "Company") began operations in 2005 with a mission to build a merchant inspired payments platform that would advance the goals of its customers and partners. Today, the Company is a leading provider of merchant acquiring and commercial payment solutions, offering unique product capabilities to small and medium size businesses ("SMBs") and enterprises and distribution partners in the United States. The Company operates from a purpose-built business platform that includes tailored customer service offerings and bespoke technology development, allowing the Company to provide end-to-end solutions for payment and payment-adjacent needs.

The Company provides:

- Consumer payments processing solutions for business-to-consumer ("B2C") transactions through independent sales organizations ("ISOs"), financial institutions, independent software vendors ("ISVs"), and other referral partners. Our proprietary MX platform for B2C payments provides merchants a fully customizable suite of business management solutions.
- Commercial payments solutions such as automated vendor payments and professionally curated managed services to industry leading financial institutions and networks. Our proprietary business-to-business ("B2B") Commercial Payment Exchange (CPX) platform was developed to be a best-in-class solution for buyer/supplier payment enablement.
- Institutional services (also known as Managed Services) solutions that provide audience-specific programs for institutional partners and other third parties looking to leverage the Company's professionally trained and managed call center teams for customer onboarding, assistance, and support, including marketing and direct-sales resources.
- Integrated partners solutions for ISVs and other third-parties that allow them to leverage the Company's core payments engine via robust application program interfaces ("APIs") resources and high-utility embeddable code.
- Consulting and development solutions focused on the increasing demand for integrated payments solutions for transitioning to the digital economy.

The Company provides its services through two reportable segments: (1) Consumer Payments and (2) Commercial Payments and Managed Services. For additional information about our reportable segments, see Note 16, *Segment Information*.

To provide many of its services, the Company enters into agreements with payment processors which in turn have agreements with multiple card associations. These card associations comprise an alliance aligned with insured financial institutions ("member banks") that work in conjunction with various local, state, territory, and federal government agencies to make the rules and guidelines regarding the use and acceptance of credit and debit cards. Card association rules require that vendors and processors be sponsored by a member bank and register with the card associations. The Company has multiple sponsorship bank agreements and is itself a registered ISO with Visa®. The Company is also a registered member service provider with MasterCard®. The Company's sponsorship agreements allow the capture and processing of electronic data in a format to allow such data to flow through networks for clearing and fund settlement of merchant transactions.

Corporate History and Recapitalization

M I Acquisitions, Inc. ("MI Acquisitions") was incorporated under the laws of the state of Delaware as a special purpose acquisition company ("SPAC") whose objective was to acquire, through a merger, share exchange, asset acquisition, stock purchase, recapitalization, reorganization or other similar business combination, one or more businesses or entities. MI Acquisitions completed an initial public offering ("IPO") in September 2016, and MI Acquisitions' common stock began trading on The Nasdaq Capital Market with the symbol MACQ. In addition, MI Acquisitions completed a private placement to certain initial stockholders of MI Acquisitions. MI Acquisitions received gross proceeds of approximately $54.0 million from the IPO and private placement.

On July 25, 2018, MI Acquisitions acquired all of the outstanding member equity interests of Priority Holdings, LLC ("Priority") in exchange for the issuance of MI Acquisitions' common stock (the "Business Combination") from a private placement. As a

result, Priority, which was previously a privately-owned company, became a wholly-owned subsidiary of MI Acquisitions. Simultaneously with the Business Combination, MI Acquisitions changed its name to Priority Technology Holdings, Inc. and its common stock began trading on The Nasdaq Global Market with the symbol PRTH.

As a SPAC, MI Acquisitions had substantially no business operations prior to July 25, 2018. For financial accounting and reporting purposes under accounting principles generally accepted in the United States ("U.S. GAAP"), the acquisition was accounted for as a "reverse merger," with no recognition of goodwill or other intangible assets. Under this method of accounting, MI Acquisitions was treated as the acquired entity whereby Priority was deemed to have issued common stock for the net assets and equity of MI Acquisitions consisting mainly of cash of $49.4 million, accompanied by a simultaneous equity recapitalization (the "Recapitalization") of Priority. The net assets of MI Acquisitions are stated at historical cost and, accordingly, the equity and net assets of the Company have not been adjusted to fair value. As of July 25, 2018, the consolidated financial statements of the Company include the combined operations, cash flows, and financial positions of both MI Acquisitions and Priority. Prior to July 25, 2018, the results of operations, cash flows, and financial position are those of Priority. The units and corresponding capital amounts and earnings per unit of Priority prior to the Recapitalization have been retroactively restated as shares reflecting the exchange ratio established in the Recapitalization.

The Company's President, Chief Executive Officer and Chairman controls a majority of the voting power of the Company's outstanding common stock. As a result, the Company is a "controlled company" within the meaning of the corporate governance standards of the Nasdaq Stock Market, LLC ("Nasdaq").

The Company operates in two reportable segments: 1) Consumer Payments and 2) Commercial Payments and Managed Services. For more information about the Company's segments, refer to Note 16, *Segment Information.*

Emerging Growth Company

The Company is an "emerging growth company" (EGC), as defined in the Jumpstart Our Business Startups Act of 2012 ("JOBS Act"). The Company may remain an EGC until December 31, 2021. However, if the Company's non-convertible debt issued within a rolling three-year period or if its revenue for any year exceeds $1.07 billion, the Company would cease to be an EGC immediately, or the market value of its common stock that is held by non-affiliates exceeds $700.0 million on the last day of the second quarter of any given year, the Company would cease to be an EGC as of the beginning of the following year. As an EGC, the Company is not required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002. Additionally, the Company as an EGC may continue to elect to delay the adoption of any new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. As such, the Company's financial statements may not be comparable to companies that comply with public company effective dates.

Basis of Presentation and Consolidation

The accompanying consolidated financial statements include those of the Company and its controlled subsidiaries. All intercompany accounts and transactions have been eliminated upon consolidation. Investments in unconsolidated affiliated companies are accounted for under the equity method and are included in "Other non-current assets" in the accompanying consolidated balance sheets. The Company generally utilizes the equity method of accounting when it has an ownership interest of between 20% and 50% in an entity, provided the Company is able to exercise significant influence over the investee's operations.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could materially differ from those estimates.

Components of Revenues and Expenses

Revenues

Merchant card fees revenue consists mainly of fees for processing electronic payments, including credit, debit and electronic benefit transaction card processing. The fees are generally based on a variable percentage of the dollar amount of each transaction and, in some cases, additional fees for each transaction. In addition, merchant customers may also be charged miscellaneous fees, including statement fees, annual fees, monthly minimum fees, fees for handling chargebacks, gateway fees, and fees for other miscellaneous services. Merchant card fees revenue is attributable primarily to our Consumer Payments segment.

Outsourced services and other revenue consist mainly of cost-plus fees related to B2B services, merchant financing and buyer-initiated payment programs sold on behalf of certain enterprise customers, originated through our in-house sales force, including incentives for meeting sales targets. Outsourced services revenue is attributable primarily to our Commercial Payments and Managed Services reportable segment. Other revenues include revenue from the sales of equipment (primarily point of sale terminals) and processing of automated clearing house ("ACH") transactions.

Costs of Services

Costs of Merchant Card Fees

Costs of merchant card fees primarily consist of residual payments to agents and ISOs and other third-party costs directly attributable to payment processing. The residual payments represent commissions paid to agents and ISOs based upon a percentage of the net revenues generated from merchant transactions.

Costs of Outsourced Services and Other Revenue

Costs of outsourced services and other revenue consist of salaries directly related to outsourced services revenue, the cost of equipment (point of sale terminals) sold, and third-party fees and commissions related to the Company's ACH processing activities.

Selling, General and Administrative

SG&A expenses include mainly professional services, advertising, rent, office supplies, software licenses, utilities, state and local franchise and sales taxes, litigation settlements, executive travel, insurance, and expenses related to the Business Combination.

Interest Expense

Interest expense consists of interest on outstanding debt and amortization of deferred financing costs and original issue discounts.

Other, net

Other, net is composed of interest income, debt modification and extinguishment expenses, changes in fair value of warrant liabilities, and equity in losses and impairment of unconsolidated entities. Interest income consists mainly of interest received pursuant to notes receivable from independent sales agents. Debt modification and extinguishment expenses includes write-offs of unamortized deferred financing costs and original issue discount relating to the extinguished debt. Equity in loss and impairment of unconsolidated entities consists of the Company's share of the income or loss of its equity method investment as well as any impairment charges related to such investments.

Comprehensive Income (Loss)

Comprehensive income (loss) represents the sum of net income (loss) and other amounts that are not included in the audited consolidated statement of operations as the amounts have not been realized. For the years ended December 31, 2018, 2017, and 2016, there were no differences between the Company's net income (loss) and comprehensive income (loss). Therefore, no separate Statements of Other Comprehensive Income (Loss) are included in the financial statements for the reporting periods.

Significant Accounting Policies

Revenue Recognition

The Company recognizes revenue when (1) it is realized or realizable and earned, (2) there is persuasive evidence of an arrangement, (3) delivery and performance has occurred, (4) there is a fixed or determinable sales price and (5) collection is reasonably assured.

The Company's reportable segments are organized by services the Company provides and distinct business units. Set forth below is a description of the Company's revenue recognition polices by segment.

Consumer Payments

The Company's Consumer Payments segment represents merchant card fee revenues, which are based on the electronic transaction processing of credit, debit and electronic benefit transaction card processing authorized and captured through third-party networks, check conversion and guarantee, and electronic gift certificate processing. Merchants are charged rates which are based on various factors, including the type of bank card, card brand, merchant charge volume, the merchant's industry and the merchant's risk profile. Typically, revenues generated from these transactions are based on a variable percentage of the dollar amount of each transaction, and in some instances, additional fees are charged for each transaction. The Company's contracts in most instances involve three parties: the Company, the merchant and the sponsoring bank. The Company's sponsoring banks collect the gross revenue from the merchants, pay the interchange fees and assessments to the credit card associations, retain their fees and pay to the Company a residual payment representing the Company's fee for the services provided. Merchant customers may also be charged miscellaneous fees, including statement fees, annual fees, and monthly minimum fees, fees for handling chargebacks, gateway fees and fees for other miscellaneous services.

The determination of whether a company should recognize revenue based on the gross amount billed to a customer or the net amount retained is a matter of judgment that depends on the facts and circumstances of the arrangement and that certain factors should be considered in the evaluation. The Company recognizes merchant card fee revenues net of interchange fees, which are assessed to the Company's merchant customers on all transactions processed by third parties. Interchange fees and rates are not controlled by the Company, which effectively acts as a clearing house collecting and remitting interchange fee settlement on behalf of issuing banks, debit networks, credit card associations and its processing customers. All other revenue is reported on a gross basis, as the Company contracts directly with the merchant, assumes the risk of loss and has pricing flexibility.

Commercial Payments and Managed Services

This segment provides business-to-business ("B2B") automated payment processing services to buyers and suppliers, including virtual payments, purchase cards, electronic funds transfers, ACH payments, and check payments. Revenues are generally earned on a per-transaction basis and through implementation services. Additionally, this segment provides outsourced services by providing a sales force to certain enterprise customers. Such services are provided on a cost-plus fee arrangement and revenue is recognized to the extent of billable rates times hours worked and other reimbursable costs incurred.

Cash and Restricted Cash

Cash includes cash held at financial institutions that is owned by the Company. Restricted cash is held by the Company in financial institutions for the purpose of in-process customer settlements or reserves held per contact terms.

Accounts Receivable

Accounts receivable are stated net of allowance for doubtful accounts and are amounts primarily due from the Company's sponsor banks for revenues earned, net of related interchange and bank processing fees, and do not bear interest. Other types of accounts receivable are from agents, merchants and other customers. Amounts due from sponsor banks are typically paid within 30 days following the end of each month.

Allowance for Doubtful Accounts Receivable

The Company records an allowance for doubtful accounts when it is probable that the accounts receivable balance will not be collected, based upon loss trends and an analysis of individual accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recognized when received.

Customer Deposits and Advance Payments

The Company may receive cash payments from certain customers and vendors that require future performance obligations by the Company. Amounts associated with obligations expected to be satisfied within one year are reported in Customer deposits and advance payments on the Company's consolidated balance sheets and amounts associated with obligations expected to be satisfied after one year are reported as a component of Other non-current liabilities on the Company's consolidated balance sheets. These payments are subsequently recognized in the Company's consolidated statements of operations when the Company satisfies the performance obligations required to retain and earn these deposits and advance payments.

Property and Equipment, Including Leases

Property and equipment are stated at cost, except for property and equipment acquired in a merger or business combination, which is recorded at fair value at the time of the transaction. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

The Company has multiple operating leases related to office space. Operating leases do not involve transfer of risks and rewards of ownership of the leased asset to the lessee, therefore the Company expenses the costs of its operating leases. The Company may make various alterations (leasehold improvements) to the office space and capitalize these costs as part of property and equipment. Leasehold improvements are amortized on a straight-line basis over the useful life of the improvement or the term of the lease, whichever is shorter.

Expenditures for repairs and maintenance which do not extend the useful life of the respective assets are charged to expense as incurred. Expenditures that increase the value or productive capacity of assets are capitalized. At the time of retirements, sales, or other dispositions of property and equipment, the original cost and related accumulated depreciation are removed from the respective accounts, and the gains or losses are presented as a component of income or loss from operations.

Costs Incurred to Develop Software for Internal Use

Costs incurred to develop computer software for internal use are capitalized once: (1) the preliminary project stage is completed, (2) management authorizes and commits to funding a specific software project, and (3) it is probable that the project will be completed and the software will be used to perform the function intended. Costs incurred prior to meeting the qualifications are expensed as incurred. Capitalization of costs ceases when the project is substantially complete and ready for its intended use. Post-implementation costs related to the internal use computer software, are expensed as incurred. Internal use software development costs are amortized using the straight-line method over its estimated useful life which ranges from three to five years. Software development costs may become impaired in situations where development efforts are abandoned due to the viability of the planned project becoming doubtful or due to technological obsolescence of the planned software product. For the years ended December 31, 2018, 2017, and 2016, there has been no impairment associated with internal use software. For the years ended December 31, 2018, 2017, and 2016, the Company capitalized software development costs of $6.7 million, $3.1 million, and $3.1 million, respectively. As of December 31, 2018 and 2017, capitalized software development costs, net of accumulated amortization, totaled $10.8 million and $6.7 million, respectively, and is included in property, equipment, and software, net on the consolidated balance sheets. Amortization expense for capitalized software development costs for the years ended December 31, 2018, 2017, and 2016 was $2.6 million, $1.6 million, and $1.0 million, respectively.

Settlement Assets and Obligations

Settlement processing assets and obligations recognized on the Company's consolidated balance sheet represent intermediary balances arising in the Company's settlement process for merchants and other customers. See Note 3, *Settlement Assets and Obligations.*

Debt Issuance Costs

Eligible debt issuance costs associated with the Company's credit facilities are deferred and amortized to interest expense over the term of the related debt using the effective interest method. Debt issuance costs associated with Company's term debt are presented on the Company's consolidated balance sheets as a direct reduction in the carrying value of the associated debt liability.

Business Combinations

The Company uses the acquisition method of accounting for business combinations which requires assets acquired and liabilities assumed to be recognized at their fair values on the acquisition date. Goodwill represents the excess of the purchase price over the fair value of the net assets acquired. The fair values of the assets acquired and liabilities assumed are determined based upon the valuation of the acquired business and involves making significant estimates and assumptions based on facts and circumstances that existed as of the acquisition date. The Company uses a measurement period following the acquisition date to gather information that existed as of the acquisition date that is needed to determine the fair value of the assets acquired and liabilities assumed. The measurement period ends once all information is obtained, but no later than one year from the acquisition date.

Non-Controlling Interests

The Company has issued non-voting profit-sharing interests intwo of its subsidiaries that were formed in 2018 to acquire the operating assets of certain businesses (see Note 2, *Business Combinations*). The Company is still the majority owner of these subsidiaries and therefore the profit-sharing interests are deemed to be non-controlling interests ("NCI").

To estimate the initial fair value of a profit-sharing interest, the Company utilizes future cash flow scenarios with focus on those cash flow scenarios that could result in future distributions to the NCIs. In subsequent periods, profits or losses are attributed to an NCI based on the hypothetical-liquidation-at-book-value method that utilizes the terms of the profit-sharing agreement between the Company and the NCIs.

As the majority owner, the Company has call rights on the profit-sharing interests issued to the NCIs. These call rights can be executed only under certain circumstances and execution is always voluntary at the Company's discretion. The call rights do not meet the definition of a free-standing financial instrument or derivative, thus no separate accounting is required for these call rights.

Goodwill

The Company tests goodwill for impairment for its reporting units on an annual basis, or when events occur or circumstances indicate the fair value of a reporting unit is below its carrying value. If the fair value of a reporting unit is less than its carrying value, an impairment loss is recorded to the extent that implied fair value of the goodwill within the reporting unit is less than its carrying value. The Company performed its most recent annual goodwill impairment test as of November 30, 2018 using market data and discounted cash flow analysis. Based on this analysis, it was determined that the fair value exceeded the carrying value of its reporting units. The Company concluded there were no indicators of impairment for the years ended December 31, 2018, 2017 and 2016.

Intangible Assets

Intangible assets, acquired in connection with various acquisitions, are recorded at fair value determined using a discounted cash flow model as of the date of the acquisition. Intangible assets primarily include merchant portfolios and other intangible assets such as non-compete agreements, trade names, acquired technology (developed internally by acquired companies prior to the business combination with the Company) and customer relationships.

Merchant Portfolios

Merchant portfolios represent the value of the acquired merchant customer base at the time of acquisition. The Company amortizes the cost of its acquired merchant portfolios over their estimated useful lives, which range from one year to ten years, using either a straight-line or an accelerated method that most accurately reflects the pattern in which the economic benefits of the respective asset is consumed.

Other Intangible Assets

Other intangible assets consist of values relating to non-compete agreements, trade names, acquired technology, and customer relationships. These values are amortized over the estimated useful lives ranging from one year to 25 years.

Impairment of Long-lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. For long-lived assets, except goodwill, an impairment loss is indicated when the undiscounted future cash flows estimated to be generated by the asset group are not sufficient to recover the unamortized balance of the asset group. If indicated, the loss is measured as the excess of carrying value over the asset groups' fair value, as determined based on discounted future cash flows. The Company concluded there were no indications of impairment for the years ended December 31, 2018, 2017 and 2016.

Accrued Residual Commissions

Accrued residual commissions consist of amounts due to independent sales organizations ("ISOs") and independent sales agents on the processing volume of the Company's merchant customers. The commissions due are based on varying percentages of the volume processed by the Company on behalf of the merchants. Percentages vary based on the program type and transaction volume of each merchant. Residual commission expenses were $242.8 million, $249.9 million, and $195.4 million, respectively, for the years ended December 31, 2018, 2017 and 2016, and are included in costs of merchant card fees in the accompanying consolidated statements of operations.

ISO Deposit and Loss Reserve

ISOs may partner with the Company in an executive partner program in which ISOs are given negotiated pricing in exchange for bearing risk of loss. Through the arrangement, the Company accepts deposits on behalf of the ISO and a reserve account is established by the Company. All amounts maintained by the Company are included in the accompanying consolidated balance sheets as other liabilities, which are directly offset by restricted cash accounts owned by the Company.

Equity-Based Compensation

The Company recognizes the cost resulting from all equity-based payment transactions in the financial statements at grant date fair value. Equity-based compensation expense is recognized over the requisite service period and is reflected in Salary and employee benefits expense on the Company's consolidated statements of operations. The effects of forfeitures are recognized as they occur.

Stock options

Under the Company's 2018 Equity Incentive Plan, the Company determines the fair value of stock options using the Black-Scholes option pricing model, which requires the use of the following subjective assumptions:

Expected Volatility - Measure of the amount by which a stock price has fluctuated or is expected to fluctuate. Due to the relatively short amount of time that the Company's common stock (Nasdaq: PRTH) has traded on a public market, the Company uses volatility data for the common stocks of a peer group of comparable public companies. An increase in the expected volatility will increase the fair value of the stock option and related compensation expense.

Risk-free interest rate - U.S. Treasury rate for a stripped-principal treasury note as of the grant date having a term equal to the expected term of the stock option. An increase in the risk-free interest rate will increase the fair value of the stock option and related compensation expense.

Expected term - Period of time over which the stock options granted are expected to remain outstanding. As a newly-public company, the Company lacks sufficient exercise information for its stock option plan. Accordingly, the Company uses a method permitted by the Securities and Exchange Commission ("SEC") whereby the expected term is estimated to be the mid-point between the vesting dates and the expiration dates of the stock option grants. An increase in the expected term will increase the fair value of the stock option and the related compensation expense.

Dividend yield - The Company used an amount of zero as the Company has paid no cash or stock dividends and does not anticipate doing so in the foreseeable future. An increase in the dividend yield will decrease the fair value of the stock option and the related compensation expenses.

Time-Based Restricted Stock Awards

The fair value of time-based restricted stock awards is determined based on the quoted closing price of the Company's common stock on the date of grant and is recognized as compensation expense over the vesting term of the awards.

Performance-Based Restricted Stock Awards

The Company accounts for its performance-based restricted equity awards based on the quoted closing price of the Company's common stock on the date of grant, adjusted for any market-based vesting criteria, and records equity-based compensation expense over the vesting term of the awards based on the probability that the performance criteria will be achieved. The Company reassesses the probability of vesting at each reporting period and prospectively adjusts equity-based compensation expense based on its probability assessment.

Advertising

The Company expenses advertising and promotion costs as incurred. Advertising and promotion expenses were approximately $0.9 million, $0.5 million, and $0.4 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Earnings (Loss) Per Share

Basic earnings (loss) per share ("EPS") is computed by dividing net income (loss) available to common stockholders by the weighted-average number of shares of common stock outstanding during the period, excluding the effects of any potentially dilutive securities. Diluted EPS gives effect to the potential dilution, if any, that could occur if securities or other contracts to issue common stock were exercised or converted into common stock, using the more dilutive of the two-class method or if-converted method. Diluted EPS excludes potential shares of common stock if their effect is anti-dilutive. If there is a net loss in any period, basic and diluted EPS are computed in the same manner.

The two-class method determines net income (loss) per common share for each class of common stock and participating securities according to dividends declared or accumulated and participation rights in undistributed earnings. The two-class method requires income available to common shareholders for the period to be allocated between common stock and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed. Prior to redemption in July 2018, the Goldman Sachs warrants were deemed to be participating securities because they had a contractual right to participate in non-forfeitable dividends on a one-for-one basis with the Company's common stock. Accordingly, the Company applied the two-class method for EPS when computing net income (loss) per common share. For periods beginning after September 30, 2018, EPS using the two-class method is no longer required due to the redemption of the Goldman Sachs warrant. See Note 8, *Long-term Debt and Warrant Liability*.

Income Taxes

Prior to July 25, 2018, Priority was a "pass-through" entity for income tax purposes and had no material income tax accounting reflected in its financial statements since taxable income and deductions were "passed through" to Priority's unconsolidated owners.

As a limited liability company, Priority Holdings, LLC elected to be treated as a partnership for the purpose of filing income tax returns, and as such, the income and losses of Priority Holdings, LLC flowed through to its members. Accordingly, no provisions for federal and most state income taxes was provided in the consolidated financial statements. However, periodic distributions were made to members to cover company-related tax liabilities.

MI Acquisitions was a taxable "C-Corp" for income tax purposes. As a result of Priority's acquisition by MI Acquisitions, the combined Company is now a taxable "C-Corp" that reports all of Priority's income and deductions for income tax purposes. Accordingly, subsequent to July 25, 2018, the consolidated financial statements of the Company reflect the accounting for income taxes in accordance with Financial Accounting Standards Board 's ("FASB") Accounting Standards Codification ("ASC") 740, Income Taxes ("ASC 740").

The Company accounts for income taxes under the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using enacted tax rates and laws that are expected to be in effect when the differences are expected to be recovered or settled. Realization of deferred tax assets is dependent upon future taxable income. A valuation allowance is recognized if it is more likely than not that some portion or all of a deferred tax asset will not be realized based on the weight of available evidence, including expected future earnings.

The Company recognizes an uncertain tax position in its financial statements when it concludes that a tax position is more likely than not to be sustained upon examination based solely on its technical merits. Only after a tax position passes the first step of recognition will measurement be required. Under the measurement step, the tax benefit is measured as the largest amount of benefit that is more likely than not to be realized upon effective settlement. This is determined on a cumulative probability basis. The full impact of any change in recognition or measurement is reflected in the period in which such change occurs. The Company recognized interest and penalties associated with uncertain tax positions as a component of interest expense.

Fair Value Measurements

The Company measures certain assets and liabilities at fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The Company uses a three-level fair value hierarchy to prioritize the inputs used to measure fair value and maximizes the use of observable inputs and minimizes the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 – Quoted market prices in active markets for identical assets or liabilities as of the reporting date.

Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 – Unobservable inputs that are not corroborated by market data.

The fair values of the Company's merchant portfolios, assets and liabilities acquired in mergers and business combinations, and former warrant liability are primarily based on Level 3 inputs and are generally estimated based upon valuation techniques that include discounted cash flow analysis based on cash flow projections and, for years beyond the projection period, estimates based on assumed growth rates. Assumptions are also made regarding appropriate discount rates, perpetual growth rates, and capital expenditures, among others. In certain circumstances, the discounted cash flow analysis is corroborated by a market-based approach that utilizes comparable company public trading values and, where available, values observed in public market transactions.

The carrying values of accounts and notes receivable, accounts payable and accrued expenses, long-term debt and cash, including settlement assets and the associated deposit liabilities approximate fair value due to either the short-term nature of such instruments or the fact that the interest rate of the debt is based upon current market rates.

Warrant Liability

As discussed in Note 8, *Long-Term Debt and Warrant Liability*, the Company issued warrants to purchase Class A common units of Priority Holdings, LLC representing 2.2% of the outstanding common units of Priority Holdings, LLC. These warrants were

redeemed in full during July 2018. Prior to redemption in July 2018, the warrants were accounted for as a liability at estimated fair value with changes in fair value recognized in earnings for each reporting period. See Note 15, *Fair Value.*

New Accounting and Reporting Standards

Prior to July 25, 2018, Priority was defined as a non-public entity for purposes of applying transition guidance related to new or revised accounting standards under U.S. GAAP, and as such was typically required to adopt new or revised accounting standards subsequent to the required adoption dates that applied to public companies. MI Acquisitions was classified as an EGC. Subsequent to the Business Combination, the Company will cease to be an EGC no later than December 31, 2021. The Company will maintain the election available to an EGC to use any extended transition period applicable to non-public companies when complying with a new or revised accounting standards. Therefore, as long as the Company retains EGC status, the Company can continue to elect to adopt any new or revised accounting standards on the adoption date (including early adoption) required for a private company.

Accounting Standards Adopted in 2018

Modifications to Share-Based Compensation Awards (ASU 2017-09)

As of January 1, 2018, the Company adopted Accounting Standards Update ("ASU") No. 2017-09, *Compensation-Stock Compensation Topic 718 - Scope of Modification Accounting* ("ASU 2017-09"). ASU 2017-09 clarifies when changes to the terms and conditions of share-based payment awards must be accounted for as modifications. Entities apply the modification accounting guidance if the value, vesting conditions, or classification of an award changes. The Company has not modified any share-based payment awards since the adoption of ASU 2017-09, therefore this new ASU has had no impact on the Company's financial position, operations, or cash flows. Should the Company modify share-based payment awards in the future, it will apply the provisions of ASU 2017-09.

Balance Sheet Classification of Deferred Income Taxes (ASU 2015-17)

In connection with the Business Combination and Recapitalization, the Company prospectively adopted the provisions of ASU No. 2015-17, *Balance Sheet Classification of Deferred Taxes* ("ASU 2015-17"), during the third quarter of 2018. ASU 2015-17 simplifies the balance sheet presentation of deferred income taxes by reporting the net amount of deferred tax assets and liabilities for each tax-paying jurisdiction as non-current on the balance sheet. Prior guidance required the deferred taxes for each tax-paying jurisdiction to be presented as a net current asset or liability and net non-current asset or liability.

Definition of a Business (ASU 2017-01)

On October 1, 2018, the Company prospectively adopted the provisions of ASU No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business* ("ASU 2017-01"). ASU 2017-01 assists entities in determining if acquired assets constitute the acquisition of a business or the acquisition of assets for accounting and reporting purposes. The guidance requires an entity to evaluate if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets; if so, the set of transferred assets and activities is not a business. In practice prior to ASU 2017-01, if revenues were generated immediately before and after a transaction, the acquisition was typically considered a business. The Company's December 2018 acquisition of certain assets of Direct Connect Merchant Services, LLC was not deemed to be the acquisition of a business under ASU 2017-01 because substantially all of the fair value was concentrated in a single identifiable group of similar identifiable assets.

Accounting for Share-Based Payments to Employees (ASU 2016-09)

For its annual reporting period beginning January 1, 2018, the Company adopted the provisions of ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09"), which amends ASC Topic 718, *Compensation–Stock Compensation*. This adoption of this new ASU had the following effects:

Consolidated Statement of Operations - ASU 2016-09 imposes a new requirement to record all of the excess income tax benefits and deficiencies (that result from an increase or decrease in the value of an award from grant date to settlement date) related to

share-based payments at settlement through the statement of operations instead of the former requirement to record income tax benefits in excess of compensation cost ("windfalls") in equity, and income tax deficiencies ("shortfalls") in equity to the extent of previous windfalls, and then to operations. This change is required to be applied prospectively upon adoption of ASU 2016-09 to all excess income tax benefits and deficiencies resulting from settlements of share-based payments after the date of adoption. This particular provision of ASU 2016-09 had no material effect on the Company's financial position, operations, or cash flows.

Consolidated Statement of Cash Flows - ASU 2016-09 requires that all income tax-related cash flows resulting from share-based payments, such as excess income tax benefits, are to be reported as operating activities on the statement of cash flows, a change from the prior requirement to present windfall income tax benefits as an inflow from financing activities and an offsetting outflow from operating activities. This particular provision of ASU 2016-09 had no material effect on the Company's financial position, operations, or cash flows.

Additionally, ASU 2016-09 clarifies that:

- All cash payments made to taxing authorities on an employee's behalf for withheld shares at settlement are presented as financing activities on the statement of cash flows. This change must be applied retrospectively. This particular provision of ASU 2016-09 had no material effect on the Company's financial position, operations, or cash flows.

- Entities are permitted to make an accounting policy election for the impact of forfeitures on the recognition of expense for share-based payment awards. Forfeitures can be estimated or recognized when they occur. Estimates of forfeitures will still be required in certain circumstances, such as at the time of modification of an award or issuance of a replacement award in a business combination. If elected, the change to recognize forfeitures when they occur needs to be adopted using a modified retrospective approach, with a cumulative effect adjustment recorded to opening retained earnings. The Company made a policy election to recognize the impact of forfeitures when they occur. This policy election primarily impacted the Company's new equity compensation plans originating in 2018 (see Note 13, *Equity-Based Compensation)*, thus not requiring a cumulative effect adjustment to opening retained earnings for these new plans. For the Company's previously existing equity compensation plan (the Management Incentive Plan), see Note 13, *Equity-Based Compensation*. The amount of the cumulative effect upon adoption of ASU 2016-09 was not material and therefore has not been reflected in opening retained earnings on the Company's consolidated balance sheets or consolidated statements of changes in stockholders' equity (deficit).

Recently Issued Accounting Standards Pending Adoption

Revenue Recognition (ASC 606)

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which since has been codified and amended in ASC 606, *Revenue from Contracts with Customers*. This guidance clarifies the principles for recognizing revenue and will be applicable to all contracts with customers regardless of industry-specific or transaction-specific fact patterns. Further, the guidance will require improved disclosures as well as additional disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized. Since its original issuance, the FASB has issued several updates to this guidance. The new standard could change the amount and timing of revenue and costs for certain significant revenue streams, increase areas of judgment and related internal controls requirements, change the presentation of revenue for certain contract arrangements and possibly require changes to the Company's software systems to assist in both internally capturing accounting differences and externally reporting such differences through enhanced disclosure requirements. As an EGC, the standard is effective for the Company's 2019 annual reporting period and for interim periods after 2019. The standard permits the use of either the retrospective or modified retrospective transition method. The Company has not yet selected a transition method and is currently evaluating the effect that the standard may have on its consolidated financial statements and disclosures.

Leases (ASC 842)

In February 2016, the FASB issued new lease accounting guidance in ASU No. 2016-02, *Leases-Topic 842*, which has been codified in ASC 842, *Leases*. Under this new guidance, lessees will be required to recognize for all leases (with the exception of short-term leases): 1) a lease liability equal to the lessee's obligation to make lease payments arising from a lease, measured on a discounted basis and 2) a right-of-use asset which will represent the lessee's right to use, or control the use of, a specified asset for the lease

term. As an EGC, this standard is effective for the Company's annual reporting period beginning in 2020 and interim reporting periods beginning first quarter of 2021. The adoption of ASC 842 will require the Company to recognize non-current assets and liabilities for right-of-use assets and operating lease liabilities on its consolidated balance sheet, but it is not expected to have a material effect on the Company's results of operations or cash flows. ASC 842 will also require additional footnote disclosures to the Company's consolidated financial statements.

Credit Losses (ASU 2016-13 and ASU 2018-19)

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This new guidance will change how entities account for credit impairment for trade and other receivables, as well as for certain financial assets and other instruments. ASU 2016-13 will replace the current "incurred loss" model with an "expected loss" model. Under the "incurred loss" model, a loss (or allowance) is recognized only when an event has occurred (such as a payment delinquency) that causes the entity to believe that a loss is probable (i.e., that it has been "incurred"). Under the "expected loss" model, a loss (or allowance) is recognized upon initial recognition of the asset that reflects all future events that leads to a loss being realized, regardless of whether it is probable that the future event will occur. The "incurred loss" model considers past events and current conditions, while the "expected loss" model includes expectations for the future which have yet to occur. ASU 2018-19, *Codification Improvements to Topic 326, Financial Instruments – Credit Losses*, was issued in November 2018 and excludes operating leases from the new guidance. The standard will require entities to record a cumulative-effect adjustment to the balance sheet as of the beginning of the first reporting period in which the guidance is effective. The Company is currently evaluating the potential impact that ASU 2016-13 may have on the timing of recognizing future provisions for expected losses on the Company's accounts receivable. As an EGC, the ASU is effective for annual periods beginning in 2021 and interim periods within annual periods beginning in 2022.

Statement of Cash Flows (ASU 2016-15)

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230)*. This ASU represents a consensus of the FASB's Emerging Issues Task Force on eight separate issues that each impact classifications on the statement of cash flows. In particular, issue number three addresses the classification of contingent consideration payments made after a business combination. Under ASU 2016-15, cash payments made soon after an acquisition's consummation date (i.e., approximately three months or less) will be classified as cash outflows from investing activities. Payments made thereafter will be classified as cash outflows from financing activities up to the amount of the original contingent consideration liability. Payments made in excess of the amount of the original contingent consideration liability will be classified as cash outflows from operating activities. As an EGC, this ASU is effective for the Company for years beginning in 2019 and interim periods within years beginning in 2020. The Company is evaluating the effect this ASU will have on its consolidated statement of cash flows.

Goodwill Impairment Testing (ASU 2017-04)

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment.* ASU 2017-04 will eliminate the requirement to calculate the implied fair value of goodwill (i.e., step 2 of the current goodwill impairment test) to measure a goodwill impairment charge. Instead, entities will record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value (i.e., measure the charge based on the current step 1). Any impairment charge will be limited to the amount of goodwill allocated to an impacted reporting unit. ASU 2017-04 will not change the current guidance for completing Step 1 of the goodwill impairment test, and an entity will still be able to perform the current optional qualitative goodwill impairment assessment before determining whether to proceed to Step 1. Upon adoption, the ASU will be applied prospectively. As an EGC, this ASU will be effective for annual and interim impairment tests performed in periods beginning in 2022. The impact that ASU 2017-04 may have on the Company's financial condition or results of operations will depend on the circumstances of any goodwill impairment event that may occur after adoption.

Share-Based Payments to Non-Employees (ASU 2018-07)

In June 2018, the FASB issued ASU 2018-07, *Share-based Payments to Non-Employees*, to simplify the accounting for share-based payments to non-employees by aligning it with the accounting for share-based payments to employees, with certain exceptions. As an EGC, the ASU is effective for annual reporting periods beginning in 2020 and interim periods within annual periods beginning first quarter 2021, but not before the Company adopts ASC 606, *Revenue Recognition*. The Company is evaluating the impact this ASU will have on its consolidated financial statements.

Disclosures for Fair Value Measurements (ASU 2018-13)

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework — Changes to the Disclosure Requirements for Fair Value Measurement*. This ASU eliminates, adds and modifies certain disclosure requirements for fair value measurements as part of the FASB's disclosure framework project. For all entities, this ASU is effective for annual and interim reporting periods beginning in 2020. Certain amendments must be applied prospectively while others are to be applied on a retrospective basis to all periods presented. As disclosure guidance, the adoption of this ASU will not have an effect on the Company's financial position, results of operations or cash flows.

Implementation Costs Incurred in Cloud Computing Arrangements (ASU 2018-15)

In August 2018, the FASB issued ASU 2018-15, *Implementation Costs Incurred in Cloud Computing Arrangements* ("ASU 2018-15"), which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). As an EGC, this ASU is effective for the Company for annual reporting periods beginning in 2021, and interim periods within annual periods beginning in 2022. The amendments should be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. The Company is evaluating the impact this ASU will have on its consolidated financial statements.

Concentration of Risk

The Company's revenue is substantially derived from processing Visa® and MasterCard® bank card transactions. Because the Company is not a member bank, in order to process these bank card transactions, the Company maintains sponsorship agreements with member banks which require, among other things, that the Company abide by the by-laws and regulations of the card associations.

Substantially all of the Company's revenues and receivables are attributable to merchant customer transactions, which are processed by third-party payment processors.

A majority of the Company's cash and restricted cash is held in certain financial institutions, substantially all of which is in excess of federal deposit insurance corporation limits. The Company does not believe it is exposed to any significant credit risk from these transactions.

In 2018, 2017, and 2016, no one merchant customer accounted for 10% or more of the Company's consolidated revenues.

Reclassifications

Certain prior year amounts in these consolidated financial statements have been reclassified to conform to the current year presentation, with no net effect on the Company's stockholders' equity (deficit) or net income (loss) for any period.

2. BUSINESS COMBINATIONS

Business Combinations in 2018

PayRight

In April 2018, Priority PayRight Health Solutions, LLC ("PPRHS"), a subsidiary of the Company, purchased the majority of the operating assets and certain operating liabilities of PayRight Health Solutions LLC ("PayRight"). This purchase allowed PPRHS to gain control over the PayRight business and therefore the Company's consolidated financial statements include the financial

position, results of operations, and cash flows of PayRight from the date of acquisition. PayRight utilizes technology assets to deliver customized payment solutions to the health care industry. The results of the acquired business and goodwill of $0.3 million from the transaction are being reported by the Company as part of the Commercial Payments and Managed Services reportable segment. Additionally, the acquisition resulted in the recognition of intangible and net tangible assets with a fair value of $0.6 million. The Company transferred total consideration with a fair value of $0.9 million consisting of: $0.5 million in cash and forgiveness of amounts owed to the Company by PayRight; $0.3 million fair value of the Company's previous equity-method investment in PayRight described in the following paragraph; and $0.1 million of other consideration. Certain PayRight sellers were provided profit-sharing rights in PayRight as non-controlling interests, however, based on this arrangement no losses or earnings were allocated to the non-controlling interests for the year ended December 31, 2018.

Previously, in October 2015, the Company purchased a non-controlling interest in the equity of PayRight, and prior to April 2018 the Company accounted for this investment using the equity method of accounting. At December 31, 2017, the Company's carrying value of this investment was $1.1 million. Immediately prior to PPRHS' April 2018 purchase of substantially all of PayRight's business assets, the Company's existing non-controlling investment in PayRight had a carrying value of approximately $1.1 million with an estimated fair value on the acquisition date of approximately $0.3 million. The Company recorded an impairment loss of $0.8 million during the second quarter of 2018 for the difference between the carrying value and the fair value of the non-controlling equity-method investment in PayRight. The loss is reported within Other, net in the Company's consolidated statements of operations for the year ended December 31, 2018.

RadPad and Landlord Station

In July 2018, the Company acquired substantially all of the net operating assets of RadPad Holdings, Inc. ("RadPad") and Landlord Station, LLC ("Landlord Station"). RadPad is a marketplace for the rental real estate market. Landlord Station offers a complementary toolset that focuses on facilitation of tenant screening and other services to the fast-growing independent landlord market. These asset purchases were deemed to be a business under ASC 805. The Company formed a new entity, Priority Real Estate Technology, LLC ("PRET"), to acquire and operate these businesses. Due to the related nature of the two sets of business assets, same acquisition dates, and how the Company intends to operate them under the "RadPad" name and operating platform within PRET, the Company deemed them to be one business for accounting and reporting purposes. PRET is reported within the Company's Commercial Payments and Managed Services reportable segment.

Total consideration paid for RadPad and Landlord Station was $4.3 million consisting of $3.9 million in cash plus forgiveness of pre-existing debt owed by the sellers to the Company of $0.4 million. Additionally, the Company paid and expensed $0.1 million for transaction costs. Net tangible and separately-identifiable intangible assets with an initial fair value of $2.1 million were acquired along with goodwill with an initial value of $2.2 million. Non-controlling equity interests in PRET were issued to certain sellers in the form of residual profit interests and distribution rights, however the fair value of these non-controlling interests was deemed to be immaterial at time of acquisition due to the nature of the profit-sharing and liquidations provisions contained in the operating agreement for PRET. Under the terms of the profit-sharing arrangement between the controlling and non-controlling interests, no losses or earnings were allocated to the non-controlling interests for the year ended December 31, 2018.

During the fourth quarter of 2018, the Company received additional information about the fair values of assets acquired and liabilities assumed. Accordingly, measurement period adjustments were made to the opening balance sheet to decrease net assets acquired and increase goodwill by $0.2 million.

Priority Payment Systems Northeast

In July 2018, the Company acquired substantially all of the net operating assets of Priority Payment Systems Northeast, Inc. ("PPS Northeast"). This purchase of these net assets was deemed to be a business under ASC 805. Prior to this acquisition, PPS Northeast was an independent brand-licensed office of the Company where it developed expertise in software-integrated payment services designed to manage turnkey installations of point-of-sale and supporting systems, as well as marketing programs that place emphasis on online ordering systems and digital marketing campaigns. PPS Northeast is reported within the Company's Consumer Payments reportable segment.

Initial consideration of $3.5 million consisted of $0.5 million plus 285,117 shares of common stock of the Company with a fair value of approximately of $3.0 million. In addition, contingent consideration in an amount up to $0.5 million was deemed to have a fair value of $0.4 million at acquisition date. If earned, the seller can receive this contingent consideration in either cash or

additional shares of the Company's common stock, as mutually agreed by the Company and seller. Net tangible and separately-identifiable intangible assets with an initial fair value of $2.0 million were acquired along with goodwill with an initial value of $1.9 million, including the $0.4 million estimated fair value of the contingent consideration due to the seller. At December 31, 2018, the fair value of the contingent consideration still approximated the original $0.4 million fair value assigned on date of acquisition. Transaction costs were not material and were expensed.

Priority Payment Systems Tech Partners

In August 2018, the Company acquired substantially all of the net operating assets of M.Y. Capital, Inc. and Payments In Kind, Inc., collectively doing business as Priority Payment Systems Tech Partners ("PPS Tech"). These related asset purchases were deemed to be a business under ASC 805. Due to the related nature of the two sets of business assets and how the Company intends to operate them, the Company deemed them to be one business for accounting and reporting purposes. Prior to this acquisition, PPS Tech was an independent brand-licensed office of the Company where it developed a track record and extensive network in the integrated payments and B2B marketplaces. PPS Tech is reported within the Company's Consumer Payments reportable segment.

Initial consideration of $5.0 million consisted of $3.0 million plus 190,078 shares of common stock of the Company with a fair value of approximately $2.0 million. In addition, contingent consideration in an amount up to $1.0 million was deemed to have a fair value of $0.6 million at acquisition date. If earned, the seller will receive half of any contingent consideration in cash and the other half in a number of shares of common stock of the Company equal to the portion of the earned contingent consideration payable in shares of common stock of the Company. Net tangible and separately-identifiable intangible assets with an initial fair value of $2.2 million were acquired along with goodwill with an initial value of $3.4 million, including the $0.6 million estimated fair value of the contingent consideration due to the seller. At December 31, 2018, the fair value of the contingent consideration still approximated the original $0.6 million fair value assigned on date of acquisition. Transaction costs were not material and were expensed.

Other Information

Based on their purchase prices and pre-acquisition operating results and assets, none of the business combinations consummated by the Company in 2018, as described above, met the materiality requirements for disclosure of pro-forma financial information, either individually or in the aggregate. The measurement periods, as defined by ASC 805, *Business Combination* ("ASC 805"), are still open for all of these business combinations since the Company is awaiting information to finalize the acquisition-date fair values of certain acquired assets and assumed liabilities.

Goodwill for all 2018 business combinations is deductible by the Company for income tax purposes.

The Company did not consummate any business combinations during 2017 or 2016.

3. SETTLEMENT ASSETS AND OBLIGATIONS

The standards of the card networks restrict non-members, such as the Company, from performing funds settlement or accessing merchant settlement funds. Instead, these funds must be in the possession of the member bank until the merchant is funded. The Company has relationships with member banks to facilitate payment transactions. These agreements allow the Company to route transactions under a member bank's control to process and clear transactions through card networks. Amounts for payment card settlements included in settlement assets and obligations on the Company's consolidated balance sheets represent intermediary balances arising in the settlement process.

Reserves Held For ACH Customers

For the Company's ACH business component that conducts business as ACH.com, the Company earns revenues by processing ACH transactions for financial institutions and other business customers. Certain customers establish and maintain reserves with the Company to cover potential losses in processing ACH transactions. These reserves are held in bank accounts controlled by

the Company. As such, the Company recognizes the cash balances within restricted cash and settlement obligations on its consolidated balance sheets.

Merchant Reserves and Estimated Shortfalls

Under agreements between the Company and merchants, merchants assume liability for obligations such as chargebacks, customer disputes, and unfilled orders. However, under its risk-based underwriting policy, the Company may require certain merchants to establish and maintain reserves designed to protect the Company from anticipated obligations such as chargebacks, customer disputes, and unfilled orders. A merchant reserve account is funded by the merchant but controlled by a sponsor bank during the term of the merchant agreement. Unused merchant reserves are returned to the merchant after termination of the merchant agreement or in certain instances upon a reassessment of risks during the term of the merchant agreement. Sponsor banks held merchant reserves of approximately $186.2 million and $191.5 million at December 31, 2018 and 2017, respectively. Since these merchant reserves held at sponsor banks are not assets of the Company and the associated risks are not liabilities of the Company, neither is recognized on the Company's consolidated balance sheets.

In the event the amount in a merchant reserve is insufficient to cover expected or incurred losses, the Company may be liable to cover the shortfall. The Company recognized a liability for estimated shortfalls of approximately $2.0 million and $1.1 million at December 31, 2018 and 2017, respectively. The liabilities are included in the Company's consolidated balance sheet as contra balances against settlement assets.

The Company's settlement assets and obligations at December 31, 2018 and 2017 were as follows:

(in thousands)	December 31, 2018	December 31, 2017
Settlement Assets:		
Card settlements due from merchants, net of estimated losses	$ 988	$ 7,207
Card settlements due from processors	54	—
Total Settlement Assets	$ 1,042	$ 7,207
Settlement Obligations:		
Card settlements due to merchants	$ 777	$ —
Due to ACH payees (1)	10,355	10,474
Total Settlement Obligations	$ 11,132	$ 10,474

(1) Amounts due to ACH payees are held by the Company in restricted cash.

4. NOTES RECEIVABLE

The Company has notes receivable from sales agents of $1.8 million and $7.2 million as of December 31, 2018 and 2017, respectively. These notes bear an average interest rate of 12.8% and 10.5% as of December 31, 2018 and 2017, respectively. Interest and principal payments on the notes are due at various dates through January 2021.

Under the terms of the agreements, the Company preserves the right to holdback residual payments due to the applicable sales agents and applies such residuals against future payments due to the Company. Based on the terms of these agreements and historical experience, no reserve has been recorded for notes receivable as of December 31, 2018 and 2017.

Principal contractual maturities on the notes receivable at December 31, 2018 were as follows:

(in thousands)	
Years Ended December 31,	**Maturities**
2019	$ 979
2020	852
	$ 1,831

5. GOODWILL AND INTANGIBLE ASSETS

The Company records goodwill when an acquisition is made and the purchase price is greater than the fair value assigned to the underlying tangible and intangible assets acquired and the liabilities assumed. The Company's goodwill is allocated to reporting units as follows:

(in thousands)	**December 31, 2018**	**December 31, 2017**
Consumer Payments	$ 106,832	$ 101,532
Commercial Payments and Managed Services	2,683	—
	$ 109,515	$ 101,532

The Company's intangible assets primarily include merchant portfolios and other intangible assets such as non-compete agreements, trade names, acquired technology (developed internally by acquired companies prior to acquisition by the Company) and customer relationships. For the year ended December 31, 2018, the Company acquired merchant portfolios totaling approximately $90.9 million, including $44.8 million in December 2018 related to Direct Connect Merchant Services, LLC. For the year ended December 31, 2017, the Company acquired merchant portfolios totaling approximately $2.5 million.

There were no changes in the carrying amount of goodwill for the year ended December 31, 2017. The following table summarizes the changes in the carrying amount of goodwill for the year ended December 31, 2018:

(in thousands)	**Amount**
Balance at December 31, 2017:	
Pipeline Cynergy Holdings, LLC and ACCPC, Inc.	$ 101,532
Goodwill arising from business combinations in 2018:	
PayRight	298
RadPad/Landlord Station	2,385
PPS Northeast	1,920
PPS Tech	3,380
Balance at December 31, 2018	$ 109,515

For business combinations consummated during the year ended December 31, 2018, goodwill is deductible for income tax purposes.

As of December 31, 2018 and December 31, 2017 intangible assets consisted of the following:

(in thousands)	December 31, 2018	December 31, 2017
Other intangible assets:		
Merchant portfolios	$ 137,576	$ 46,716
Non-compete agreements	3,390	3,390
Trade names	2,870	2,580
Acquired technology	14,390	13,200
Customer relationships	55,940	51,090
	214,166	116,976
Less accumulated amortization:		
Merchant portfolios	(48,492)	(41,915)
Non-compete agreements	(3,390)	(3,243)
Trade names	(1,017)	(776)
Acquired technology	(10,222)	(7,928)
Customer relationships	(26,408)	(21,052)
	(89,529)	(74,914)
Balance at December 31, 2018	$ 124,637	$ 42,062

The weighted-average amortization periods for intangible assets at December 31, 2018 and December 31, 2017 were as follows:

	Useful Life	Amortization Method	Weighted-Average Life
Merchant portfolios	1 - 10 years	Straight-line and double declining	6.3 years
Non-compete agreements	3 years	Straight-line	3.0 years
Trade name	5 - 12 years	Straight-line	11.6 years
Technology	6 - 7 years	Straight-line	6.1 years
Customer relationships	1 - 25 years	Straight-line and sum-of-years digits	14.4 years

Amortization expense for intangible assets was $14.7 million, $10.5 million, and $11.9 million for the years ended December 31, 2018, 2017 and 2016, respectively.

The estimated amortization expense of intangible assets as of December 31, 2018 for the next five years and thereafter is:

(in thousands)	
Years Ending December 31,	**Maturities**
2019	$ 26,544
2020	24,250
2021	22,575
2022	21,133
2023	16,132
Thereafter	14,003
Total	$ 124,637

Actual amortization expense to be reported in future periods could differ from these estimates as a result of new intangible asset acquisitions, changes in useful lives, and other relevant events or circumstances.

The Company tests goodwill for impairment for each of its reporting units on an annual basis, or when events occur or circumstances indicate the fair value of a reporting unit is below its carrying value. The Company performed its most recent annual goodwill impairment test as of November 30, 2018 using market data and discounted cash flow analysis. The Company concluded there were no indicators of impairment as of December 31, 2018 and December 31, 2017. As such, there was no impairment loss for the years ended December 31, 2018, 2017, and 2016.

6. PROPERTY, EQUIPMENT AND SOFTWARE

The Company's property, equipment, and software balance primarily consists of furniture, fixtures, and equipment used in the normal course of business, computer software developed for internal use, and leasehold improvements. Computer software represents purchased software and internally developed back office and merchant interfacing systems used to assist the reporting of merchant processing transactions and other related information.

A summary of property, equipment, and software as of December 31, 2018 and December 31, 2017 follows:

(in thousands)	December 31, 2018	December 31, 2017	Useful Life
Furniture and fixtures	$ 2,254	$ 1,871	2-7 years
Equipment	8,164	6,256	3-7 years
Computer software	27,804	20,443	3-5 years
Leasehold improvements	5,935	4,965	5-10 years
	44,157	33,535	
Less accumulated depreciation	(26,675)	(21,592)	
Property, equipment, and software, net	$ 17,482	$ 11,943	

Depreciation expense totaled $5.1 million, $4.2 million, and $2.8 million for the years ended December 31, 2018, 2017, and 2016, respectively.

7. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The Company accrues for certain expenses that have been incurred and not paid, which are classified within accounts payable and accrued expenses in the accompanying consolidated balance sheets.

The components of accounts payable and accrued expenses that exceeded five percent of total current liabilities consisted of the following at December 31, 2018 and December 31, 2017 consisted of the following:

(in thousands)	December 31, 2018	December 31, 2017
Accounts payable	$ 8,030	$ 8,751
Accrued compensation	$ 6,193	$ 6,136
Accrued network fees	$ 6,971	$ 1,529

8. LONG-TERM DEBT AND WARRANT LIABILITY

Long-term debt owed by certain subsidiaries (the "Borrowers") of the Company consisted of the following as of December 31, 2018 and December 31, 2017:

(dollar amounts in thousands)	December 31, 2018	December 31, 2017
Term Loan - Senior, matures January 3, 2023 and bears interest at LIBOR plus 5.0% at December 31, 2018 and 6.0% at December 31, 2017 (actual rate of approximately 7.5% at December 31, 2018 and 7.4% at December 31, 2017)	$ 322,666	$ 198,000
Term Loan - Subordinated, matures July 3, 2023 and bears interest at 5.0% plus payment-in-kind interest (actual rate of 10.5% at December 31, 2018 and 11.3% at December 31, 2017)	90,016	85,118
Revolving credit agreement - expires January 2, 2022	—	—
Total Debt	412,682	283,118
Less: current portion of long-term debt	(3,293)	(7,582)
Less: unamortized debt discounts	(3,300)	(3,212)
Less: deferred financing costs	(3,994)	(4,385)
Total long-term debt	$ 402,095	$ 267,939

Substantially all of the Company's assets are pledged as collateral under the long-term debt agreements, which are described in more detail in the following sections of this footnote. However, the parent entity, Priority Technology Holdings, Inc., is neither a borrower nor a guarantor of the long-term debt.

Debt Refinancing in January 2017

On January 3, 2017, the Company refinanced existing long-term debt whereby the Borrowers entered into a credit agreement with a syndicate of lenders (the "Senior Credit Agreement"). The Senior Credit Agreement had an original maximum borrowing amount of $225.0 million, consisting of a $200.0 million term loan and a $25.0 million revolving credit facility. Borrowings under the Senior Credit Agreement were subject to an applicable margin, or percentage per annum, equal to: (i) with respect to initial term loans, (a) for LIBOR rate loans, 6.00% per annum and (b) for base rate loans,5.00% per annum; and (ii) with respect to revolving loans (a) for LIBOR rate loans and letter of credit fees, 6.00%, (b) for base rate loans,5.00% and (c) for unused commitment fees, 0.50%.

As part of the debt refinancing on January 3, 2017, the Borrowers also entered into a Credit and Guaranty Agreement (the "GS Credit Agreement") with Goldman Sachs Specialty Lending Group, L.P. ("Goldman Sachs" or "GS") for an $80.0 million term loan, the proceeds of which were used to refinance the amounts previously outstanding with Goldman Sachs.

The term loans under the Senior Credit Agreement and the GS Credit Agreement were issued at a discount of$3.7 million. The Company determined that the2017 debt refinancing should be accounted for as a debt extinguishment. The Company recorded an extinguishment loss of approximately $1.8 million, which consisted primarily of lender fees incurred in connection with the refinancing and the write-off of unamortized deferred financing fees and original issue discount. The extinguishment loss is reported within "Other, net" on the Company's consolidated statements of operations.

First Amendment in November 2017

The Senior Credit Agreement and the GS Credit Agreement were amended on November 14, 2017 (the "First Amendment"). The First Amendment allows for loan advances of less than $5.0 million and for certain liens on cash securing the Company's funding obligations under a new product involving a virtual credit card program. There were no other substantive changes in the First Amendment.

Second Amendment in January 2018

On January 11, 2018, the Borrowers modified the Senior Credit Agreement and the GS Credit Agreement (collectively, the "Second Amendment"). The Second Amendment increased the Senior Credit Agreement term loans by $67.5 million and lowered the applicable margin under the Senior Credit Agreement. The$67.5 million in additional borrowings under the Senior Credit

Agreement was issued at a discount of $0.4 million. As a result of the Second Amendment, borrowings under the Senior Credit Agreement were subject to an applicable margin, or percentage per annum, equal to: (i) with respect to initial term loans, (a) for LIBOR rate loans, 5.00% per annum, and (b) for base rate loans, 4.00% per annum; and (ii) with respect to revolving loans (a) for LIBOR rate loans and letter of credit fees, 5.00%, (b) for base rate loans, 4.00%, and (c) for unused commitment fees, 0.50%.

The Company determined that the Second Amendment should be accounted for as a debt modification. Therefore, all previously deferred fees and costs continued to be amortized to interest expense using the effective interest method over the respective terms of the amended term. The Company incurred $0.8 million in issuance costs related to the Second Amendment, which were expensed as incurred and recorded as a component of Other, net in the accompanying consolidated statement of operations for the year ended December 31, 2018. In connection with the new lenders to the Senior Credit Agreement as a result of the Second Amendment, the Company capitalized incremental deferred financing costs of $0.3 million and fees paid to lenders of $0.4 million. As a result of the Second Amendment, the Senior Credit Agreement had a maximum borrowing amount of $292.5 million, consisting of a $267.5 million Term Loan and a $25.0 million revolving credit facility.

Third Amendment in December 2018

On December 24, 2018, the Borrowers modified the Senior Credit Agreement and the GS Credit Agreement (collectively, the "Third Amendment"). Under the Third Amendment, (i) the term loan under the Senior Credit Agreement was increased in an aggregate principal amount of $60.0 million (issued at a discount of $0.3 million) and (ii) the term loan commitments under the Senior Credit Agreement were increased by $70.0 million on a delayed basis ($130.0 million increase in total). Until the additional $70.0 million is drawn, the Borrowers will pay a fee on the undrawn amounts at a rate of 2.50% per annum from the 31st day after the date of the Third Amendment to the 60th day and 5.00% per annum thereafter for so long as the amounts remain committed and undrawn. In addition, the Borrowers will be required to pay a fee of 0.50% of any of the additional $70.0 million that is drawn. The existing applicable margins, or interest rates, in the Second Amendment did not change as a result of the Third Amendment.

The terms of the GS Credit Agreement were amended to allow for the increase in borrowings under the Senior Credit Agreement but otherwise the terms of the GS Credit Agreement were not substantively changed by the Third Amendment. The allowed borrowings amount under the GS Credit Agreement are $80.0 million and this was not changed by the Third Amendment.

The Company determined that the Third Amendment should be accounted for as a debt modification. Therefore, all previously deferred fees and costs continue to be amortized to interest expense using the effective interest method over the respective terms. The Company incurred approximately $1.3 million in issuance costs related to the Third Amendment, of which $1.2 million was expensed as a component of Other, net in the Company's consolidated statement of operations for the year ended December 31, 2018 and approximately $0.1 million was recorded as deferred financing costs on the Company's consolidated balance sheet as of December 31, 2018. As a result of the Third Amendment, the Senior Credit Agreement has a maximum borrowing amount of $422.5 million, consisting of a $327.5 million term loan, a $70.0 million undrawn term loan commitment, and a $25.0 million revolving credit facility.

Additional Information

The Senior Credit Agreement matures on January 3, 2023, with the exception of the revolving credit facility which expires on January 2, 2022. Any amounts outstanding under the revolving credit facility must be paid in full before the maturity date of January 2, 2022. There were no amounts outstanding under the revolving credit facility as of December 31, 2018 and December 31, 2017. The Company recorded $0.2 million of interest expense for the year ended December 31, 2018 as a penalty for not drawing on the revolving credit facility. The GS Credit Agreement matures on July 3, 2023.

Under the Senior Credit Agreement, the Company is required to make quarterly principal payments of $0.8 million. Additionally, the Company may be obligated to make certain additional mandatory prepayments based on excess cash flow, as defined in the Senior Credit Agreement. No such prepayment was due for the year ended December 31, 2018. At December 31, 2017, the mandatory prepayment was $5.6 million, which was included in current portion of long-term debt. On April 30, 2018, the Company entered into a limited waiver and consent whereby the 2017 mandatory prepayment was waived. Accordingly, this $5.6 million at December 31, 2017 was not paid.

Principal contractual maturities on long-term debt at December 31, 2018 are as follows:

(in thousands)	
Years Ended December 31,	**Maturities**
2019	$ 3,293
2020	3,293
2021	3,293
2022	3,293
2023	399,510
	$ 412,682

For the years ended December 31, 2018 and 2017, the payment-in-kind (PIK) interest under the GS Credit Agreement added $4.9 million and $5.1 million, respectively, to the principal amount of the subordinated debt, which totaled $90.0 million and $85.1 million as of December 31, 2018 and 2017, respectively.

For the years ended December 31, 2018, 2017, and 2016, the Company recorded interest expense, including amortization of deferred financing costs and debt discounts, of $29.9 million, $25.1 million, and $4.8 million, respectively.

Covenants

The Senior Credit Agreement and the GS Credit Agreement, as amended, contain representations and warranties, financial and collateral requirements, mandatory payment events, events of default, and affirmative and negative covenants, including without limitation, covenants that restrict among other things, the ability to create liens, pay dividends or distribute assets from the Company's subsidiaries to Priority Technology Holdings, Inc., merge or consolidate, dispose of assets, incur additional indebtedness, make certain investments or acquisitions, enter into certain transactions (including with affiliates), and to enter into certain leases. Substantially all of the borrowers' assets are pledged as collateral under the Senior Credit Agreement and GS Credit Agreement. The borrowers are also required to comply with certain restrictions on their Total Net Leverage Ratio (as defined in the Senior Credit Agreement and GS Credit Agreement). As of December 31, 2018, the Borrowers were in compliance with the covenants.

The Total Net Leverage Ratio covenant under the Senior Credit Facility requires a Total Net Leverage Ratio of no more than 6.50:1.00 as of December 31, 2018, 6.25:1.00 as of March 31, 2019, and further steps down in each subsequent quarter of 2019 to be no more than 5.25:1.00 as of December 31, 2019 and for each quarter thereafter. The Senior Credit Facility defines Total Net Leverage Ratio as the consolidated total debt of the Borrowers, less unrestricted cash subject to certain restrictions, divided by the Earnout Adjusted EBITDA (a non-GAAP measure) of the Borrowers for the prior four quarters. As of December 31, 2018, the Borrowers' Total Net Leverage Ratio was 5.06:1.00.

Goldman Sachs Warrant ("GS warrant")

In connection with the prior GS Credit Agreement, Priority Holdings, LLC issued a warrant to GS to purchase 1.0% of Priority Holdings, LLC's outstanding Class A common units. As part of the 2017 debt amendment, the 1.0% warrant with GS was extinguished and Priority Holdings, LLC issued a new warrant to GS to purchase 1.8% of Priority Holding, LLC's outstanding Class A common units. As of December 31, 2017, the warrant had a fair value of $8.7 million and was presented as a warrant liability in the accompanying consolidated balance sheets.

On January 11, 2018, the 1.8% warrant was amended to provide GS with a warrant to purchase 2.2% of Priority Holdings, LLC's outstanding Class A common units. The change in the warrant percentage was the result of anti-dilution provisions in the warrant agreement, which were triggered by Priority Holdings, LLC's Class A common unit redemption that occurred during the first quarter of 2018. The warrant had a term of 7 years and an exercise price of $0. Since the obligation was based solely on the fact that the 2.2% interest in equity of Priority Holdings, LLC was fixed and known at inception as well as the fact that GS could exercise the warrant with a settlement in cash any time prior to the expiration date of December 31, 2023, the warrant was recorded as a liability in the Company's historical financial statements prior to redemption on July 25, 2018. On July 25, 2018, Priority Holdings, LLC and GS agreed to redeem the warrant in full in exchange for $12.7 million in cash.

Deferred Financing Costs

Capitalized deferred financing costs related to the Company's credit facilities totaled of$4.0 million and $4.4 million at December 31, 2018 and December 31, 2017, respectively. Deferred financing costs are being amortized using the effective interest method over the remaining term of the respective debt and are recorded as a component of interest expense. Interest expense related to amortization of deferred financing costs was $0.8 million, $0.7 million, and $0.4 million for the years ended December 31, 2018, 2017, and 2016, respectively. Deferred financing costs are included in long-term debt in the Company's consolidated balance sheets.

9. INCOME TAXES

In connection with the Business Combination as disclosed in Note 1,*Nature of Business and Accounting Policies*, the partnership tax status was terminated on July 25, 2018. Under the former partnership status, Priority Holdings, LLC was a dual member limited liability company and as such its financial statements reflected no income tax provisions as a pass-through entity. As a result of the Business Combination, for income tax purposes Priority Holdings, LLC became a disregarded subsidiary of the Company, the successor entity to MI Acquisitions, Inc., whereby its operations became taxable. For all periods subsequent to the Business Combination, the income tax provision reflects the taxable status of the Company as a corporation. The initial net deferred tax asset from the Business Combination is the result of the difference between initial tax basis, generally substituted tax basis, and the reflective carrying amounts of the assets and liabilities for financial statement purposes. The net deferred tax asset as of July 25, 2018 was approximately $47.5 million, which was recorded and classified on the Company's consolidated balance sheet at December 31, 2018 in accordance with ASU 2015-17 and as an adjustment to Additional Paid-In Capital in the Company's consolidated statement of changes in stockholders' equity (deficit) for the year ended December 31, 2018. In addition, the Company's consolidated financial statements for the years ended December 31, 2018 and 2017 reflect unaudited pro-forma income tax disclosure amounts to illustrate the income tax effects had the Company been subject to federal and state income taxes for both full years.

Components of income tax (benefit) expense for the year ended December 31, 2018 was as follows:

(in thousands)	December 31, 2018
U.S. current income tax expense	
Federal	$ 29
State and local	418
Total current income tax expense	447
U.S. deferred income tax (benefit)	
Federal	(1,901)
State and local	(305)
Total deferred income tax (benefit)	(2,206)
Total income tax (benefit)	$ (1,759)

The Company's effective income tax rate was10.5% for the year ended December 31, 2018. This rate differs from the statutory federal rate of 21% primarily due to the partnership status of Priority Holdings, LLC. for periods prior to July 25, 2018. The following table provides a reconciliation of the income tax benefit at the statutory U.S. federal tax rate to actual income tax benefit for the year ended December 31, 2018:

(in thousands)	December 31, 2018
U.S. federal statutory (benefit)	$ (3,528)
Earnings as dual-member LLC	1,643
State and local income taxes, net	89
Excess tax benefits pursuant to ASU 2016-09	140
Valuation allowance changes	(66)
Nondeductible items	86
Tax credits	(123)
Income tax (benefit)	$ (1,759)

Deferred income taxes reflect the expected future tax consequences of temporary differences between the financial statement carrying amount of the Company's assets and liabilities, tax credits and their respective tax bases, and loss carry forwards. The significant components of deferred income taxes were as follows:

(in thousands)	December 31, 2018
Deferred Tax Assets:	
Accruals and reserves	$ 861
Intangible assets	53,383
Net operating loss carryforwards	796
Interest limitation carryforwards	2,638
Other	1,098
Gross deferred tax assets	58,776
Valuation allowance	(842)
Total deferred tax assets	57,934
Deferred Tax Liabilities:	
Prepaid assets	(632)
Investments in partnership	(3,896)
Property and equipment	(3,714)
Total deferred tax liabilities	(8,242)
Net deferred tax assets	$ 49,692

In accordance with the provisions of ASC 740, *Income Taxes* ("ASC 740"), the Company will provide a valuation allowance against deferred tax assets when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The assessment considers all available positive and negative evidence and is measured quarterly. As of December 31, 2018, the Company has recorded a valuation allowance of approximately $0.8 million against certain deferred income tax assets related to Business Combination costs that the Company believes are not more likely than not to be realized.

The Company recognizes the tax effects of uncertain tax positions only if such positions are more likely than not to be sustained based solely upon its technical merits at the reporting date. The Company refers to the difference between the tax benefit recognized in its financial statements and the tax benefit claimed in the income tax return as an "unrecognized tax benefit." As of December 31, 2018, the net amount of our unrecognized tax benefits was not material.

The Company is subject to U.S. federal income tax and income tax in multiple state jurisdictions. Tax periods for2015 and all years thereafter remain open to examination by the federal and state taxing jurisdictions and tax periods for 2014 and all years thereafter remain open for certain state taxing jurisdictions to which the Company is subject.

A change in MI Acquisitions' beneficial ownership occurred concurrent with the Business Combination and Recapitalization on July 25, 2018, which likely caused a stock ownership change for purposes of Section 382 of the Internal Revenue Code. However, this ownership change should have no material impact to the net operating losses ("NOLs") available as of this date. At December 31, 2018, the Company had federal NOL carryforwards of approximately $2.8 million which can offset future taxable income as follows: 1) approximately $2.5 million can offset 80% of future taxable income for an indefinite period of time and 2) approximately$0.2 million can offset 100% of future taxable income through expiration dates ranging from 2036 to 2038. Also at December 31, 2018, the Company had state NOL carryforwards of approximately $3.8 million with expirations dates ranging from 2019 to 2024.

On December 22, 2017, the Tax Cuts and Jobs Act ("Tax Act") was enacted. The Tax Act included a number of changes to existing U.S. tax laws. The most notable provisions of the Tax Act that impacted the Company included a reduction of the U.S. corporate

income tax rate from 35% to 21% and the limitations on interest deductibility, both effective January 1, 2018, as well as immediate expensing for certain assets placed into service after September 27, 2017. The Company did not experience any material impacts of the provisions of the Tax Act for the year ended December 31, 2018 other than the impact of the reduction of the U.S. corporate rate from 35% to 21% and the limitation on interest deductibility. As of December 31, 2018, the Company has completed the accounting for the income tax effects of all elements of the Tax Act in accordance with the SEC's Staff Accounting Bulletin No. 118.

The Company was affected by the new interest deductibility rule under the Tax Act. This rule disallows interest expense to the extent it exceeds 30% of adjusted taxable income, as defined. For the year ended December 31, 2018, the Company's interest deduction was limited to $11.7 million. The excess interest not deducted for the year ended December 31, 2018 can be carried forward indefinitely for use in future years.

10. COMMITMENTS AND CONTINGENCIES

Leases

The Company has various operating leases for office space and equipment. These leases range in terms from one to 16 years. Most of these leases are renewable at expiration, subject to terms acceptable to the lessors and the Company.

Future minimum lease commitments under non-cancelable operating leases with initial or remaining terms in excess of one year are as follows:

	(in thousands)
Due In	**Amount Due**
2019	$1,637
2020	1,353
2021	1,234
2022	1,258
2023	1,315
Thereafter	3,831
Total	$10,628

Total rent expenses for the years ended December 31, 2018, 2017, and 2016 was $1.9 million, $1.5 million, and $1.3 million, respectively, which is included in SG&A expenses in the Company's consolidated statements of operations.

Minimum Annual Commitments with Third-Party Processors

The Company has multi-year agreements with third parties to provide certain payment processing services to the Company. The Company pays processing fees under these agreements that are based on the volume and dollar amounts of processed payments transactions. Some of these agreements have minimum annual requirements for processing volumes. As of December 31, 2018, the Company is committed to pay minimum processing fees under these agreements of approximately $21.0 million over the next four years.

Legal Proceedings

During 2017, the Company settled a legal matter that resulted in a loss to the Company of $2.2 million, which was recorded within SG&A expenses in the Company's consolidated statement of operations for the year ended December 31, 2017.

During the fourth quarter of 2018, the Company settled a legal matter for $1.6 million, which is included in SG&A expenses in the Company's consolidated statement of operations for the year ended December 31, 2018.

The Company is involved in certain legal proceedings and claims which arise in the ordinary course of business. In the opinion of the Company and based on consultations with inside and outside counsel, the results of any of these matters, individually and in the aggregate, are not expected to have a material effect on the Company's results of operations, financial condition, or cash flows. As more information becomes available, and the Company determines that an unfavorable outcome is probable on a claim and that the amount of probable loss that the Company will incur on that claim is reasonably estimable, the Company will record an accrued expense for the claim in question. If and when the Company records such an accrual, it could be material and could adversely impact the Company's results of operations, financial condition, and cash flows.

Merchant Reserves

See Note 3, *Settlement Assets and Obligations*, for information about merchant reserves.

11. RELATED PARTY TRANSACTIONS

Management Services Agreement

During the years ended December 31, 2018, 2017, and 2016, Priority Holdings, LLC had a management services agreement with PSD Partners LP, which is owned by Mr. Thomas Priore, the Company's President, Chief Executive Officer and Chairman. The Company incurred total expenses of $1.1 million for the year ended December 31, 2018 and $0.8 million for each of the years ended December 31, 2017 and 2016 related to management service fees, annual bonus payout, and occupancy fees, which are recorded in SG&A expenses in the Company's consolidated statements of operations.

Call Right

The Company's President, Chief Executive Officer and Chairman was given the right to require any of the founders of MI Acquisitions to sell all or a portion of their Company securities at a call-right purchase price, payable in cash. The call right purchase price for common stock will be based on the greater of: 1) $10.30; 2) a preceding volume-weighted average closing price (as defined in the governing document); or 3) a subsequent volume-weighted average closing price (as defined in the governing document). The call right purchase price for warrants will be determined by the greater of: 1) a preceding volume-weighted average closing price (as defined in the governing document) of the called security or 2) a subsequent volume-weighted average closing price of the called security. For the Company, the call right does not constitute a financial instrument or derivative under GAAP since it does not represent an asset or obligation of the Company, however the Company discloses it as a related party matter.

12. STOCKHOLDERS' EQUITY (DEFICIT)

As disclosed in Note 1, *Nature of Business and Accounting Policies*, on July 25, 2018 the Company executed the Business Combination which was accounted for as a "reverse merger" between Priority Holdings, LLC and MI Acquisitions, resulting in the Recapitalization of the Company's equity. The combined entity was renamed Priority Technology Holdings, Inc.

Common and Preferred Stock

For periods prior to July 25, 2018, equity has been retroactively restated to reflect the number of shares received as a result of the Recapitalization.

The equity structure of the Company was as follows on December 31, 2018 and 2017:

(in thousands)	December 31, 2018		December 31, 2017	
	Authorized	Issued	Authorized	Issued
Common stock, par value $0.001	1,000,000	67,038	1,000,000	73,110
Preferred stock, par value $0.001	100,000	—	—	—

In connection with the Business Combination and Recapitalization, the following occurred:

- In exchange for the 4.6 million common units of Priority Holdings, LLC, 60.1 million shares of common stock were issued in a private placement that resulted in the Company receiving approximately $49.4 million. The 60.1 million shares exclude 0.5 million shares issued as partial consideration in two business acquisitions (see Note 2, *Business Combinations*) and includes 3.0 million shares issued in connection with the 2014 Management Incentive Plan (see Note 13, *Equity-Based Compensation*).
- Approximately 4.9 million shares of common stock were deemed to have been issued through share conversion in exchange for the publicly-traded shares of MI Acquisitions that originated from MI Acquisitions' 2016 IPO.
- $2.1 million was paid to MI Acquisitions' founding shareholders (the "MI Founders") in exchange for 421,107 units and 453,210 shares of common stock held by the MI Founders. Each unit consisted of one share and one warrant of MI Acquisitions.
- The MI Founders forfeited 174,863 shares of their common stock.

At December 31, 2018, the Company had 67,038,304 shares of common stock outstanding, of which: 1) 60,071,200 shares were issued in the Recapitalization through the private placement; 2) 874,317 shares were transferred to the sellers of Priority Holdings, LLC that were purchased from the MI Founders; 3) 4,918,138 shares were issued in MI Acquisitions' 2016 IPO; 4) 699,454 shares were issued to the MI Founders; and 5) 475,195 shares were issued as partial consideration for two business acquisitions. Certain holders of common stock from the private placement may be subject to holding period restrictions under applicable securities laws.

Except as otherwise required by law or as otherwise provided in any certificate of designation for any series of preferred stock, the holders of the Company's common stock possess all voting power for the election of members of the Company's board of directors and all other matters requiring stockholder action and will at all times vote together as one class on all matters submitted to a vote of the Company's stockholders. Holders of the Company's common stock are entitled to one vote per share on matters to be voted on by stockholders. Holders of the Company's common stock will be entitled to receive such dividends and other distributions, if any, as may be declared from time to time by the Company's board of directors in its discretion. Since the Business Combination and Recapitalization, the Company has neither declared nor paid dividends. The holders of the Company's common stock have no conversion, preemptive or other subscription rights and there is no sinking fund or redemption provisions applicable to the common stock.

The Company is authorized to issue 100,000,000 shares of preferred stock with such designations, voting and other rights and preferences as may be determined from time to time by the board of directors. As of December 31, 2018, the Company has not issued any shares of preferred stock.

Earn-Out Consideration

Subsequent to July 25, 2018, an additional 9.8 million shares of common stock may be issued as earn-out consideration to the sellers of Priority, or at their election, to members of Priority's management or other service providers, pursuant to the Company's Earn-Out Incentive Plan. For the first earn-out of up to 4.9 million shares of common stock, Consolidated Adjusted EBITDA (as defined in the Earn-Out Incentive Plan) of the Company must be no less than $82.5 million for the year ended December 31, 2018 and the Company's stock price must have traded in excess of $12.00 for any 20 trading days within any consecutive 30-day trading period at any time on or before December 31, 2019. For the second earn-out of up to 4.9 million shares of common stock, Consolidated Adjusted EBITDA of the Company must be no less than $91.5 million for the year ending December 31, 2019 and the Company's stock price must have traded in excess of $14.00 for any 20 trading days within any consecutive 30-day trading period at any time between January 1, 2019 and December 31, 2020. In the event that the first earn-out targets are not met, the

entire 9.8 million shares may be issued if the second earn-out targets are met. As of December 31, 2018, none of the 9.8 million shares have been earned. Any shares issued to management or directors under compensation plans are subject to the provisions of ASC 718, *Stock Compensation.* See Note 13, *Equity-Based Compensation Plans*.

Warrants issued by MI Acquisitions

Prior to July 25, 2018, MI Acquisitions issued warrants that allow the holders to purchase up to 5,731,216 shares of the Company's common stock at an exercise price of $11.50 per share, subject to certain adjustments (5,310,109 of these warrants are designated as "public warrants" and 421,107 are designated as "private warrants"). The warrants may only be exercised during the period commencing on the later to occur of (i) 30 days following the completion of the MI Acquisitions' initial business combination and (ii) 12 months following the closing of MI Acquisitions' IPO, and terminating on the earlier to occur of (i) five years following the date the warrants became exercisable, and (ii) the date fixed for redemption upon the Company electing to redeem the warrants. The Company has the option to redeem all (and not less than all) of the outstanding public warrants at any time from and after the warrants become exercisable, and prior to their expiration, at the price of $0.01 per warrant; provided that the last sales price of the Company's common stock has been equal to or greater than $16.00 per share (subject to adjustment for splits, dividends, recapitalizations and other similar events), for any 20 trading days within a 30 trading day period ending on the third business day prior to the date on which notice of redemption is given and provided further that (i) there is a current registration statement in effect with respect to the shares of common stock underlying the public warrants for each day in the 30-day trading period and continuing each day thereafter until the redemption date or (ii) the cashless exercise is exempt from the registration requirements under the Securities Act of 1933, as amended. The warrants are classified as equity, and therefore, subsequent changes in the fair value of the warrants will not be recognized in earnings.

The outstanding purchase option that was sold to the underwriters (in addition to the warrants discussed above) for an aggregate purchase price of $100, allows the holders to purchase up to a total of 300,000 units (each consisting of a share of common stock and a public warrant) exercisable at $12.00 per unit commencing on the later of the consummation of a business combination and six months from September 13, 2016 (the "Purchase Option"). The Purchase Option expires five years from September 13, 2016. The units issuable upon exercise of the Purchase Option are identical to the units offered in MI Acquisitions' IPO. The Purchase Option is classified as equity in the accompanying consolidated balance sheets.

In August 2018, the Company was informed by Nasdaq that it intended to delist the Company's outstanding warrants and units due to an insufficient number of round lot holders for the public warrants. The Company subsequently filed a Registration Statement on Form S-4 with the SEC for the purpose of offering holders of the Company's outstanding 5,310,109 public warrants and 421,107 private warrants the opportunity to exchange each warrant for 0.192 shares of the Company's common stock. The exchange offer expired in February 2019 resulting in a total of 2,174,746 warrants being tendered in exchange for 417,538 shares of the Company's common stock plus cash in lieu of fractional shares. Nasdaq proceeded to delist the remaining outstanding warrants and units, which were comprised of one share of common stock and one warrant, from The Nasdaq Global Market at the open of business on March 6, 2019. The delisting of the remaining outstanding warrants and units had no impact on the Company's financial statements.

Business Combination and Recapitalization Costs

In connection with the Business Combination and Recapitalization, the Company incurred $13.3 million in fees and expenses, of which $9.7 million of recapitalization costs were charged to Additional Paid in Capital since these costs were less than the cash received in conjunction with the Recapitalization costs and were directly related to the issuance of equity for the Recapitalization. These costs are presented as Recapitalization costs in the accompanying consolidated statements of changes in stockholders' equity (deficit). The remaining $3.6 million of expenses were related to the Business Combination and are presented in SG&A expenses in the accompanying consolidated statements of operations.

Authorization to Repurchase Shares of Common Stock

On December 19, 2018, the Company's Board of Directors authorized a stock repurchase program. Under the program, the Company may purchase up to $5.0 million of its outstanding common stock from time to time through June 30, 2019. As of March 22, 2019, the Company has not repurchased any of its common stock pursuant to the repurchase plan.

Equity Events for Priority Holdings, LLC that Occurred Prior to July 25, 2018 (date of Business Combination)

On January 3, 2017, Priority used the proceeds from the 2017 debt refinancing (see Note 8, *Long-Term Debt and Warrant Liability*) to redeem 4,681,590 Class A common units for $200.0 million (the "Redemption"). Concurrent with the Redemption, (i) Priority and its members entered into an amended and restated operating agreement that eliminated the Class A preferred units and the Class C common units and (ii) the Plan of Merger, dated as of May 21, 2014 between Priority Payment Systems Holdings, LLC and Pipeline Cynergy Holdings, LLC was terminated which resulted in the cancellation of related contingent consideration due to holders of Class A preferred units.

On January 31, 2017, Priority entered into a redemption agreement with one of its minority unit holders to redeem their former Class A common membership units for a total redemption price of $12.2 million. Priority accounted for the Common Unit Repurchase Obligation as a liability because it was required to redeem these former Class A common units for cash. The liability was recorded at fair value at the date of the redemption agreement, which was equal to the redemption value. Under this agreement, Priority redeemed $3.0 million of 69,450 former Class A common units in April 2017. As of December 31, 2017, the Common Unit Repurchase Obligation had a redemption value of $9.2 million.

The remaining $9.2 million was redeemed through the January 17, 2018 redemption of 115,751 former Class A common units for $5.0 million and the February 23, 2018 redemption of 96,999 former Class A common units for $4.2 million.

In addition to the aforementioned redemptions, Priority redeemed 295,834 former Class A common units for $25.9 million on January 17, 2018 and 445,410 former Class A common units for $39.0 million on January 19, 2018. As a result of the aforementioned redemptions, Priority was 100% owned by Priority Investment Holdings, LLC and Priority Incentive Equity Holdings, LLC until July 25, 2018.

The former Class A common units redeemed in January and February 2018 were then canceled by Priority. The redemption transactions and the amended and restated operating agreement resulted in one unit holder gaining control and becoming the majority unit holder of the Company. These changes in the equity structure of Priority were recorded as capital transactions.

At December 31, 2017, Priority had 5,249 voting former Class A common stock authorized and issued, and 335 and 302 non-voting former Class B common stock authorized and issued, respectively.

Prior to the Business Combination, Priority recorded distributions of $7.1 million, $3.4 million, and $10.0 million to its members during the years ended December 31, 2018, 2017 and 2016, respectively.

13. EQUITY-BASED COMPENSATION PLANS

The Company has three active equity-based compensation plans: 2018 Equity Incentive Plan; Earnout Incentive Plan; and 2014 Management Incentive Plan. Total equity-based compensation expense was approximately $1.6 million, $1.0 million, and $2.3 million for the years ended December 31, 2018, 2017, and 2016, respectively, which is included in Salary and employee benefits in the accompanying consolidated statements of operations. Beginning in 2018, the Company elected to recognize the effects of forfeitures on compensation expense as the forfeitures occur for all plans.

2018 Equity Incentive Plan

The 2018 Equity Incentive Plan ("2018 Plan") was approved by the Company's board of directors and shareholders in July 2018. The 2018 Plan provides for the issuance of up to 6,703,830 of the Company's common stock. Under the 2018 Plan, the Company's compensation committee may grant awards of non-qualified stock options, incentive stock options, stock appreciation rights ("SARs"), restricted stock awards ("RSU"), restricted stock units, other stock-based awards (including cash bonus awards) or any combination of the foregoing. Any current or prospective employees, officers, consultants or advisors that the Company's compensation committee (or, in the case of non-employee directors, the Company's board of directors) selects, from time to time, are eligible to receive awards under the 2018 Plan. If any award granted under the 2018 Plan expires, terminates, or is canceled or forfeited without being settled or exercised, or if a SAR is settled in cash or otherwise without the issuance of shares, shares of the Company's common stock subject to such award will again be made available for future grants. In addition, if any shares are

surrendered or tendered to pay the exercise price of an award or to satisfy withholding taxes owed, such shares will again be available for grants under the 2018 Plan.

A summary of the cumulative activity for the 2018 Plan is provided in the following table:

6,703,830	Common stock authorized for the plan in July 2018
(2,098,792)	Stock options granted in December 2018
7,558	Stock options grants forfeited in 2018
(202,200)	RSU grants in 2018
4,410,396	Common stock available for issuance under the plan at December 31, 2018

Stock Options

In December 2018, the Company issued stock option grants to substantially all of the Company's employees excluding the Company's executive officers. The stock options vest as follows: 50% on July 27, 2019; 25% on July 27, 2020; and 25% on July 27, 2021. If a participate terminates employment with the Company, vested options may be exercised for a short period of time while unvested options are forfeited. However, in any event, a stock option will expire ten years from date of grant.

Details about the time-based stock options issued under the plan are as follows:

	Options for number of shares	Weighted-average exercise price	Weighted-average remaining contractual terms	Aggregate intrinsic value *(in thousands)*
Outstanding, January 1, 2018	—	—		
Granted in 2018	2,098,792	$ 6.95		
Exercised in 2018	—	—		
Forfeited in 2018	(7,558)	$ 6.95		
Expired in 2018	—	—		
Outstanding, December 31, 2018	2,091,234	$ 6.95	9.9 years	$ 2,196
Vested and Expected to Vest	2,091,234	$ 6.95	9.9 years	$ 2,196
Exercisable at December 31, 2018	—	—		—

No stock options have become vested as of December 31, 2018. For the year ended December 31, 2018, compensation expense of $0.2 million was recognized for these stock option grants. As of December 31, 2018, there was $4.0 million of unrecognized compensation cost related to stock options, which is expected to be recognized over a remaining weighted-average period of 1.3 years.

The table below presents the assumptions used to calculate the fair value of the stock options issued during 2018:

Expected volatility	30%
Risk-free interest rate	2.4%
Expected term (years)	4.3
Dividend yield	—%
Exercise price	$6.95

Restricted Stock Units - Service Based

During December 2018, the Company issued 107,143 RSUs with a grant-date fair value of $7.00 each and a total grant-date fair value of approximately $0.8 million. These RSUs have service-based vesting with 50% vesting in each of the years 2019 and 2020. At December 31, 2018, unrecognized compensation of approximately $0.7 million is expected to be recognized over remaining weighted-average period of approximately 1.4 years. Compensation expense for the year ended December 31, 2018 was not material.

Restricted Stock Units - Performance Based with Market Condition

During the third quarter of 2018, the Company issued 95,057 RSUs with a fair value of $10.52 each. In addition to the service vesting requirements, these RSUs vest only if certain performance metrics are achieved separately for 2018 and 2019. The performance metrics were not achieved for 2018 and it is not probable that the 2019 performance metrics will be achieved, thus no compensation expense has been recognized for the year ended December 31, 2018 for these RSUs. At the end of each subsequent reporting period, the Company will evaluate the probability of achievement for the performance metrics and adjust cumulative recognized compensation expense accordingly if the service requirements are also expected to be achieved.

Earnout Incentive Plan

The Company's Earnout Incentive Plan (the "EIP") was approved by the Company's board of directors and shareholders in July 2018. See Note 12, *Stockholders' Equity (Deficit),* for information about the EIP and the potential to issue up to 9.8 million additional shares of the Company's common stock. Awards issued under the EIP vest upon achievement of performance metrics and a market metric.

During the third quarter of 2018, the Company issued 95,057 RSUs under the EIP with a fair value of $10.52 each (these were in addition to the 95,057 RSUs issued under the 2018 Plan, as previously noted above). At December 31, 2018, it is not probable that the performance metrics will be achieved, thus no compensation expense has been recognized for these RSUs for the year ended December 31, 2018. At the end of each subsequent reporting period, the Company will evaluate the probability of achievement for the performance metrics and adjust cumulative recognized compensation expense accordingly. Under GAAP, the market metric only impacts the fair value of the RSUs, not the requirement to recognize compensation expense if the performance metrics are achieved or probable of being achieved.

As of December 31, 2018, up to 9,704,943 additional grants may be issued under the EIP.

2014 Management Incentive Plan

The Priority Holdings Management Incentive Plan (the "MIP") was established in 2014 to issue equity-based compensation awards to selected employees. Simultaneously with the Business Combination and Recapitalization (see Note 12, *Stockholders' Equity (Deficit)*), the fair value of the outstanding equity awards under the MIP were exchanged for approximately 3.0 million shares of common stock of Priority Technology Holdings, Inc. having approximately the same fair value. As such, this exchange was not deemed to be a modification for accounting purposes. The Company continues to recognize compensation expense under the original vesting schedule for the MIP grants whereby each participant's awards vested at either 40% or 20% on September 21, 2016 and then continue to vest over various time periods with all vesting to be completed by May 2021.

Compensation expense under the MIP was approximately $1.5 million, $1.0 million, and $2.3 million for 2018, 2017, and 2016, respectively. At December 31, 2018, there was approximately $0.7 million of unrecognized compensation that is expected to be recognized by the Company as follows: $0.5 million in 2019; $0.1 million in 2020; and $0.1 million in 2021.

14. EMPLOYEE BENEFIT PLANS

The Company sponsors a 401(k) defined contribution savings plan that covers substantially all of its eligible employees. Under the plan, the Company contributes safe-harbor matching contributions to eligible plan participants on an annual basis. The Company may also contribute additional discretionary amounts to plan participants. Company contributions to the plan were $0.9 million, $1.0 million, and $0.8 million for the years ended December 31, 2018, 2017, and 2016, respectively.

The Company offers a comprehensive medical benefits plan to eligible employees. All obligations under the plan are fully insured through third-party insurance companies. Employees participating in the medical plan pay a portion of the costs for the insurance benefits.

15. FAIR VALUE

Fair Value Measurements

The following is a description of the valuation methodology used for the GS warrant and contingent consideration which are recorded and remeasured at fair value at the end of each reporting period.

Goldman Sachs Warrant

The GS warrant was classified as level 3 in the fair value hierarchy. Historically, the fair value of the GS warrant was estimated based on the fair value of Priority Holdings, LLC using a weighted-average of values derived from generally accepted valuation techniques, including market approaches, which consider the guideline public company method, the guideline transaction method, the recent funding method, and an income approach, which considers discounted cash flows. Priority Holdings, LLC adjusted the carrying value of the warrant to fair value as determined by the valuation model and recognized the change in fair value as an increase or decrease in interest and other expense. On July 25, 2018, the GS warrant was redeemed in exchange for $12.7 million cash, which resulted in a gain of$0.1 million, as the value of the GS warrant immediately prior to the cancellation was $12.8 million. See Note 8, *Long-Term Debt and Warrant Liability*. The warrant is no longer outstanding as of December 31, 2018 and had a fair value of $8.7 million as of December 31, 2017.

Contingent Consideration

Business Combinations

The estimated fair values of contingent consideration related to the PPS Tech and PPS Northeast business acquisitions (see Note 2,*Business Combinations*) were based on a weighted payout probability at the measurement date, which falls within Level 3 on the fair value hierarchy. Both of these acquisitions occurred during the third quarter of 2018, and at December 31, 2018, the total fair value of the contingent consideration for both acquisitions was approximately $1.0 million, which was not materially different than the fair values on their original measurement dates.

Former Preferred A Units Earnout

A preferred equity earnout plan resulted from the 2014 merger between Priority Payment Systems Holdings, LLC and Pipeline Cynergy Holdings, LLC. A level 3 valuation model was used to estimate the fair value of the earnout consideration. Changes in fair value were reflected in earnings for each reporting period prior to the 2017 expiration of the earnout arrangement.

The following table shows a reconciliation of the beginning and ending balances for liabilities measured at fair value on a recurring basis using significant unobservable inputs that are classified as Level 3 in the fair value hierarchy for the years ended December 31, 2018, 2017, and 2016:

(in thousands)	Warrant Liability	Contingent Consideration
Balance at January 1, 2016	$ 3,149	$ 6,887
Adjustment to fair value included in earnings	1,204	(2,665)
Balance at December 31, 2016	4,353	4,222
Extinguishment of GS 1.0% warrant liability (Note 8)	(4,353)	—
GS 1.8% warrant liability (Note 8)	4,503	—
Release and adjustment of contingent consideration (Note 12)	—	(4,222)
Adjustment to fair value included in earnings	4,198	—
Balance at December 31, 2017	**8,701**	**—**
Extinguishment of GS 1.8% warrant liability (Note 8)	(8,701)	—
GS 2.2% warrant liability (Note 8)	12,182	—
Adjustment to fair value included in earnings	591	—
Extinguishment of GS 2.2% warrant liability (Note 8)	(12,701)	—
Change in fair value of warrant liability	(72)	—
Earnout liabilities arising from business combinations (Note 2)	—	980
Balance at December 31, 2018	**$ —**	**$ 980**

There were no transfers among the fair value levels during the years ended December 31, 2018, 2017, and 2016.

Fair Value of Debt

The Company's outstanding debt obligations (see Note 8, *Long-term Debt and Warrant Liability*) are reflected in the consolidated balance sheets at carrying value since the Company did not elect to remeasure its debt obligations to fair value at the end of each reporting period. The carrying values of the Company's long-term debt approximate fair value due to mechanisms in the credit agreements that adjust the applicable interest rates.

16. SEGMENT INFORMATION

The Company has two reportable segments that are reviewed by the Company's chief operating decision maker ("CODM"), who is the Company's President, Chief Executive Officer and Chairman. The Consumer Payments operating segment is one reportable segment. The Commercial Payments, Institutional Services, and Integrated Partners operating segments are aggregated into one reportable segment, Commercial Payments and Managed Services.

- *Consumer Payments* – represents consumer-related services and offerings including merchant acquiring and transaction processing services including the proprietary MX enterprise suite. Either through acquisition of merchant portfolios or through resellers, the Company becomes a party or enters into contracts with a merchant and a sponsor bank. Pursuant to the contracts, for each card transaction, the sponsor bank collects payment from the credit, debit or other payment card issuing bank, net of interchange fees due to the issuing bank, pays credit card association (e.g., Visa, MasterCard) assessments and pays the transaction fee due to the Company for the suite of processing and related services it provides to merchants, with the remainder going to the merchant.

- *Commercial Payments and Managed Services* – represents services provided to certain enterprise customers, including outsourced sales force to those customers and accounts payable automation services to commercial customers. Additional payment and payment adjacent services are provided to the health care and residential real estate industries.

Corporate includes costs of corporate functions and shared services not allocated to our reportable segments. For the year ended December 31, 2018, the Company adjusted its methodology of allocating certain corporate overhead costs to its reportable segments. All prior periods presented have been adjusted to reflect the current allocation methodology.

Information on segments and reconciliations to consolidated revenues, consolidated income (loss) from operations, and consolidated depreciation and amortization are as follows for the years presented:

(in thousands)	Years Ended December 31,		
	2018	**2017**	**2016**
Revenues:			
Consumer Payments	$ 394,986	$ 400,320	$ 322,666
Commercial Payments and Managed Services	29,429	25,299	21,448
Consolidated revenues	$ 424,415	$ 425,619	$ 344,114
Income (loss) from operations:			
Consumer Payments	$ 50,528	$ 55,473	$ 37,772
Commercial Payments and Managed Services	(2,921)	972	1,861
Corporate	(27,688)	(21,196)	(13,793)
Consolidated income from operations	$ 19,919	$ 35,249	$ 25,840
Depreciation and amortization:			
Consumer Payments	$ 17,945	$ 13,336	$ 13,706
Commercial Payments and Managed Services	702	451	401
Corporate	1,093	887	626
Consolidated depreciation and amortization	$ 19,740	$ 14,674	$ 14,733

A reconciliation of total income from operations of reportable segments to the Company's net (loss) income is provided in the following table:

(in thousands)	Years Ended December 31,		
	2018	**2017**	**2016**
Total income from operations of reportable segments	47,607	56,445	$ 39,633
Less Corporate	(27,688)	(21,196)	(13,793)
Less interest expense	(29,935)	(25,058)	(4,777)
Less other, net	(6,784)	(5,597)	(877)
Income tax benefit	(1,759)	—	—
Net (loss) income	$ (15,041)	$ 4,594	$ 20,186

The Company is not significantly reliant upon any single customer for the years ended December 31, 2018, 2017, or 2016. Substantially all revenues are generated in the United States.

Total assets, all located in the United States, by reportable segment reconciled to consolidated assets as of December 31, 2018 and 2017 were as follows:

(in thousands)	As of December 31,	
	2018	2017
Consumer Payments	$ 267,111	$ 216,345
Commercial Payments and Managed Services	71,756	50,362
Corporate	49,751	—
Total consolidated assets	$ 388,618	$ 266,707

Assets in Corporate at December 31, 2018 primarily represent net deferred income tax assets of $49.7 million. The Company had no material tax assets at December 31, 2017 due to its former status as a pass-through entity for income tax purposes. Substantially all assets related to business operations are assigned to one of the Company's two reportable segments even though some of those assets result in Corporate expenses.

17. (LOSS) EARNINGS PER SHARE

As a result of the Recapitalization, the Company has retrospectively adjusted the weighted-average Class A units outstanding prior to July 25, 2018 by multiplying them by the exchange ratio used to determine the number of Class A common stock into which they converted.

The following tables set forth the computation of the Company's (loss) earnings per share:

(in thousands except per share amounts)	Years Ended December 31,		
	2018	2017	2016
Numerator:			
Net (loss) income	$ (15,041)	$ 4,594	$ 20,186
Less: Income allocated to participating securities	(45)	(236)	(101)
Net (loss) income available to common stockholders	$ (15,086)	$ 4,358	$ 20,085
Denominator:			
Weighted-average common shares outstanding - basic and diluted	61,607	67,144	131,706
Basic and diluted (loss) earnings per share	$ (0.24)	$ 0.06	$ 0.15

Anti-dilutive securities that were excluded from EPS that could potentially be dilutive in future periods are as follows:

(in thousands)	Years Ended December 31,		
	2018	2017	2016
Stock options	2,091	—	—
Restricted stock awards	202	—	—
Earnout incentive awards	95	—	—
Warrants on common stock (see Note 12, Stockholders' Equity (Deficit))	5,731	3,402	7,202

18. SELECTED QUARTERLY FINANCIAL RESULTS (UNAUDITED)

The following tables show a summary of the Company's quarterly financial information for each of the four quarters of 2018 and 2017:

(in thousands, except per share amounts)	2018				
	1Q	2Q	3Q	4Q	Year
Revenues	$ 115,596	$ 104,762	$ 103,591	$ 100,466	$ 424,415
Operating expenses	107,718	101,557	100,031	95,190	404,496
Income from operations	7,878	3,205	3,560	5,276	19,919
Interest expense	(6,929)	(7,630)	(7,334)	(8,042)	(29,935)
Other, net	(4,126)	(1,203)	221	(1,676)	(6,784)
Income tax benefit	—	—	(991)	(768)	(1,759)
Net loss	$ (3,177)	$ (5,628)	$ (2,562)	$ (3,674)	$ (15,041)
Basic and diluted (loss) per common share (1)	$ (0.06)	$ (0.10)	$ (0.04)	$ (0.05)	$ (0.24)

(in thousands, except per share amounts)	2017				
	1Q	2Q	3Q	4Q	Year
Revenues	$ 93,092	$ 101,611	$ 110,946	$ 119,970	$ 425,619
Operating expenses	86,528	93,341	101,480	109,021	390,370
Income from operations	6,564	8,270	9,466	10,949	35,249
Interest expense	(7,570)	(4,612)	(6,418)	(6,458)	(25,058)
Other, net	(215)	(1,976)	(790)	(2,616)	(5,597)
Net (loss) income	$ (1,221)	$ 1,682	$ 2,258	$ 1,875	$ 4,594
Basic and diluted (loss) per common share (1)	$ (0.02)	$ 0.02	$ 0.03	$ 0.03	$ 0.06

(1) May not be additive to the net income (loss) per common share amounts for the year due to the calculation provision of ASC 260, *Earnings Per Share.*

19. SUBSEQUENT EVENTS

Acquisitions from Related Party

In February 2019, a subsidiary of the Company, Priority Hospitality Technology, LLC ("PHT"), acquired substantially all of the operating assets and assumed certain liabilities of eTab, LLC ("eTab") and CUMULUS POS, LLC ("Cumulus") under asset contribution agreements. Prior to these transactions, eTab was 80% owned by the Company's President, Chief Executive Officer and Chairman. No cash consideration was paid to the sellers of eTab or Cumulus at acquisition. As consideration for these acquired net assets, the sellers were issued preferred equity interests in PHT. Under these preferred equity interests, the sellers are eligible to receive up to $4.5 million of profits earned by PHT, plus a preferred yield on any of the $4.5 million amount that has not been distributed to them. The Company's President, Chief Executive Officer and Chairman owns 80% of the preferred equity interests in PHT. Once a total of $4.5 million plus the preferred yield has been distributed to the holders of the preferred equity interests,

the preferred equity interests will cease to exist. The Company will recognize the fair value of the net assets acquired since the consideration was of a non-cash nature. At this time, the Company is finalizing the estimated fair values of the net assets acquired.

See Note 12, *Stockholders' Equity (Deficit)*, for information about subsequent events pertaining to certain warrants to purchase shares of common stock of the Company and units, consisting of one share of common stock and one warrant, of the Company.

Asset Acquisition

On March 22, 2019, the Company, through one of its subsidiaries, acquired certain assets and assumed certain related liabilities (the "net assets") from YapStone, Inc. ("YapStone") under an asset purchase and contribution agreement. The purchase price for the net assets was $65.0 million in cash and a 6.142% non-controlling interest in the Company's subsidiary that purchased the net assets of YapStone. The $65.0 million was funded from a draw down of the Senior Credit Facility on a delayed basis as provided for and pursuant to the third amendment thereto executed in December 2018. See Note 8, *Long-Term Debt and Warrant Liability.*

Residual Portfolio Asset Acquisition

On March 15, 2019, a subsidiary of the Company paid$15.2 million cash to acquire certain residual portfolio rights. Of the $15.2 million, $5.0 million was funded from a delayed draw down of the Senior Credit Facility as provided for and pursuant to the third amendment thereto executed in December 2018. See Note 8, *Long-Term Debt and Warrant Liability*. Additionally, a $10.0 million draw was made against the revolving credit facility under the Senior Credit Facility and cash on hand was used to fund the remaining amount. The purchase price may be subject to an increase of up to $6.4 million in accordance with the terms of the agreement between the Company and the sellers.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

N/A

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Our management, including our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 10-K. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this Annual Report on Form 10-K, our disclosure controls and procedures were not effective at a reasonable assurance level because of the material weaknesses in internal control over financial reporting described below, which are in the process of being remediated.

Management necessarily applies its judgment in assessing the costs and benefits of such controls and procedures, which, by their nature, can provide only reasonable assurance regarding management's control objectives. The Company's management, including the Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures can prevent all possible errors or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. There are inherent limitations in all control systems, including the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of one or more persons. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and, while our disclosure controls and procedures are designed to be effective under circumstances where they should reasonably be expected to operate effectively, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of the inherent limitations in any control system, misstatements due to possible errors or fraud may occur and not be detected.

Management's Report on Internal Controls Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting. As discussed elsewhere in this Annual Report on Form 10-K, we completed the Business Combination on July 25, 2018. Prior to the Business Combination, Priority was a privately held company and therefore its controls were not required to be designed or maintained in accordance with Exchange Act Rule 13a-15. The design of public company internal controls over financial reporting for the Company following the Business Combination has required and will continue to require significant time and resources from our management and other personnel. Furthermore, M I Acquisitions, the legal acquirer in the Business Combination, was a non-operating public shell company prior to the Business Combination and, as such the internal controls of M I Acquisitions no longer exists as of the assessment date. As a result, management was unable, without incurring unreasonable effort or expense, to conduct an assessment of our internal control over financial reporting as of December 31, 2018. Therefore, we are excluding management's report on internal control over financial reporting pursuant to Question 215.02 of the SEC's Compliance and Disclosure Interpretations. In the future, management's assessment of our internal control over financial reporting will include an evaluation of such elements as the design and operating effectiveness of key financial reporting controls, process documentation, accounting policies and our overall control environment.

This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm, because as an "emerging growth company" under the JOBS Act our independent registered public accounting firm is not required to issue such an attestation report.

Changes in Internal Control over Financial Reporting

As of December 31, 2018, we have identified material weaknesses in internal control over financial reporting related to (1) lack of sufficient accounting and financial reporting resources and (2) deficiencies in certain aspects of our financial statement review and close processes. In order to begin to remediate the material weaknesses described above, during the year ended December 31, 2018, we undertook or were engaged in the following measures or activities to address the material weaknesses in internal control over financial reporting:

- recruiting and hiring additional qualified accounting and financial reporting personnel;
- retaining outside consultants to assist us in the preparation of our financial statements and SEC disclosures; and
- implementing additional policies and procedures to enhance internal control and provide timely reconciliation and review of our accounting policies and procedures.

As we continue to evaluate and improve our internal control over financial reporting, additional measures to remediate the material weaknesses or modifications to certain of the remediation procedures described above may be necessary, including related improvements to the architecture of our accounting and financial reporting systems.

Management is committed to improving our internal control processes and intends to meet with our Audit Committee on a regular basis to monitor the status of remediation activities. Management believes that the measures described above should remediate the material weakness identified and strengthen our internal control over financial reporting.

Except as set forth above, we have identified no changes in our internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

N/A

PART III.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information called for by Item 10 is incorporated herein by reference to the definitive proxy statement relating to the Company's 2019 Annual Meeting of Stockholders. We intend to file such definitive proxy statement with the SEC pursuant to Regulation 14A within 120 days of the end of the fiscal year covered by this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information called for by Item 11 is incorporated herein by reference to the definitive proxy statement referenced above in Item 10.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information called for by Item 12 is incorporated herein by reference to the definitive proxy statement referenced above in Item 10.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information called for by Item 13 is incorporated herein by reference to the definitive proxy statement referenced above in Item 10.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information called for by Item 14 is incorporated herein by reference to the definitive proxy statement referenced above in Item 10.

PART IV.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) (1) Our consolidated financial statements listed below are set forth in "Item 8 - Financial Statements and Supplementary Data" of this Annual Report on Form 10-K:

(2) Financial Statement Schedules
N/A

(b) Exhibits

Exhibit	Description
2.1	Second Amended and Restated Contribution Agreement, dated as of April 17, 2018, by and among Priority Investment Holdings, Priority Incentive Equity Holdings, LLC and M I Acquisitions, Inc. (incorporated by reference to Annex A to the Company's Proxy Statement on Schedule 14(a), filed July 5, 2018).
2.2	Purchase Agreement, dated as of February 26, 2018 by and among Priority Holdings, LLC, M SPAC LLC, M SPAC Holdings I LLC, M SPAC Holdings II LLC, and M I Acquisitions, Inc. (incorporated by reference to Annex B to the Company's Proxy Statement on Schedule 14(a), filed July 5, 2018).
3.1	Second Amended and Restated Certificate of Incorporation of Priority Technology Holdings, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed July 31, 2018).
3.2	Amended and Restated Bylaws of Priority Technology Holdings, Inc. (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K, filed July 31, 2018).
4.1	Specimen Unit Certificate (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-1, filed July 26, 2016).
4.2	Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.2 to the Registration Statement on Form S-1, filed July 26, 2016).
4.3	Specimen Warrant Certificate (incorporated by reference to Exhibit 4.3 to the Registration Statement on Form S-1, filed July 26, 2016).
4.4	Warrant Agreement, dated September 13, 2016, by and between American Stock Transfer & Trust Company, LLC and the Registrant (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K, filed September 16, 2016).
10.1	Registration Rights Agreement dated as of July 25, 2018 by and among M I Acquisitions, Inc. and the other parties thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed July 31, 2018).
10.2 †	Priority Technology Holdings, Inc. 2018 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed July 31, 2018).
10.3 †	Priority Technology Holdings, Inc. Earnout Incentive Plan (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed July 31, 2018).

10.4	Credit and Guaranty Agreement, dated as of January 3, 2017 by and among Pipeline Cynergy Holdings, LLC, Priority Institutional Partner Services, LLC, Priority Payment Systems Holdings LLC, Priority Holdings, LLC, the Credit Parties, the Lenders and SunTrust Bank (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K, filed July 31, 2018).
10.4.1	First Amendment to the Credit and Guaranty Agreement, dated as of November 14, 2017 by and among Pipeline Cynergy Holdings, LLC, Priority Institutional Partner Services, LLC, Priority Payment Systems Holdings LLC, Priority Holdings, LLC, the other Guarantors, the Lenders and SunTrust Bank (incorporated by reference to Exhibit 10.4.1 to the Company's Current Report on Form 8-K, filed July 31, 2018).
10.4.2	Second Amendment to the Credit and Guaranty Agreement, dated as of January 11, 2018 by and among Pipeline Cynergy Holdings, LLC, Priority Institutional Partner Services, LLC, Priority Payment Systems Holdings LLC, Priority Holdings, LLC, the other Guarantors, each 2018 Converting Lender, each new 2018 Refinancing Term Lender, each 2018 Incremental Term Loan Lenders, each Revolving Credit Lender and SunTrust Bank (incorporated by reference to Exhibit 10.4.2 to the Company's Current Report on Form 8-K, filed July 31, 2018).
10.4.3	Third Amendment to the Credit and Guaranty Agreement, dated as of December 24, 2018 by and among Pipeline Cynergy Holdings, LLC, Priority Institutional Partner Services, LLC, Priority Payment Systems Holdings LLC, Priority Holdings, LLC, the other Guarantors, each 2018-2 Incremental Term Loan Lender, each Delayed Draw Term Loan Lender, other Lender party thereto and SunTrust Bank (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed December 26, 2018).
10.5	Credit and Guaranty Agreement, dated as of January 3, 2017, by and among Priority Holdings, LLC, the Credit Parties, the Lenders and Goldman Sachs Specialty Lending Group, L.P. (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K, filed July 31, 2018).
10.5.1	First Amendment to the Credit and Guaranty Agreement, dated as of November 14, 2017, by and among Priority Holdings LLC, the Guarantors, the Lenders and Goldman Sachs Specialty Group, L.P. (incorporated by reference to Exhibit 10.5.1 to the Company's Current Report on Form 8-K, filed July 31, 2018).
10.5.2	Consent and Second Amendment to the Credit and Guaranty Agreement, dated as of January 11, 2018, by and among Priority Holdings LLC, the Guarantors, the Lenders and Goldman Sachs Specialty Group, L.P. (incorporated by reference to Exhibit 10.5.2 to the Company's Current Report on Form 8-K, filed July 31, 2018).
10.5.3	Consent and Third Amendment to the Credit and Guaranty Agreement, dated as of December 24, 2018 by and among Priority Holdings LLC, the Guarantors, the Lenders and Goldman Sachs Specialty Group, L.P. (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed December 26, 2018).
10.6 †	Director Agreement by and among Priority Holdings LLC, Pipeline Cynergy Holdings, LLC, Priority Payment Systems Holdings, LLC and Thomas C. Priore, dated May 21, 2014 (incorporated by reference to Exhibit 10.6 to the Company's Registration Statement on Form S-4/A, filed December 26, 2018).
10.7 †	Amendment No. 1 to Director Agreement by and among Priority Holdings LLC, Pipeline Cynergy Holdings, LLC, Priority Payment Systems Holdings, LLC and Thomas C. Priore, dated April 19, 2018 (incorporated by reference to Exhibit 10.7 to the Company's Registration Statement on Form S-4/A, filed December 26, 2018).
10.8 †	Executive Employment Agreement between Priority Payment Systems Holdings LLC, Pipeline Cynergy Holdings, LLC, Priority Holdings, LLC and John V. Priore, dated May 21, 2014 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed December 26, 2018).
10.9 †	Amendment to Executive Employment Agreement between Priority Payment Systems Holdings LLC, Pipeline Cynergy Holdings, LLC, Priority Holdings, LLC and John V. Priore, dated November 13, 2018 (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed December 26, 2018).
10.10 †	Director Agreement by and among Priority Technology Holdings, Inc. and John V. Priore, dated December 1, 2018 (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K, filed December 26, 2018).
10.11 †	Employment Agreement between Priority Payment Systems Holdings LLC, Pipeline Cynergy Holdings, LLC, Priority Holdings, LLC and Afshin Yazdian, dated May 21, 2014 (incorporated by reference to Exhibit 10.11 to the Company's Registration Statement on Form S-4/A, filed December 26, 2018).
10.12 †	Executive Employment Agreement between Priority Technology Holdings, Inc. and Michael Vollkommer, dated December 20, 2018 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed December 26, 2018).
10.13 * †	Restricted Stock Unit Award Agreement between Priority Technology Holdings, Inc. and Michael Vollkommer, dated December 20, 2018
10.14 * †	Executive Employment Agreement between Priority Technology Holdings, Inc. and Timothy T. Schneible, dated January 18, 2019
10.15 * †	Restricted Stock Unit Award Agreement between Priority Technology Holdings, Inc. and Timothy T. Schneible, dated January 19, 2019

10.16 * †	Consulting Services Agreement between Priority Technology Holdings, Inc. and Bruce E. Mattox, dated March 1, 2019.
10.17 *	Asset Contribution Agreement among Priority Hospitality Technology, LLC, eTab, LLC, and Thomas C. Priore, dated February 1, 2019.
10.18 *	Amended and Restated Limited Liability Company Agreement of Priority Hospitality Technology, LLC, dated February 1, 2019.
10.19 * †	Form of Independent Director Agreement.
21.1	Subsidiaries (incorporated by reference to Exhibit 21.1 to the Company's Registration Statement on Form S-4/A, filed December 26, 2018).
23.1 *	Consent of Independent Registered Public Accounting Firm.
31.1 *	Certification of Chief Executive Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities and Exchange Act of 1934, as amended.
31.2 *	Certification of Chief Financial Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities and Exchange Act of 1934, as amended.
32 **	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS *	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH *	XBRL Taxonomy Extension Schema Document
101.CAL *	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB *	XBRL Taxonomy Extension Label Linkbase Document
101.PRE *	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF *	XBRL Taxonomy Extension Definition Linkbase Document

* Filed herewith
** Furnished herewith
† Indicates exhibits that constitute management contracts or compensation plans or arrangements.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PRIORITY TECHNOLOGY HOLDINGS, INC.

March 29, 2019

/s/ Thomas C. Priore
Thomas C. Priore
President, Chief Executive Officer and Chairman
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Thomas C. Priore Thomas C. Priore	President, Chief Executive Officer and Chairman (Principal Executive Officer)	March 29, 2019
/s/ Michael Vollkommer Michael Vollkommer	Chief Financial Officer (Principal Accounting and Financial Officer)	March 29, 2019
/s/ John Priore John Priore	Vice-Chairman	March 29, 2019
Marc Manuel	Director	March 29, 2019
/s/ William Gahan William Gahan	Director	March 29, 2019
/s/ Matthew Kearney Matthew Kearney	Director	March 29, 2019

Exhibit 10.13

PRIORITY TECHNOLOGY HOLDINGS, INC.
2018 EQUITY INCENTIVE PLAN

Restricted Stock Unit Award Agreement

This Restricted Stock Unit Award Agreement (this "***Agreement***") is made and entered into as of December 20, 2018 (the "***Grant Date***"), by and between Priority Technology Holdings, Inc., a Delaware corporation (the "***Company***"), and **Michael Vollkommer** (the "***Participant***"). Capitalized terms not otherwise defined herein shall have the meanings provided in the Priority Technology Holdings, Inc. 2018 Equity Incentive Plan (the "***Plan***").

W I T N E S S E T H:

WHEREAS, the Company maintains the Plan; and

WHEREAS, the Company desires to grant Restricted Stock Units to the Participant pursuant to the terms of the Plan and the terms set forth herein;

NOW, **THEREFORE**, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Grant**. Subject to the conditions set forth in the Plan and this Agreement, the Company grants Participant the right to earn up to Seven Hundred Fifty Thousand Dollars ($750,000) worth of Restricted Stock Units on each anniversary of his Hire Date with the Company (as such term is defined in Participant's employment agreement with the Company, listed as December 3, 2018) (based on current market value of the Company's shares on each anniversary of his Hire Date as further defined in Schedule A) for the first five (5) years of Participant's employment with the Company as the Company's Chief Financial Officer, with each annual issuance of Restricted Stock Units subject to a two (2) year vesting schedule as defined in Section 2, below.

2. **Vesting**.

(a) The Participant shall become vested in the Restricted Stock Units, in accordance with the terms of Schedule A, attached hereto.

(b) Notwithstanding the foregoing, in the event of the Participant's Termination of Service on account of the Participant's death or Disability (as defined below), the Restricted Stock Units shall become one hundred percent (100%) vested. For purposes of this Agreement, "***Disability***" means that the Participant would be considered disabled under Section 409A of the Code.

(c) Upon the Participant's Termination of Service for any reason, the portion of the Restricted Stock Units in which the Participant has not become vested shall be cancelled and forfeited by the Participant without consideration.

3. **Award Settlement**. The Company shall deliver to the Participant (or, in the event of the Participant's prior death, the Participant's beneficiary), one (1) share of Company Stock for each Restricted Stock Unit in which the Participant becomes vested in accordance with this Agreement, less any shares withheld for payment of taxes as provided in Section 17 of the Plan. The Participant shall receive cash in lieu of any fractional shares of Company Stock that would otherwise be issuable hereunder. Delivery of such Company Stock and cash, if applicable, shall be made within thirty (30) days following the applicable Vesting Date, but in no event later than the fifteenth (15^{th}) day of the third month following the end of the calendar year in which the Vesting Date occurred.

4. **Stockholder Rights**. The Participant shall not have any voting rights, rights to dividends or dividend equivalents or other rights of a stockholder with respect to shares of Company Stock underlying a Restricted Stock Unit until the Restricted Stock Unit has vested and a share of Company Stock has been issued in settlement thereof and, if applicable, the Participant has satisfied any other conditions imposed by the Committee.

5. **Transferability**. Except as permitted by the Committee, in its sole discretion, the Restricted Stock Units may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant other than by will or by the laws of descent and distribution or, subject to the consent of the Committee, pursuant to a domestic relations order, unless and until the Restricted Stock Units have been settled and the shares of Company Stock underlying the Restricted Stock Units have been issued, and all restrictions applicable to such shares have lapsed, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company; provided that, the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

6. **Taxes**. The Participant has reviewed with his or her own tax advisors the federal, state, local and foreign tax consequences of this investment and the transactions contemplated by this Agreement. The Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. The Participant understands that the Participant (and not the Company) shall

be responsible for the Participant's own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

7. **Incorporation by Reference**. The terms and provisions of the Plan are incorporated herein by reference, and the Participant hereby acknowledges receiving a copy of the Plan and represents that the Participant is familiar with the terms and provisions thereof. The Participant accepts this Award subject to all of the terms and conditions of the Plan. In the event of a conflict or inconsistency between the terms of the Plan and the terms of this Agreement, the Plan shall govern and control.

8. **Securities Laws and Representations.** The Participant acknowledges that the Plan is intended to conform to the extent necessary with all applicable federal, state and foreign securities laws (including the Securities Act and the Exchange Act) and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission or any other governmental regulatory body. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the shares are to be issued, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations. Without limiting the foregoing, the Restricted Stock Units are being granted to the Participant, upon settlement of the Restricted Stock Units any shares of Company Stock will be issued to the Participant, and this Agreement is being made by the Company in reliance upon the following express representations and warranties of the Participant. The Participant acknowledges, represents and warrants that:

(a) The Participant has been advised that the Participant may be an "affiliate" within the meaning of Rule 144 under the Securities Act and in this connection the Company is relying in part on the Participant's representations set forth in herein;

(b) Any shares of Company Stock issued to the Participant upon settlement of the Restricted Stock Units must be held indefinitely by the Participant unless (i) an exemption from the registration requirements of the Securities Act is available for the resale of such shares of Company Stock or (ii) the Company files an additional registration statement (or a "re-offer prospectus") with regard to the resale of such shares of Company Stock and the Company is under no obligation to continue in effect a Form S-8 Registration Statement or to otherwise register the resale of such shares of Company Stock (or to file a "re-offer prospectus"); and

(c) The exemption from registration under Rule 144 will not be available under current law unless (i) a public trading market then exists for the Company Stock, (ii) adequate information concerning the Company is then available to the public, and (iii) other terms and conditions of Rule 144 or any exemption therefrom are complied with, and that any sale of shares of Company Stock issued to the Participant upon settlement of the Restricted Stock Units may be made only in limited amounts in accordance with, such terms and conditions.

9. **Captions**. The captions in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning of terms contained herein.

10. **Entire Agreement**. This Agreement, together with the Plan, as either of the foregoing may be amended or supplemented in accordance with their terms, constitutes the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and therein, and supersedes all prior communications, representations and negotiations in respect thereto.

11. **Successors and Assigns**. The terms of this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, successors and permitted assigns. The Participant may not assign any of the rights or obligations under this Agreement without the prior written consent of the Company. The Company may assign its rights and obligations to another entity which will succeed to all or substantially all of the assets and business of the Company.

12. **Amendments and Waivers**. The Board may, at any time, suspend or terminate this Agreement or revise or amend it in any respect whatsoever provided however, that no amendment, suspension or termination will materially and adversely affect the rights of any Participant under this Award Agreement or the Plan without the consent of the Participant. Waivers or consents to departures from the provisions hereof may not be given if they materially and adversely affect the rights of any Participant under this Award Agreement or the Plan without the consent of the Participant.

13. **Severability**. In the event that any provision of this Agreement shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of this Agreement, and this Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

14. **Counterparts**. This Agreement may be signed in counterparts, each which shall constitute an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

15. **Notices**. Any notice required to be given or delivered to the Company under the terms of the Plan or this Agreement shall be in writing and addressed to the General Counsel and the Secretary of the Company at its principal corporate offices. Any notice required to be given or delivered to the Participant shall be in writing and addressed to the Participant at the address listed in the Company's personnel files or to such other address as the Participant may designate in writing from time to time to the Company. All notices shall be deemed to have been given or delivered upon: personal delivery, three (3) days after deposit in the United States mail by certified or registered mail (return receipt requested), one business day after deposit with any return receipt express courier (prepaid), or one business day after transmission by facsimile.

16. **Governing Law**. Except to the extent preempted by any applicable federal law, the Plan shall be construed and administered in accordance with the laws of the State of Delaware without reference to its principles of conflicts of law.

17. **Consent to Jurisdiction**. Each of the parties hereto hereby irrevocably and unconditionally agrees that any action, suit or proceeding, at law or equity, arising out of or relating to the Plan, this Agreement or any agreements or transactions contemplated hereby shall only be brought in any federal court of the Northern District of Georgia or any state court located in Fulton County, State of Georgia, and hereby irrevocably and unconditionally expressly submits to the personal jurisdiction and venue of such courts for the purposes thereof and hereby irrevocably and unconditionally waives (by way of motion, as a defense or otherwise) any and all jurisdictional, venue and convenience objections or defenses that such party may have in such action, suit or proceeding. Each party hereby irrevocably and unconditionally consents to the service of process of any of the aforementioned courts.

18. **Waiver of Jury Trial**. THE PARTIES HERETO HEREBY WAIVE, TO THE EXTENT PERMITTED BY APPLICABLE LAW, TRIAL BY JURY IN ANY LITIGATION IN ANY COURT WITH RESPECT TO, IN CONNECTION WITH, OR ARISING OUT OF THIS AGREEMENT OR THE VALIDITY, INTERPRETATION OR ENFORCEMENT HEREOF. THE PARTIES HERETO AGREE THAT THIS SECTION IS A SPECIFIC AND MATERIAL ASPECT OF THIS AGREEMENT AND WOULD NOT ENTER INTO THIS AGREEMENT IF THIS SECTION WERE NOT PART OF THIS AGREEMENT.

19. **No Employment Rights**. The Participant understands and agrees that this Agreement does not impact in any way the right of the Company or its Affiliates to terminate or change the terms of the employment of the Participant at any time for any reason whatsoever, with or without cause, nor confer upon any right to continue in the employ of the Company or any of its Affiliates.

20. **Limitations Applicable to Section 16 Persons**. Notwithstanding any other provision of the Plan or this Agreement, if the Participant is subject to Section 16 of the Exchange Act, the Plan, the Restricted Stock Units and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

21. **Clawback**. The Restricted Stock Units are subject to the terms of the Company's recoupment, clawback or similar policy as it may be in effect from time to time, as well as any similar provisions of applicable law, as well as any other policy of the Company that applies to Awards, such as anti-hedging or pledging policies, as they may be in effect from time to time.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the first date set forth above.

PRIORITY TECHNOLOGY HOLDINGS, INC.

By: /s/ Thomas Priore
Name: Thomas Priore
Title: President and Chief Executive Officer

PARTICIPANT:

/s/ Michael Vollkommer
Name: Michael Vollkommer

Schedule A to Restricted Stock Unit Award Agreement

Vesting Schedule For Michael Vollkommer

Vesting Schedule:

Value*	**Grant Date****	**Vesting Schedule****

$750,000	**December 20, 2018**	**50% vested on December 3, 2019** **50% vested on December 3, 2020**
$750,000	**December 3, 2019**	**50% vested on December 3, 2020** **50% vested on December 3, 2021**
$750,000	**December 3, 2020**	**50% vested on December 3, 2021** **50% vested on December 3, 2022**
$750,000	**December 3, 2021**	**50% vested on December 3, 2022** **50% vested on December 3, 2023**
$750,000	**December 3, 2022**	**50% vested on December 3, 2023** **50% vested on December 3, 2024**

*****The number of restricted stock units to be issued on the applicable grant date will be determined based on the fair market value of the Company's Common Stock at a per share price equal to the Nasdaq Official Closing Price (NOCP) as reported by Nasdaq stock exchange on nasdaq.com for the Company's Common Stock under the Company's Nasdaq common stock ticker [PRTH] for the close of trading on the trading day immediately preceding the Restricted Stock Unit grant date. The Nasdaq Official Closing Price (NOCP) identifies the Nasdaq market-specific closing price for Nasdaq-listed issues. By way of illustration, and for example purposes only, if the Grant Date is December 3, 2019, and if the NOCP is $10 on December 2, 2019, then the Restricted Stock Units issued on December 3, 2019 would be 75,000.

******Participant must be employed by the Company as the Company's Chief Financial Officer on each Grant Date and each Vesting Date to be eligible: (i) to receive the Restricted Stock Units for each applicable Grant Date and (ii) to be eligible to vest for each applicable Vesting Date associated therewith.

EXECUTIVE EMPLOYMENT AGREEMENT

AMONG

PRIORITY TECHNOLOGY HOLDINGS, INC.

AND

TIMOTHY T. SCHNEIBLE

January 18, 2019

EXECUTIVE EMPLOYMENT AGREEMENT

THIS **EXECUTIVE EMPLOYMENT AGREEMENT** (the "Agreement") by and among Priority Technology Holdings, Inc., a Delaware corporation with its principal place of business located at 2001 Westside Parkway, Suite 155, Alpharetta, Georgia 30004 ("PRTH"), and Timothy T. Schneible, an individual resident of the State of Georgia with his principal place of residence located at 2925 Aldrich Drive, Cumming, Georgia 30040 ("Employee") is entered into and effective as of the 18th day of January, 2019 (the "Effective Date"). PRTH and You are collectively referred to herein as the "Parties". Further, for purposes of this Agreement, the services provided pursuant to this Agreement are to be performed for the benefit of PRTH and its Subsidiary Affiliates, which are collectively referred to herein as the "Company", as applicable. "Subsidiary Affiliate" means, with respect to PRTH, any corporation, limited liability company, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, governmental body or other entity that is, directly or indirectly, controlled by or under common control with PRTH.

WHEREAS, PRTH desires to continue to employ Employee on and after the Effective Date and to enter into this Agreement with Employee embodying the terms of such employment; and

WHEREAS, Employee desires to continue to accept such employment by entering into this Agreement with the Company.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Term of Employment. Employee became employed by the Company as it's Chief Operating Officer ("COO") effective as of October 22, 2018 ("Hire Date") pursuant to that certain offer letter between the Company and Executive dated October 8, 2018, a copy of which is attached hereto as Exhibit A. PRTH hereby agrees to continue to employ Employee, and Employee hereby accepts such continued employment with PRTH, upon the terms and subject to the conditions set forth in this Agreement, for a period commencing on the Hire Date and continuing for an initial term of three (3) years with automatic successive one-year extension terms thereafter unless earlier terminated in accordance with the provisions of Section 5 (the "Employment Term").

2. Title; Duties. Employee shall serve as the Chief Operating Officer ("COO") of PRTH and the Companies. Employee shall report to the Board of Directors of PRTH ("the Board"), with specific direct reporting to the Executive Chairman of the Board. Notwithstanding the foregoing obligation to report to the Board and the Executive Chairman, Employee shall provide such management updates, division performance updates, personnel and operational updates, and any such other updates or business performance reports as reasonably requested by the CEO of the Companies from time to time at the CEO's reasonable request. In the event of a dispute or request for clarification of direction between Employee and the CEO, then such dispute or request for

clarification shall be submitted to the Board for resolution. Employee agrees to undertake the duties and responsibilities inherent in such position and such other duties and responsibilities consistent with such position as the Executive Chairman shall from time to time reasonably assign to Employee. Employee further agrees to devote substantially all of Employee's working time and attention on a full time basis to such duties and responsibilities, except for PTO as set forth in Section 4.3, absence for sickness or similar disability in accordance with the Company's existing policies and practices, and reasonable amounts of time spent performing services for any charitable, religious, or community organizations, so long as such services do not interfere with the performance of Employee's duties under this Agreement.

3. No Conflicting Commitments. Employee will not enter into any employment or consulting agreement that, in the opinion of the Board, conflicts with the Company's interests or that might impair the performance of Employee's duties as an employee of the Company consistent with the terms of this Agreement.

4. Compensation and Benefits.

4.1. Salary & Bonus.

(a) Base Salary. The Company shall pay Employee for Employee's services hereunder a base salary at the initial annual rate of Two Hundred Ninety Five Thousand Dollars ($295,000), payable in regular installments in accordance with the Company's usual payment practices and subject to annual review and increase. Such amount (as it may be increased from time to time) shall be referred to herein as the "Base Salary." The Company will review the Base Salary of Employee at least annually and may increase (but not decrease other than pursuant to across-the-board reductions for all or substantially all employees or personnel similarly situated) the Base Salary based upon the past and projected performance of the Company.

(b) Bonus. Beginning with calendar years commencing on and after January 1, 2019, Employee will be eligible to receive an annual bonus during the Employment Term ("Bonus"). The target Bonus for each calendar year shall be an amount equal to but not less than twenty-five percent (25%) and not more than sixty percent (60%) of Employee's Base Salary with the actual amount to be based on the level of achievement of individual and Company performance criteria established by the Board for such calendar year. Employee will not be eligible to receive any Bonus if Employee is not employed on the last day of the calendar year for which the Bonus is to be paid, except as provided in Section 5 below. The Bonus will be subject to all applicable withholdings and will be paid no later than forty-five (45) days after the end of the applicable calendar year. Notwithstanding the foregoing or anything in this Agreement to the contrary, Employee shall be guaranteed a Bonus for the 2018 calendar year in the amount of Forty Thousand Dollars ($40,000), provided that Employee remains employed with the Company through December 31, 2018 (the "2018 Guaranteed Bonus"). Furthermore, in addition to the 2018

Guaranteed Bonus, Employee shall be eligible to receive an additional Forty Thousand Dollars ($40,000) for incentive based compensation, provided that Employee achieves the Performance Goals described in **Exhibit D**, attached hereto (the "Performance Bonus"). The 2018 Guaranteed Bonus will be paid no later than forty-five (45) days after the end of the 2018 calendar year, and the Performance Bonus will be paid no later than forty-five (45) days after completion of the Performance Goals described in Exhibit D.

(c) Equity Incentive. During the Employment Term, Employee shall be eligible to participate in the PRTH Equity Incentive Plan, under the terms and conditions set forth in the PRTH Equity Incentive Plan. The Company and the Employee shall enter into a restricted stock unit (RSU) award agreement (the "Award Agreement") pursuant to which the Employee receives the right to to earn up to Two Hundred Fifty Thousand Dollars ($250,000) worth of Restricted Stock Units on each anniversary of his Hire Date with the Company (based on current market value of the Company's shares on each anniversary of his Hire Date) for the first four (4) years of Participant's employment with the Company as the Company's COO, with each annual issuance of Restricted Stock Units subject to a two (2) year vesting schedule as set forth in the Award Agreement (such shares, the "Restricted Stock Unit Award"). Employee and the Company will negotiate in good faith to resolve and execute any applicable PRTH Equity Incentive Plan documents, including any applicable Restricted Stock Unit Award Agreements, within ninety (90) days of the execution of this Agreement. Any Restricted Stock Unit Award Agreement will be in substantially the form as that attached as Exhibit E.

Notwithstanding the foregoing or anything in this Agreement or the PRTH Equity Incentive Plan to the contrary, the unvested portion of any outstanding Restricted Stock Unit award granted to Employee under the PRTH Equity Incentive Plan shall immediately and automatically become one-hundred percent (100%) vested upon the closing of any go-private transaction that causes all of the equity to cease to be publicly traded on Nasdaq or any other public stock exchange or in the event of a Change of Control of the Company. For purposes of this definition, a "Change of Control" shall have such meaning as defined in the Company's Credit and Guaranty Agreement with SunTrust Bank dated January 3, 2017, as amended from time to time (the "SunTrust Agreement").

4.2. Employee Benefits. Subject to any contributions therefor generally required of employees of the Company, Employee shall be entitled to receive such employee benefits (including fringe benefits, 401(k) plan participation, and life, health, dental, accident and short- and long-term disability insurance) that the Company may, in its sole and absolute discretion, make available generally to its employees or personnel similarly situated; provided that, Employee acknowledges and agrees that any such employee benefit plans may be altered, modified or terminated by the Company in accordance with their terms at any time in its sole discretion without recourse by Employee.

4.3. Paid Time Off. Employee shall be entitled to paid time off ("PTO"), accrued in accordance with the Company's existing policies and practices, provided that such PTO shall to be taken at such time or times as shall be mutually convenient for the Company and Employee. PTO shall accrue, and unused PTO shall be allocated, pursuant to the Company's existing policies and practices. For purposes of clarity, PTO shall not include any paid holidays separately observed by the Company pursuant to the Company's policies and practices. Notwithstanding the foregoing or anything in this Agreement to the contrary, during the Employment Term, Employee is entitled to four (4) weeks of paid vacation per calendar year. All vacation must be pre-approved by the Executive Chairman.

4.4. Business Expenses and Perquisites. Upon delivery of adequate documentation of expenses incurred in accordance with the policies and practices of the Company as may from time to time be in effect, Employee shall be entitled to reimbursement by the Company for reasonable travel and other business expenses incurred by Employee in the performance of Employee's duties hereunder.

4.5. Certain Other Matters. In connection with this Agreement, Employee shall execute and deliver the Employee Confidentiality, Assignment of Inventions, and Non-Solicitation Agreement (the "Non-Solicitation Agreement") attached as **Exhibit B.**

4.6. Taxes. All of Employee's compensation, including, without limitation, the Base Salary and Bonus, shall be subject to withholding for all applicable federal, state and local employment-related taxes, including income, social security, and similar taxes.

5. Termination.

5.1. Termination by the Company. The Company may terminate Employee's employment hereunder at any time with or without cause to be effective immediately upon delivery of notice thereof. The effective date of Employee's termination shall be referred to herein as the "Termination Date." If Employee's employment is terminated by the Company pursuant to this Section 5.1, the Company shall pay Employee all earned but unpaid Base Salary prior to the Termination Date and, if consistent with the Company's then-current policies and practices, the cash value of any accrued but unused PTO as of the Termination Date (collectively, "Accrued Obligations").

(a) Without Cause Termination. In the event Employee's employment is terminated during the initial term of this Agreement by the Company or surviving companies (i.e., if the Company is acquired), in addition to the Accrued Obligations, for reasons other than for cause pursuant to Section 5.1(b) below, the Company shall also pay Employee (in increments according to the Company's normal payroll schedule) the Base Salary for a period of six (6) months following the Termination Date and the earned but unpaid portion of the Bonus for the calendar year preceding the calendar year in which the Termination Date occurs (collectively, the "Severance Package"), provided that Employee satisfies the

conditions set forth at the end of this paragraph (the "Severance Conditions"). Employee shall not be eligible for the Severance Package unless and until twenty-eight (28) days (including a seven-day revocation period) after Employee has first satisfied and continues to satisfy the following Severance Conditions: (1) Employee is in compliance with the Non-Solicitation Agreement; (2) Employee is in compliance with all of Employee's obligations under this Agreement; and (3) Employee executes and delivers a waiver and general release of claims in favor of the Company and its affiliates substantially in the form of **Exhibit C**.

(b) For Cause Termination. In the event Employee's employment is terminated "for cause" (defined below) by the Company under this Section 5.1(b), the Company shall pay Employee only the Accrued Obligations. For purposes of this Agreement, "for cause" means: (i) Employee's arbitrary, unreasonable or willful failure to perform, in any material respect, the duties and responsibilities required hereunder and assigned by the Executive Chairman from time to time (including, without limitation, continuous constructive collaboration with the Executive Chairman and other members of the management team) that is not cured by Employee within ten days after the first notice from the Company specifying the nature of the default in reasonable detail (i.e., how Employee has failed to perform or comply) or, if the default cannot be cured within such ten-day period, failure of Employee within such ten-day period to commence and pursue curative action with reasonable diligence; (ii) Employee's gross negligence or willful misconduct in the performance of Employee's duties under this Agreement; (iii) Employee's commission of an act constituting fraud, embezzlement, breach of any fiduciary duty owed to the Company or its shareholders or other material dishonesty with respect to the Company; (iv) Employee's conviction of, or the filing of a plea of nolo contendere or its equivalent, with respect to a felony or any other crime involving dishonesty or moral turpitude; (v) substance abuse (for the purposes of this agreement substance abuse is the use of alcohol or illegal substances including misuse of otherwise legally obtained medications that otherwise interferes with Employee's ability to perform the functions of the position) that is materially injurious to the Company (whether from a monetary perspective or otherwise); or (vi) Employee's material breach of Employee's obligations under this Agreement or the Non-Solicitation Agreement that is not cured by Employee within ten days after the first notice from the Company specifying the nature of the default in reasonable detail (i.e., how Employee has failed to perform or comply) or, if the default cannot be cured within such ten-day period, failure of Employee within such ten-day period to commence and pursue curative action with reasonable diligence and to the reasonable satisfaction of the Company.

5.2. Termination by Employee; Deemed Termination. Employee's employment hereunder may be terminated by Employee at any time upon not less than ninety (90) days' prior written notice from Employee to the Company. Employee agrees that such notice period is reasonable and necessary in light of the duties assumed by Employee pursuant to this Agreement and fair in light of the consideration Employee is receiving pursuant to this Agreement. In the event of such notice by Employee, the Company may limit the Employee's activities during the notice period or

the Company may impose any other restrictions it deems necessary and reasonable, including relieving Employee of all duties during the notice period.

(a) Termination for Good Reason. Notwithstanding the foregoing, Employee shall be deemed to have terminated Employee's employment with the Company for "good reason" and, in such case, in addition to the Accrued Obligations, Employee shall be entitled to the Severance Package (provided Employee satisfies the Severance Conditions) in the event any of the following occurs and Employee provides to the Company Notice of Termination (as defined in Section 5.3) during the time frame specified above or, if later, after any applicable cure period: (i) the Company reduces Employee's Base Salary or benefits (other than in connection with a proportional reduction of the base salaries or benefits in excess of twenty percent (20%) of all executive employees of the Company); or (ii) the Company materially breaches any of Sections 4.1 through 4.4 hereof, or otherwise requires Employee to report to a senior executive other than the Chairman of the Board or the Chief Executive Officer; provided that any of the events described in clauses (i) or (ii) of this Section 5.2(a) shall be deemed termination for "good reason" only if the Company fails to cure such event within ten days after a written notice is delivered by Employee to the Company specifically identifying the event that may be deemed termination for "good reason" pursuant to this Section 5.2(a) or, if the default cannot be cured within such ten-day period, failure of the Company within such ten-day period to commence and pursue curative action with reasonable diligence and to the reasonable satisfaction of Employee.

(b) Termination Without Good Reason. In the event Employee terminates Employee's employment with the Company without "good reason" (as defined in Section 5.2(a)), the Company shall only pay Employee the Accrued Obligations.

5.3. Notice of Termination. Any termination of employment by the Company or Employee shall be communicated by written Notice of Termination to the other Party in accordance with Section 9 hereof. For purposes of this Agreement, a "Notice of Termination" means a notice that shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of employment under the provision so indicated.

5.4. Survival. The provisions of Sections 4, 5, and 6 hereof and the Non-Solicitation Agreement shall survive the termination of this Agreement.

6. Confidentiality Agreement. In connection with this Agreement, Employee has executed the Non-Solicitation Agreement, which is incorporated herein by reference and made a part of this Agreement.

7. Return of Company Property. Employee agrees that upon termination of Employee's employment hereunder, Employee shall return immediately to the Company any proprietary materials, any materials containing Confidential Information (as defined in the Non-Solicitation

Agreement) and any other Company or Company affiliate's property then in Employee's possession or under Employee's control, including without limitation all notes, customer, voluntary benefits carrier, employer, employee and broker lists and contact information, drawings, memoranda, magnetic disks or tapes, or other recording media containing such Confidential Information, whether alone or together with non-confidential information, all documents, reports, files, memoranda, records, software, credit cards, door and file keys, telephones, personal digital assistants, computers, tablet devices, computer access codes, disks and instructional manuals, or any other physical property that Employee received, had access to, prepared, or helped prepare in connection with Employee's employment under this Agreement. Following termination, Employee shall not retain any copies, duplicates, reproductions, or excerpts of Confidential Information, nor shall Employee show or give any of the above to any third party. Employee further agrees that Employee shall not retain or use for Employee's account at any time any trade name, trademark, service mark, logo or other proprietary business designation used or owned in connection with the business of the Company or any affiliate of the Company.

8. Specific Performance; Remedies. Employee agrees that, in the event of a breach or threatened breach of the Non-Solicitation Agreement, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to obtain equitable relief in the form of specific performance, temporary restraining orders, temporary or permanent injunctions or any other equitable remedy that may then be available.

9. Notices. Any notice hereunder by either Party to the other shall be given in writing by personal delivery, email (with confirmation from the receiving party), facsimile, overnight courier or certified mail, return receipt requested, addressed, if to the Company, to the attention of the Executive Chairman at the Company's executive offices or to such other address as the Company may designate in writing at any time or from time to time to Employee with a copy (which shall not constitute notice) to the Company's General Counsel at the Company's executives offices, and if to Employee, to Employee's most recent address and contact information on file with the Company. Notice shall be deemed given, if by personal delivery or by overnight courier, on the date of such delivery or, if by facsimile, on the business day following receipt of delivery confirmation, if by email, on the date confirmation from the receiving Party is received by the Party providing notice, or, if by certified mail, on the date shown on the applicable return receipt.

10. Successors and Assigns. This Agreement shall inure to the benefit of the Company and its respective successors and assigns. This Agreement may not be assigned by either Party without the prior written consent of the other Party; provided that the Company may assign this Agreement without Employee's consent to an affiliate of the Company (or its successor), *provided*, *however*, that in the event of a sale of all or substantially all of the assets of the Company or any direct or indirect division or subsidiary thereof to which employee's employment primarily relates, the Company may provide that this Agreement will be assigned to, and assumed by, the acquiror of such assets, it being agreed that in such circumstances, Employee's consent will not be required in connection therewith. This Agreement shall be binding on the Parties' permitted successors and assigns.

11. Entire Agreement. This Agreement, the Non-Solicitation Agreement, and the Company's policies and procedures as approved by the Company and in effect and as amended from time to time constitute the entire agreement between the Parties with respect to the subject matter hereof. To the extent there is any conflict between this Agreement and the Non-Solicitation Agreement, this Agreement shall prevail.

12. Expenses. The Parties shall each pay their own respective expenses incident to the enforcement or interpretation of, or dispute resolution with respect to, this Agreement, including all fees and expenses of their counsel for all activities of such counsel undertaken pursuant to this Agreement.

13. Governing Law. THIS AGREEMENT (INCLUDING ANY CLAIM OR CONTROVERSY ARISING OUT OF OR RELATING TO THIS AGREEMENT) SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF GEORGIA, WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES THAT WOULD RESULT IN THE APPLICATION OF ANY LAW OTHER THAN THE LAWS OF THE STATE OF GEORGIA. ANY DISPUTE OR CLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR CLAIM OF BREACH HEREOF SHALL BE BROUGHT EXCLUSIVELY IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF GEORGIA, ATLANTA DIVISION, TO THE EXTENT FEDERAL JURISDICTION EXISTS, AND IN THE SUPERIOR COURT OF FULTON COUNTY, GEORGIA, BUT ONLY IN THE EVENT FEDERAL JURISDICTION DOES NOT EXIST, AND ANY APPLICABLE APPELLATE COURTS. BY EXECUTION OF THIS AGREEMENT, THE PARTIES HERETO, AND THEIR RESPECTIVE AFFILIATES, CONSENT TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS, AND WAIVE ANY RIGHT TO CHALLENGE JURISDICTION OR VENUE IN SUCH COURT WITH REGARD TO ANY SUIT, ACTION, OR PROCEEDING UNDER OR IN CONNECTION WITH THIS AGREEMENT.

14. Waiver of Jury Trial. EACH PARTY HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

15. Waivers and Further Agreements. Any waiver of any terms or conditions of this Agreement shall not operate as a waiver of any other breach of such terms or conditions or any other term or condition, nor shall any failure to enforce any provision hereof operate as a waiver

of such provision or of any other provision hereof; provided, that no such written waiver, unless it, by its own terms, explicitly provides to the contrary, shall be construed to effect a continuing waiver of the provision being waived and no such waiver in any instance shall constitute a waiver in any other instance or for any other purpose or impair the right of the Party against whom such waiver is claimed in all other instances or for all other purposes to require full compliance with such provision. Each Party agrees to execute all such further instruments and documents and to take all such further action as the other Party may reasonably request to effectuate the terms and purposes of this Agreement.

16. Amendments. This Agreement may not be amended, nor shall any waiver, change, modification, consent or discharge be effected, except by an instrument in writing executed by both Parties.

17. Severability; Headings. If any portion of this Agreement is held invalid or inoperative, the other portions of this Agreement shall be deemed valid and operative and, so far as is reasonable and possible, effect shall be given to the intent manifested by the portion held invalid or inoperative. The section headings are for reference purposes only and are not intended in any way to describe, interpret, define or limit the extent of the Agreement or of any part hereof.

18. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may be executed by facsimile and electronically transmitted signature (e.g., portable document format) and such signatures shall be deemed to be originals.

19. Legal Advice. Employee acknowledges that Employee has been advised to seek the advice of independent legal counsel and has either obtained such advice or has voluntarily and without compulsion elected to enter into and be bound by the terms of this Agreement without such advice of independent legal counsel.

20. [*Signature Page Follows*]

IN WITNESS WHEREOF, the Parties have duly executed and delivered this Employment Agreement as of the Effective Date.

EMPLOYEE:

/s/ Timothy T. Schneible
Timothy T. Schneible

COMPANY:

Priority Technology Holdings, Inc.

By: /s/ Thomas Priore
Name: Thomas Priore
Title: President and Chief Executive Officer

Exhibit A

[offer letter dated October 8, 2018, attached]

Exhibit B

EMPLOYEE CONFIDENTIALITY, ASSIGNMENT OF INVENTIONS, AND NON-SOLICITATION AGREEMENT

Timothy T. Schneible

In consideration of my employment with and continued employment by **Priority Technology Holdings, Inc., a Delaware corporation** (together with its affiliates, the "Company"), and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, I agree as follows:

Confidentiality

I understand that the Company and its affiliates continually obtain and develop valuable proprietary and confidential information concerning their business, business relationships, and financial affairs, (the "Confidential Information"), that has or may become known to me in connection with my employment. By way of illustration but not limitation, Confidential Information shall include Inventions (as defined below), trade secrets, technical information, know-how, research and development activities, product, service and marketing plans, business plans, budgets and unpublished financial statements, licenses, prices and costs, customer and supplier information, information (including contact coordinates) for employers and employees, and information disclosed to the Company or to me by third parties of a proprietary or confidential nature or under an obligation of confidence. Confidential Information is contained in various media, including without limitation, patent applications, computer programs in object and source code, flow charts and other program documentation, manuals, plans, drawings, designs, technical specifications, supplier, customer, carrier and claimant lists, claimant case files, internal financial data and other documents and records of the Company.

Confidential Information shall not include information that I can demonstrate: (1) is or becomes generally known within the Company's industry through no fault of mine or any other person with an obligation of confidentiality to the Company; (2) is lawfully and in good faith made available to me by a third party who did not derive it from the Company and who imposes no obligation of confidence on me; or (3) is required to be disclosed by a governmental authority or by order of a court of competent jurisdiction, provided that such disclosure is subject to all applicable governmental or judicial protection available for like material and reasonable advance notice is given to the Company.

I represent and warrant that: (1) I am not subject to any legal or contractual duty or agreement that would prevent or prohibit me from performing the duties contemplated by my employment agreement with the Company or otherwise contained herein, and (2) I am not in breach of any legal or contractual duty or agreement, including any agreement concerning trade secrets or confidential information owned by any other party.

I agree that I will not: (1) use, disclose, or reverse engineer any Confidential Information for any purpose other than the Business (as defined below), except as authorized in writing by the Company; (2) during my employment with the Company, use, disclose, or reverse engineer (a) any confidential information or trade secrets of any former employer or third party or (b) any works of authorship developed in whole or in part by me during any former employment or for any other party, unless authorized in writing by the former employer or third party; or (3) upon my resignation or termination (a) retain any Confidential Information, including any copies existing in any form (including electronic form), which are in my possession, custody, or control, or (b) destroy, delete, or alter any Confidential Information without the Company's written consent.

I acknowledge that the confidentiality, property, and proprietary rights protections contained in this Agreement are in addition to, and not exclusive of, any and all other rights to which the Company may be entitled under federal and state law, including without limitation rights provided under copyright laws, trade secret and confidential information laws, and laws concerning fiduciary duties.

I acknowledge that all Confidential Information, whether or not in writing and whether or not labeled or identified as confidential or proprietary, is and shall remain the exclusive property of the Company or the third party providing such Confidential Information to myself or the Company.

I agree to exercise all reasonable precautions to protect the integrity and confidentiality of Confidential Information in my possession and not to remove any materials containing Confidential Information from the Company's premises except to the extent necessary for my employment. Upon the termination of my employment, or at any time upon the Company's request, I shall return immediately to the Company any and all materials containing any Confidential Information then in my possession or under my control.

Nothing contained herein or in my employment agreement with the Company is intended to or will be used in any way to limit your rights to communicate or cooperate with, or provide information to, a governmental agency or entity as provided for, protected under, or warranted by whistleblower or other provisions of applicable law or regulation.

Assignment of Inventions

I agree promptly to disclose to the Company any and all discoveries, inventions, developments, original works of authorship, software programs, software and systems documentation, trade secrets, technical data, and know-how that are conceived, devised, invented, developed or reduced to practice or tangible medium by me, under my direction or jointly with others in the course and scope of my employment by the Company, whether or not during normal working hours or on the premises of the Company, which relate directly or indirectly to the business of the Company or its affiliates (collectively, the "Business") and arise out of my employment with the Company (hereinafter "Inventions").

I hereby assign to the Company (or its designated affiliates) all of my right, title, and interest to the Inventions and any and all related patent rights, copyrights, and applications and registrations therefor. During and after my employment, I shall cooperate with the Company, at the Company's expense, in obtaining proprietary protection for the Inventions, and I shall execute all documents that the Company shall reasonably request in order to perfect the Company's (or its designated affiliates') rights in the Inventions. I understand that, to the extent this Agreement shall be construed in accordance with the laws of any state which limits the assignability to the Company of certain employee inventions, this Agreement shall be interpreted not to apply to any such invention that a court rules or the Company agrees is subject to such state limitation.

I acknowledge that all original works of authorship made by me within the scope of my employment that are protectable by copyright are intended to be "works made for hire", as that term is defined in Section 101 of the United States Copyright Act of 1976 (the "Act"), and shall be the property of the Company, and the Company shall be the sole author within the meaning of the Act. I hereby waive all claims to moral rights in any Inventions. I further represent that there are no inventions made, conceived or first reduced to practice by me, under my direction or jointly with others prior to my employment with the Company.

Restrictive Covenants

I acknowledge and agree that: (1) my position is a position of trust and responsibility with access to Confidential Information; (2) the Confidential Information, and the relationship between the Company, its affiliates, and the employees and customers of each, are valuable assets of the Company that may not be used for any purpose other than the Business; (3) the names of any customers of the Company or its affiliates are considered Confidential Information that constitutes valuable, special, and unique property of the Company; (4) customer lists and customer information that have been compiled by the Company or its affiliates represent a material investment of the Company's time and money; (5) the Company will invest its time and money in the development of my skills in the Business; and (6) the restrictions contained in this herein, including without limitation the restrictive covenants set forth in this Agreement, are reasonable and necessary to protect the legitimate business interests of the Company and its affiliates, and they will not impair or infringe upon my right to work or earn a living when my employment with the Company ends.

I acknowledge that (1) the markets served by the Company are intended to be national in scope and not dependent on the geographic location of the executive personnel or the businesses by which they are employed, and (2) the below covenants are manifestly reasonable on their face. The Company and I expressly agree that such restrictions have been designed to be reasonable and no greater than is required for the protection of the Company and are a significant element of the consideration hereunder. If the final judgment of a court of competent jurisdiction declares that any term or provision contained herein is invalid or unenforceable, the Company and I agree that the court making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration, or area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and the covenants and agreements contained herein shall be enforceable as so modified to cover the maximum duration, scope, or area permitted by law.

Non-Solicitation of Customers

I agree that, while I am employed by the Company and for a period of two years following any termination or cessation of such employment (such period, the "Non-Interference Period"), I shall not solicit, divert, or take away, or attempt to divert or take away, the business or patronage of any of the referral sources, clients, customers, or accounts of the Company for the purpose of selling or providing any products or services competitive with the Business.

Non-Solicitation and Non-Hire of Employees

While I am employed by the Company and during the Non-Interference Period, I will not, directly or indirectly, for my benefit or for the benefit of any person other than the Company, (1) solicit or assist any person to solicit, recruit, or induce any officer, director, Executive Chairman, executive, employee or consultant of the Company or its affiliates to (a) terminate his or her employment or relationship with the Company or its affiliates, or (b) work for any other person, or (2) hire or cause to be hired any person who is then, or who will have been at any point in time during the Non-Interference Period, an officer, director, Executive Chairman, executive, employee, or consultant of the Company or its affiliates.

Non-Competition

While I am employed by the Company and during the Non-Interference Period, I will not engage or participate, directly or indirectly, as principal, agent, executive, director, proprietor, joint venturer, trustee, employee, employer, consultant, stockholder, partners, or in any other capacity whatsoever in the conduct or management of, or fund, invest in, lend to, own any stock or any other equity or debt investment in, or provide any services of any nature whatsoever to or in respect of any business that is competitive with or in the same line of business as the Business in the United States, provided that nothing in this Agreement shall prohibit me from being passive beneficial owner of less than two percent of the outstanding stock of any publicly-traded corporation.

Separate Obligations

I hereby acknowledge that the foregoing obligations are separate and distinct (and that I have received or will receive separate consideration for the foregoing obligations) from and not in derogation of any obligations I have undertaken in connection with any other agreements between myself and the Company.

Other Agreements

I hereby represent to the Company that I am not bound by any agreement or any other previous or existing business relationship that conflicts with or prevents the full performance of my duties and obligations to the Company (including my duties and obligations under this or any other agreement with the Company) during my employment. All existing business relationships and agreements that I have with persons other than the Company are set forth on Schedule A hereto.

General

This Agreement may not be assigned by either party, except that the Company may assign this Agreement to its affiliates or in connection with the merger, consolidation or sale of all or substantially all of its business or assets. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and other legal representatives and, to the extent that any assignment hereof is permitted hereunder, their assignees. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may be executed by facsimile or electronically transmitted signature (e.g., portable document format), and such signatures shall be deemed to be originals.

This Agreement supersedes all prior agreements, written or oral, with respect to the subject matter of this Agreement. This Agreement may be changed only by a written instrument signed by both parties hereto.

In the event that any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Agreement, and all other provisions shall remain in full force and effect. If any of the provisions of this Agreement is held to be excessively broad, it shall be reformed and construed by limiting and reducing it so as to be enforceable to the maximum extent permitted by law. I agree that should I violate any obligation imposed on me in this Agreement, I shall continue to be bound by the obligation until a period equal to the term of such obligation has expired without violation of such obligation.

No delay or omission by the Company in exercising any right under this Agreement will operate as a waiver of that or any other right. A waiver or consent given by the Company on any occasion is effective only in that instance and will not be construed as a bar to or waiver of any right on any other occasion.

I acknowledge that the restrictions contained in this Agreement are necessary for the protection of the business and goodwill of the Company and the Company's legitimate business interests, are reasonable for such purpose, and are reasonable and valid in geographical and temporal scope and in all other respects and not overly broad or unduly burdensome. I agree that any breach of this Agreement by me will cause irreparable damage to the Company and that, in the event of such breach, the prevailing party in any such enforcement action shall be entitled, in addition to monetary damages and any other remedies available to the prevailing party under this Agreement and at law, to equitable relief, including injunctive relief, and to payment of all costs incurred by the prevailing party in enforcing or defending the provisions of this Agreement, including reasonable attorneys' fees and costs. I agree that should I violate any obligation imposed on me in this Agreement, I shall continue to be bound by the obligation until a period equal to the term of such obligation has expired without violation of such obligation.

This Agreement shall be construed as a sealed instrument and shall in all events and for all purposes be governed by, and construed in accordance with, the laws of the State of Georgia without regard to any choice of law principles that would dictate the application of the laws of another jurisdiction.

[*Signature Page Follows*]

I HAVE READ ALL OF THE PROVISIONS OF THIS EMPLOYEE CONFIDENTIALITY, ASSIGNMENT OF INVENTIONS, AND NON-SOLICITATION AGREEMENT AND I UNDERSTAND AND AGREE TO EACH OF SUCH PROVISIONS EFFECTIVE AS OF THE DATE FIRST SET FORTH ABOVE.

/s/ Timothy T. Schneible
Timothy T. Schneible

Acknowledged and Agreed to by:

Priority Technology Holdings, Inc.

By: /s/ Thomas Priore
Name: Thomas Priore

Title: President and Chief Executive Officer

Exhibit C

Form of Release

[DATE]

Priority Technology Holdings, Inc.
Attn: General Counsel
2001 Westside Parkway, Suite 155
Alpharetta, GA 30004
(together with its affiliates, the "Company")

Except as set forth in the Employment Agreement by and between myself (the "Employee" or "I") and the Company dated as of _____ (the "Employment Agreement"), I am entitled to no severance or termination payment or benefits. I acknowledge the Company has no legal obligation to provide me with the benefits and consideration outlined in the Employment Agreement except as part of this release letter and in consideration for my signing of this release letter. I have been notified of my right to review this release letter with counsel, and I have received, if I so chose, legal advice concerning this release letter.

General Release. Employee acknowledges that the Company has no legal obligation to provide Employee with these benefits except as part of the Employment Agreement and in consideration for Employee signing this release letter and the waiver and release of claims contained herein. In return for these benefits, Employee irrevocably and unconditionally releases the Company and all affiliated companies, predecessors and successors of each and each such entity's officers, directors, employees, agents, attorneys or insurers in their individual and representative capacities (collectively referred to as the "Company Parties") from any and all claims, causes of action, complaints, damages, liabilities and expenses whatsoever, whether known or unknown, direct or indirect, at law or in equity and whether sounding in contract, tort or other theory (collectively, "Claims") that Employee may have now, have had in the past or have in the future for or by reason of any matter, cause or thing whatsoever that has happened, developed or occurred on or before the date hereof, including without limitation in connection with Employee's employment or termination of employment with the Company. This release of the Company includes any Claims that Employee might have for re-employment or for additional compensation or benefits (except as specifically stated below), and applies to Claims that Employee might have under federal, state or local law or ordinance dealing with employment, contract, wage and hour, tort, or civil rights matters, including, but not limited to, applicable local and state civil rights matters, including, but not limited to, applicable local and state civil rights laws or wage payment laws, Employee Retirement Income Security Act, Title VII of the Civil Rights Act of 1964, the Civil Rights Acts (42 USC § 1981-1988), the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1967 (the " ADEA"), Section 806 of the Sarbanes Oxley Act of 2002 and any other Claims alleging retaliation of any nature, the Vietnam Era Veterans Readjustment Assistance Act, the Uniformed Services Employment and Reemployment Rights Act of 1994, the Older Workers Benefit Protection Act, the Equal Pay Act of 1963, the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, the Equal Pay Act of 1963, the Fair Labor Standards Act, sections 503 and 504 of the Vocational Rehabilitation Act, the Family and Medical Leave Act, Executive Order 11246, and the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), all as amended from time to time, together with all laws and regulations promulgated thereunder. Employee represents that there are no claims, complaints or charges pending against the Company in which Employee is a party or complainant, or any unasserted Workers' Compensation claims. Employee further agrees not to institute any Claim to challenge the validity of this release or the circumstances surrounding its execution. This is a general release, including a waiver of Claims for age discrimination under federal and state statutes, such as the ADEA. Employee understands the waiver and release of claims does not affect rights or claims arising under the ADEA or the Older Workers Benefit Protection Act after the date of the execution of this release letter.

Covenant Not to Sue. Employee represents and warrants that Employee has not filed any Claims against the Company or any of the Company Parties with any local, state or federal court or administrative agency. Employee agrees and covenants not to sue or bring any Claims against the Company or any of the Company Parties with respect to any matters arising out of or relating to Employee's employment with the Company or separation from the Company, or any Claims that as a matter of law cannot be released, such as under workers' compensation, for unemployment benefits or any Claims related to the Company's future involvement with, if any, Employee's 401(k)/retirement plans with the Company. Except as set forth herein, in the event that Employee on Employee's behalf institutes any such action, that Claim shall be dismissed upon presentation of this release letter, and Employee shall reimburse the Company for all legal fees and expenses incurred in defending such Claim and obtaining its dismissal.

Exclusion. Nothing in this release letter shall preclude Employee from filing a charge or complaint, including a challenge to the validity of this release letter, with the Equal Employment Opportunity Commission or any state anti-discrimination agency or from participating or cooperating in any investigation or proceeding conducted by any of such agencies. In the event that a charge or complaint is filed with any administrative agency by Employee or in the event of an authorized investigation, charge or lawsuit filed by any administrative agency, Employee expressly waives and shall not accept any monetary awards or damages, costs or attorneys' fees of any sort therefrom against the Company or any of the Releasees.

Waiting Period. I understand I have a period of up to 21 days to consider this release letter and that I have been advised to speak with an attorney. I agree this release letter is written in a manner that I understand what I am releasing. I understand that this release must be signed no later than 21 days from the date first set forth above for me to be entitled to the benefits of the Severance Package (as defined in the Employment Agreement). I agree that upon signing this release letter I become bound by its terms unless I revoke the release contained herein.

I understand I may revoke the release contained herein within seven days after signing it; and that, unless I so revoke it, the release contained herein will be fully effective seven days after I have signed it. Once this release letter is fully effective, the Severance Package will be forwarded by U.S. mail according to the schedule in the terms of the Employment Agreement.

Yours truly,
Date:____ Signature:__

Print Name: Timothy T. Schneible

Exhibit D

Performance Goals

The following performance goals must be accomplished by June 30, 2019, with such achievement to be determined in the discretion of the Executive Chairman of the Board of the Company. The maximum eligible bonus component for each section is identified below each section, which may be awarded or reduced, in whole or in part, in the discretion of the Executive Chairman of the Board based on status of completion of the following goals:

1) For the Company's subsidiary Priority Integrated Partner Holdings, LLC:
    a. Establish a uniform business transition checklist and operational support elements for integrating acquired entities
    b. Create reporting structure for key performance indicators (KPI's)
    c. Maximum bonus for accomplishing goal #1: $10,000
2) For the Company's Merchant Acquiring and Commercial Payments CPX divisions:
    a. Establish uniform payment operation functions for each revenue line
    b. Maximum bonus for accomplishing goal #2: $10,000
3) For the Company's ACH reject process
    a. Review and revise the ACH reject process with streamlined efficient operations
    b. Maximum bonus for accomplishing goal #3: $10,000
4) For the Company's MX Connect technology platform
    a. Review and revise the legal entity structure and nomenclature within the MX Connect reporting system
        i. Maximum bonus for accomplishing goal #4(a) is $5,000
    b. Review and provide contract pricing synchronization of merchant accounts within the MX Connect platform
        i. Maximum bonus for accomplishing goal #4(b) is $5,000

Exhibit E

Form of Restricted Stock Unit Award Agreement

[to be attached]

EXHIBIT 10.15

PRIORITY TECHNOLOGY HOLDINGS, INC.
2018 EQUITY INCENTIVE PLAN

Restricted Stock Unit Award Agreement

This Restricted Stock Unit Award Agreement (this "***Agreement***") is made and entered into as of January 18, 2019 (the "***Grant Date***"), by and between Priority Technology Holdings, Inc., a Delaware corporation (the "***Company***"), and **Timothy T. Schneible** (the "***Participant***"). Capitalized terms not otherwise defined herein shall have the meanings provided in the Priority Technology Holdings, Inc. 2018 Equity Incentive Plan (the "***Plan***").

W I T N E S S E T H:

WHEREAS, the Company maintains the Plan; and

WHEREAS, the Company desires to grant Restricted Stock Units to the Participant pursuant to the terms of the Plan and the terms set forth herein;

NOW, **THEREFORE**, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Grant**. Subject to the conditions set forth in the Plan and this Agreement, the Company grants Participant the right to earn up to Two Hundred Fifty Thousand Dollars ($250,000) worth of Restricted Stock Units on each anniversary of his Hire Date with the Company (as such term is defined in Participant's employment agreement with the Company, listed as October 8, 2018) (based on current market value of the Company's shares on each anniversary of his Hire Date as further defined in Schedule A) for the first four (4) years of Participant's employment with the Company as the Company's Chief Operating Officer, with each annual issuance of Restricted Stock Units subject to a two (2) year vesting schedule as defined in Section 2, below.

2. **Vesting**.

(a) The Participant shall become vested in the Restricted Stock Units, in accordance with the terms of Schedule A, attached hereto.

(b) Notwithstanding the foregoing, in the event of the Participant's Termination of Service on account of the Participant's death or Disability (as defined below), the Restricted Stock Units shall become one hundred percent (100%) vested. For purposes of this Agreement, "***Disability***" means that the Participant would be considered disabled under Section 409A of the Code.

(c) Upon the Participant's Termination of Service for any reason, the portion of the Restricted Stock Units in which the Participant has not become vested shall be cancelled and forfeited by the Participant without consideration.

3. **Award Settlement**. The Company shall deliver to the Participant (or, in the event of the Participant's prior death, the Participant's beneficiary), one (1) share of Company Stock for each Restricted Stock Unit in which the Participant becomes vested in accordance with this Agreement, less any shares withheld for payment of taxes as provided in Section 17 of the Plan. The Participant shall receive cash in lieu of any fractional shares of Company Stock that would otherwise be issuable hereunder. Delivery of such Company Stock and cash, if applicable, shall be made within thirty (30) days following the applicable Vesting Date, but in no event later than the fifteenth (15^{th}) day of the third month following the end of the calendar year in which the Vesting Date occurred.

4. **Stockholder Rights**. The Participant shall not have any voting rights, rights to dividends or dividend equivalents or other rights of a stockholder with respect to shares of Company Stock underlying a Restricted Stock Unit until the Restricted Stock Unit has vested and a share of Company Stock has been issued in settlement thereof and, if applicable, the Participant has satisfied any other conditions imposed by the Committee.

5. **Transferability**. Except as permitted by the Committee, in its sole discretion, the Restricted Stock Units may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant other than by will or by the laws of descent and distribution or, subject to the consent of the Committee, pursuant to a domestic relations order, unless and until the Restricted Stock Units have been settled and the shares of Company Stock underlying the Restricted Stock Units have been issued, and all restrictions applicable to such shares have lapsed, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company; provided that, the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

6. **Taxes**. The Participant has reviewed with his or her own tax advisors the federal, state, local and foreign tax consequences of this investment and the transactions contemplated by this Agreement. The Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. The Participant understands that the Participant (and not the Company) shall be responsible for the Participant's own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

7. **Incorporation by Reference**. The terms and provisions of the Plan are incorporated herein by reference, and the Participant

hereby acknowledges receiving a copy of the Plan and represents that the Participant is familiar with the terms and provisions thereof. The Participant accepts this Award subject to all of the terms and conditions of the Plan. In the event of a conflict or inconsistency between the terms of the Plan and the terms of this Agreement, the Plan shall govern and control.

8. **Securities Laws and Representations.** The Participant acknowledges that the Plan is intended to conform to the extent necessary with all applicable federal, state and foreign securities laws (including the Securities Act and the Exchange Act) and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission or any other governmental regulatory body. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the shares are to be issued, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations. Without limiting the foregoing, the Restricted Stock Units are being granted to the Participant, upon settlement of the Restricted Stock Units any shares of Company Stock will be issued to the Participant, and this Agreement is being made by the Company in reliance upon the following express representations and warranties of the Participant. The Participant acknowledges, represents and warrants that:

(a) The Participant has been advised that the Participant may be an "affiliate" within the meaning of Rule 144 under the Securities Act and in this connection the Company is relying in part on the Participant's representations set forth in herein;

(b) Any shares of Company Stock issued to the Participant upon settlement of the Restricted Stock Units must be held indefinitely by the Participant unless (i) an exemption from the registration requirements of the Securities Act is available for the resale of such shares of Company Stock or (ii) the Company files an additional registration statement (or a "re-offer prospectus") with regard to the resale of such shares of Company Stock and the Company is under no obligation to continue in effect a Form S-8 Registration Statement or to otherwise register the resale of such shares of Company Stock (or to file a "re-offer prospectus"); and

(c) The exemption from registration under Rule 144 will not be available under current law unless (i) a public trading market then exists for the Company Stock, (ii) adequate information concerning the Company is then available to the public, and (iii) other terms and conditions of Rule 144 or any exemption therefrom are complied with, and that any sale of shares of Company Stock issued to the Participant upon settlement of the Restricted Stock Units may be made only in limited amounts in accordance with, such terms and conditions.

9. **Captions**. The captions in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning of terms contained herein.

10. **Entire Agreement**. This Agreement, together with the Plan, as either of the foregoing may be amended or supplemented in accordance with their terms, constitutes the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and therein, and supersedes all prior communications, representations and negotiations in respect thereto.

11. **Successors and Assigns**. The terms of this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, successors and permitted assigns. The Participant may not assign any of the rights or obligations under this Agreement without the prior written consent of the Company. The Company may assign its rights and obligations to another entity which will succeed to all or substantially all of the assets and business of the Company.

12. **Amendments and Waivers**. The Board may, at any time, suspend or terminate this Agreement or revise or amend it in any respect whatsoever provided however, that no amendment, suspension or termination will materially and adversely affect the rights of any Participant under this Award Agreement or the Plan without the consent of the Participant. Waivers or consents to departures from the provisions hereof may not be given if they materially and adversely affect the rights of any Participant under this Award Agreement or the Plan without the consent of the Participant.

13. **Severability**. In the event that any provision of this Agreement shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of this Agreement, and this Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

14. **Counterparts**. This Agreement may be signed in counterparts, each which shall constitute an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

15. **Notices**. Any notice required to be given or delivered to the Company under the terms of the Plan or this Agreement shall be in writing and addressed to the General Counsel and the Secretary of the Company at its principal corporate offices. Any notice required to be given or delivered to the Participant shall be in writing and addressed to the Participant at the address listed in the Company's personnel files or to such other address as the Participant may designate in writing from time to time to the Company. All notices shall be deemed to have been given or delivered upon: personal delivery, three (3) days after deposit in the United States mail by certified or registered mail (return receipt requested), one business day after deposit with any return receipt express courier (prepaid), or one business day after transmission by facsimile.

16. **Governing Law**. Except to the extent preempted by any applicable federal law, the Plan shall be construed and administered in accordance with the laws of the State of Delaware without reference to its principles of conflicts of law.

17. **Consent to Jurisdiction**. Each of the parties hereto hereby irrevocably and unconditionally agrees that any action, suit or proceeding, at law or equity, arising out of or relating to the Plan, this Agreement or any agreements or transactions contemplated hereby shall only be brought in any federal court of the Northern District of Georgia or any state court located in Fulton County, State of Georgia, and hereby irrevocably and unconditionally expressly submits to the personal jurisdiction and venue of such courts for the purposes thereof and

hereby irrevocably and unconditionally waives (by way of motion, as a defense or otherwise) any and all jurisdictional, venue and convenience objections or defenses that such party may have in such action, suit or proceeding. Each party hereby irrevocably and unconditionally consents to the service of process of any of the aforementioned courts.

18. **Waiver of Jury Trial**. THE PARTIES HERETO HEREBY WAIVE, TO THE EXTENT PERMITTED BY APPLICABLE LAW, TRIAL BY JURY IN ANY LITIGATION IN ANY COURT WITH RESPECT TO, IN CONNECTION WITH, OR ARISING OUT OF THIS AGREEMENT OR THE VALIDITY, INTERPRETATION OR ENFORCEMENT HEREOF. THE PARTIES HERETO AGREE THAT THIS SECTION IS A SPECIFIC AND MATERIAL ASPECT OF THIS AGREEMENT AND WOULD NOT ENTER INTO THIS AGREEMENT IF THIS SECTION WERE NOT PART OF THIS AGREEMENT.

19. **No Employment Rights**. The Participant understands and agrees that this Agreement does not impact in any way the right of the Company or its Affiliates to terminate or change the terms of the employment of the Participant at any time for any reason whatsoever, with or without cause, nor confer upon any right to continue in the employ of the Company or any of its Affiliates.

20. **Limitations Applicable to Section 16 Persons**. Notwithstanding any other provision of the Plan or this Agreement, if the Participant is subject to Section 16 of the Exchange Act, the Plan, the Restricted Stock Units and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

21. **Clawback**. The Restricted Stock Units are subject to the terms of the Company's recoupment, clawback or similar policy as it may be in effect from time to time, as well as any similar provisions of applicable law, as well as any other policy of the Company that applies to Awards, such as anti-hedging or pledging policies, as they may be in effect from time to time.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the first date set forth above.

PRIORITY TECHNOLOGY HOLDINGS, INC.

By: /s/ Thomas Priore
Name: Thomas Priore
Title: President and Chief Executive Officer

PARTICIPANT:

/s/ Timothy T. Schneible
Name: Timothy T. Schneible

Schedule A to Restricted Stock Unit Award Agreement

Vesting Schedule For Timothy T. Schneible

Vesting Schedule:

Value*	Grant Date**	Vesting Schedule**
$250,000	January 18, 2019	50% vested on October 8, 2019 50% vested on October 8, 2020

$250,000	October 8, 2019	50% vested on October 8, 2020 50% vested on October 8, 2021
$250,000	October 8, 2020	50% vested on October 8, 2021 50% vested on October 8, 2022
$250,000	October 8, 2021	50% vested on October 8, 2022 50% vested on October 8, 2023

*The number of restricted stock units to be issued on the applicable grant date will be determined based on the fair market value of the Company's Common Stock at a per share price equal to the Nasdaq Official Closing Price (NOCP) as reported by Nasdaq stock exchange on nasdaq.com for the Company's Common Stock under the Company's Nasdaq common stock ticker [PRTH] for the close of trading on the trading day immediately preceding the Restricted Stock Unit grant date. The Nasdaq Official Closing Price (NOCP) identifies the Nasdaq market-specific closing price for Nasdaq-listed issues. By way of illustration, and for example purposes only, if the Grant Date is October 8, 2019, and if the NOCP is $10 on October 7, 2019, then the Restricted Stock Units issued on October 7, 2019 would be 25,000.

**Participant must be employed by the Company as the Company's Chief Operating Officer on each Grant Date and each Vesting Date to be eligible: (i) to receive the Restricted Stock Units for each applicable Grant Date and (ii) to be eligible to vest for each applicable Vesting Date associated therewith.

Exhibit 10.16

CONSULTING SERVICES AGREEMENT

This Consulting Services Agreement (this "Agreement") is entered into as of the 1st day of March, 2019, by and among Priority Technology Holdings, Inc., a Delaware corporation (the "Company"), and Bruce E. Mattox (the "Consultant").

W I T N E S S E T H :

WHEREAS, the Company desires for Consultant to provide Services (as defined herein below) as a Consultant to the Board of Directors of the Company (the "Board").

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained herein, and intending to be legally bound hereby, the parties hereby agree as follows:

1. Appointment of Consultant. Per the request of the Chairman of the Board of Directors of the Company, the Company hereby engages the Consultant to provide Services to the Company and their direct and indirect subsidiaries (each, a "Subsidiary"), including any other entities hereafter formed, acquired or invested in by the Company or their Subsidiaries, and the Consultant hereby accepts such engagement, in each case, on the terms and conditions provided in this Agreement.

2. Board of Directors Supervision. The activities of the Consultant to be performed under this Agreement shall be subject to the supervision of the Board to the extent required by applicable law or regulation and subject to reasonable policies not inconsistent with the terms of this Agreement adopted by the Board and in effect from time to time.

3. Services. Subject to Section 2, during the term hereof, the Consultant shall endeavor to serve as a Consultant to the Board, reporting directly to the Chairman of the Board, and through such position maintain accessibility to provide the Company with the following services on such basis as the Consultant and the Board mutually agree upon and deem appropriate in their reasonable discretion (the "Services"):

(a) assisting the Company with monitoring certain financial, accounting and administrative procedures;

(b) assisting the Company with respect to certain future acquisition and disposition strategies;

(c) from time to time investigating business opportunities;

(d) assisting the Company in monitoring certain risk management strategies;

(e) monitoring the activities of the management team of the Company;

(f) assisting the Company with respect to other strategic planning activities; and

(g) providing such other services as may be reasonably requested by the Company and may be agreed to by the Consultant.

Notwithstanding anything herein to the contrary, nothing herein shall require or obligate the Consultant to engage in any activity which constitutes brokering or providing investment advice.

4. Standard of Care. The Consultant (including any person or entity acting for or on behalf of the Consultant) shall not be liable for any mistakes of fact, errors of judgment, for losses sustained by the Company or any of their Subsidiaries or for any acts or omissions of any kind (including acts or omissions of the Consultant), unless caused by fraud, gross negligence or intentional misconduct of the Consultant as finally determined by a court of competent jurisdiction. The Consultant does not make any warranty, express or implied, with respect to the services to be provided hereunder.

5. Fees and Reimbursement of Costs.

(a) Monthly Fee. In consideration of the Services, during the Term of this Agreement, the Company shall pay the Consultant a cash monthly fee equal to $24,166.67 (the "Monthly Fee"). The Company shall pay the Monthly Fee within ten (10) business days following the end of each month during the term hereof.

(b) Reimbursement of Costs. The Consultant shall not be obligated to make any advance to or for the account of the Company or any of their Subsidiaries. The Consultant shall be reimbursed for any actual and reasonable documented out-of-pocket expenses incurred by Consultant in connection with the performance by the Consultant of his duties hereunder; provided that any such expenses must be pre-approved by the Chairman of the Company, in advance, prior to Consultant incurring such expense for any expense to be reimbursable

hereunder. Subject to and in accordance with the foregoing, the Company shall, within 30 days of receipt of appropriate documentation evidencing such pre-approved expenses, reimburse the Consultant by wire transfer of immediately available funds or one day available settlement via Automated Clearing House (ACH) electronic payment means for any such amount paid by the Consultant, which shall be in addition to any other amount payable to the Consultant under this Agreement.

6. Other Interests. The Company acknowledges and agrees that the Consultant shall not be required to devote his full time and business efforts to the duties of the Consultant specified in this Agreement, but instead shall devote only so much of such time and efforts as are reasonably requested by the Board commensurate with the mutually agreed upon scope of Services as set forth in this Agreement.

7. Independent Contractor.

(a) The Consultant shall be an independent contractor, and nothing in this Agreement shall be deemed or construed (i) to create a partnership or joint venture between any Company or any Subsidiary and the Consultant, (ii) to cause the Consultant to be responsible in any way for the debts, liabilities or obligations of any Company, Subsidiary or other party, or (iii) to constitute the appointment herein of Consultant or any of his employees as employees, officers, directors, managers or agents of any Company or any Subsidiary. Without the prior written consent of the Board, the Consultant shall not have any authority to, and the Consultant shall not, enter into any contract or agreement on behalf of the Company or any of the Company's Subsidiaries or otherwise bind or commit any of the Company or the Company's Subsidiaries.

(b) The Monthly Fee shall not be deemed to be wages, and therefore, shall not be subject to any withholdings or deductions. The Consultant shall be responsible for all tax payments, estimated tax payments or other tax liabilities, as required. The Company shall issue an Internal Revenue Service Form 1099 to the Consultant to account for the Monthly Fee.

(c) Nothing contained herein shall be construed to create a relationship of employer and employee between the Company and the Consultant. The Consultant has previously served the Company and its Subsidiaries as the Company's Chief Financial Officer and Chief Accounting Officer pursuant to that certain Executive Employment Agreement between Bruce E. Mattox and the predecessors of the Company Priority Payment Systems Holdings, LLC, Pipeline Cynergy Holdings, LLC and Priority Holdings LLC (collectively the "Predecessors") dated May 21, 2014, as amended by that certain Executive Employment Agreement between Bruce E. Mattox and the Company dated December 3, 2018 (collectively, the "Executive Employment Agreement"). Effective as of February 28, 2019, the Consultant ceased to be an employee of the Company or its Subsidiaries.

(d) As an independent contractor, neither the Consultant nor any of its employees is entitled to any employee benefits provided to the Company employees, such as health insurance, pension benefits, workers' compensation, unemployment insurance, or any similar benefit.

8. Term and Termination.

(a) Term. This Agreement shall commence on March 1, 2019 and shall expire on February 29, 2020 (the "Term").

(b) Termination. This Agreement may be terminated at any time upon written notice to Consultant by the Company.

(c) Effect of Termination. In the event of termination of this Agreement for any reason, the Company shall pay to the Consultant: (i) fees owed to the Consultant but not yet paid by the Company as of the effective date of such termination; and (ii) an early termination fee equal to the Monthly Fee times the number of months remaining in the then-current Term of the Agreement. The parties acknowledge and agree that the early termination fee is not a penalty and is a reasonable pre-estimate of the actual damages to be incurred by Consultant in the event of early termination of this Agreement.

9. Indemnification of the Consultant; Limitation of Liability. The Company and their Subsidiaries hereby agree to jointly and severally indemnify and hold harmless the Consultant ("Indemnified Party"), whether in connection with serving as officer, director or manager of the Company or otherwise, from and against all losses, claims, liabilities, suits, costs, damages, judgments, amounts incurred or paid, amounts paid in settlement, fines, penalties and other liabilities and expenses (including reasonable attorneys' fees) ("Losses") directly or indirectly arising from or relating to their performance hereafter of Services to the Company, except for any such Losses resulting from the gross negligence or intentional misconduct of an Indemnified Party, or conduct of an Indemnified Party which constituted fraud. The Company further agrees to reimburse the Indemnified Parties monthly for any cost of defending any action or investigation (including reasonable attorneys' fees and expenses), subject to an undertaking from such Indemnified Party to repay the Company if such party is determined not to be entitled to such indemnity. Notwithstanding anything to the contrary set forth herein, in no event shall the Consultant be liable to the Company and/or their Subsidiaries in connection herewith for any amount in excess of fees actually received by the Consultant under Section 5(a) and Section 5(b); except for any amount arising out of or relating to the gross negligence, intentional misconduct, or fraud of the Consultant. The Company shall pay the amounts described herein within ten (10) days after written demand therefore is delivered to the Company. If and to the extent that the foregoing indemnification undertaking may be unavailable or unenforceable for any reason, the Company hereby agrees to make the maximum contribution to the payment and satisfaction of each of the otherwise indemnifiable losses, claims, liabilities, suits, costs, damages, judgments, amounts incurred or paid, amounts paid in settlement, fines, penalties and other liabilities and expenses (including reasonable attorneys' fees), to the maximum extent permissible under applicable law. The rights of any Indemnified Party to indemnification hereunder will be in addition to, but without duplication to, any other rights any such person or entity may have under any other agreement or instrument to which such person or entity is or becomes a party or is otherwise a beneficiary or under any applicable law or regulation. The provisions of Section 4 and Section 9 shall survive any termination of this Agreement.

10. Work Product. Company or its applicable Subsidiary shall have exclusive title to and use of all copyrights, patents, trade secrets, or other intellectual property rights associated with any programmed software, procedures, work-flow methods, reports, manuals, visual aids, documentation, ideas, concepts, techniques, inventions, processes, or works of authorship developed, provided or created by the Consultant solely on behalf of the Company ("Work Product"). Company or its applicable Subsidiary shall have the sole right to obtain and to

hold in its own name copyright, patent, trademark, trade secret, and any other registrations, or such other protection as may be appropriate to any Work Product, and any extensions and renewals thereof. All such Work Product made in the course of the Services rendered hereunder shall, to the extent possible, be deemed "works made for hire" within the meaning of the Copyright Act of 1976, as amended (the "Act"). The Consultant hereby expressly disclaims any interest in any and all Work Product. To the extent that any work performed by the Consultant is found as a matter of law not to be a "work made for hire" under the Act, the Consultant hereby assigns to Company or its applicable Subsidiary the sole right title and interest, including the copyright, in and to all such Work Product, and all copies of them, without further consideration. For purposes of assignment of the Consultant's copyrights in such Work Product, the Consultant hereby appoints Company as its attorney-in-fact for the purpose of executing any and all documents relating to such assignment. The Consultant shall not copyright, patent, trademark, designate as his trade secret, sell, or distribute any Work Product. The Consultant shall give Company or its applicable Subsidiary and person designated by Company such reasonable assistance as may be required to perfect the rights described in this Section, including but not limited to, execution and delivery of instruments of conveyance, as may be appropriate to give full power and proper effect to such assignment in the United States and any foreign country.

11. Miscellaneous.

(a) Submission to Jurisdiction; Consent to Service of Process. The parties hereby irrevocably submit to the exclusive jurisdiction of any federal or state court located in Fulton County, Georgia over any dispute arising out of or relating to this Agreement or any of the transactions contemplated hereby and each party hereby irrevocably agrees that all claims in respect of such dispute or any suit, action or proceeding related thereto may be heard and determined in such courts. The parties hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may now or hereafter have to the laying of venue of any such dispute brought in such court or any defense of inconvenient forum for the maintenance of such dispute. Each of the parties agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(b) Entire Agreement; Amendments and Waivers. This Agreement (including the schedules and exhibits hereto, if any) represents the entire understanding and agreement between the parties with respect to the subject matter hereof and replaces and supersedes in its entirety any prior agreement or resolution regarding services for the Board of Directors provided by the Consultant to the Company; provided, however, that notwithstanding the foregoing or anything in this Agreement to the contrary, (i) Consultant's employment with the Company shall be deemed to have occurred under Section 4.A of the Executive Employment Agreement, and (ii) any remaining indemnification obligations under the Executive Employment Agreement and any remaining non-solicit, non-compete, non-hire or other restrictive covenants under the Executive Employment Agreement shall survive execution of this Agreement. This Agreement can be amended, supplemented or changed, and any provision hereof can be waived, only by written instrument making specific reference to this Agreement signed by the Company, in the case of an amendment, supplement, modification or waiver sought to be enforced against the Company, or the Consultant, in the case of an amendment, supplement, modification or waiver sought to be enforced against the Consultant. The waiver by any party of a breach of any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach. No failure on the part of any party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such party preclude any other or further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies provided by law.

(c) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without regard to conflicts of law principles thereof.

(d) Section Headings. The section headings of this Agreement are for reference purposes only and are to be given no effect in the construction or interpretation of this Agreement.

(e) Notices. All notices and other communications under this Agreement shall be in writing and shall be given by personal delivery, nationally recognized overnight courier or certified mail at the following addresses (or to such other address as a party may have specified by notice given to the other party pursuant to this provision):

If to the Company, to:

Priority Technology Holdings, Inc.
Attn: Chairman and CEO
2001 Westside Parkway, Suite 155
Alpharetta, Georgia 30004

With a copy (which shall not constitute notice) to:
Priority Technology Holdings, Inc.

Attn: General Counsel
2001 Westside Parkway, Suite 155
Alpharetta, Georgia 30004

If to Consultant, to:
Bruce E. Mattox
3045 Haven Reserve
Milton, Georgia 30004

Any such notice or communication shall be deemed to have been received (i) when delivered, if personally delivered, (ii) on the next business day after dispatch, if sent postage pre- paid by nationally recognized, overnight courier guaranteeing next business day delivery, and (iii) on the 5th business day following the date on which the piece of mail containing such communication is posted, if sent by certified mail, postage prepaid, return receipt requested.

(f) Severability. If any provision of this Agreement is invalid, illegal or unenforceable, the balance of this Agreement shall remain in effect. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties shall negotiate in good faith to modify this Agreement so as to effect, the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

(g) Binding Effect and Assignment; Third-Party beneficiaries . Except as expressly provided herein, this Agreement shall not be assigned by any party, and no party's obligations hereunder, or any of them, shall be delegated, without the consent of the other party. Except as set forth in Section 9 or otherwise provided herein, there shall be no third-party beneficiaries hereof.

(h) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile, .pdf or other electronic means shall be effective as delivery of a manually executed counterpart to the Agreement.

(i) Remedies Cumulative. Except as otherwise provided herein, no remedy herein conferred upon a party hereto is intended to be exclusive of any other remedy. No single or partial exercise by a party hereto of any right, power or remedy hereunder shall preclude any other or further exercise thereof. All remedies under this Agreement or otherwise afforded to any party, shall be cumulative and not alternative.

(j) Interpretation. When a reference is made in this Agreement to an article, section, paragraph, clause, schedule or exhibit, such reference shall be deemed to be to this Agreement unless otherwise indicated. The text of all schedules is incorporated herein by reference. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." As used herein, words in the singular will be held to include the plural and vice versa (unless the context otherwise requires), words of one gender shall be held to include the other gender (or the neuter) as the context requires, and the terms "hereof", "herein", and "herewith" and words of similar import

will, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement.

(k) Arm's Length Negotiations. Each party herein expressly represents and warrants to all other parties hereto that (a) before executing this Agreement, said party has fully informed itself of the terms, contents, conditions and effects of this Agreement; (b) said party has relied solely and completely upon its own judgment in executing this Agreement; (c) said party has had the opportunity to seek and has obtained the advice of its own legal, tax and business advisors before executing this Agreement; (d) said party has acted voluntarily and of its own free will in executing this Agreement; and (e) this Agreement is the result of arm's length negotiations conducted by and among the parties and their respective counsel.

(l) Construction. The parties agree and acknowledge that they have jointly participated in the negotiation and drafting of this Agreement. In the event of an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumptions or burdens of proof shall arise favoring any party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise.

(m) Waiver of Jury Trial . EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY TRANSACTION DOCUMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED IN CONNECTION HEREWITH OR THEREWITH, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES OR ANY OF THEM IN RESPECT OF THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) EACH SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) EACH SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (iv) EACH SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE WAIVERS AND CERTIFICATIONS IN THIS SECTION. EACH PARTY AGREES THAT THE OTHER MAY FILE A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

(n) Further Instruments and Actions. The parties agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

(o) Attorney's Fees. In the event that any dispute between the parties to this Agreement should result in litigation, the prevailing party in such dispute shall be entitled to recover from the losing party all fees, costs and expenses of enforcing any right of such prevailing party under or with respect to this Agreement, including without limitation, such reasonable fees and expenses of attorneys and accountants, which shall include, without limitation, all fees, costs and expenses of appeals.

* * * *

IN WITNESS WHEREOF, and intending to be legally bound, the parties have duly executed this Agreement by signing below as of the Effective Date.

PRIORITY TECHNOLOGY HOLDINGS, INC.

BY: /s/ Thomas C. Priore
Name: Thomas C. Priore
Title: Chairman and CEO

CONSULTANT

BY: /s/ Bruce E. Mattox
Name: Bruce E. Mattox
Title: Consultant to the Board of Directors

Exhibit 10.17

ASSET CONTRIBUTION AGREEMENT

This Asset Contribution Agreement (this "Agreement"), dated as of February 1, 2019, is by and among Priority Hospitality Technology, LLC, a Delaware limited liability company ("Company"), eTab, LLC, a New York limited liability company ("Contributor"), and Thomas C. Priore, who is a member of Contributor ("Priore"), and Jeffrey Michael Stein, who is a member of Contributor ("Stein" and, with Priore, each an "Owner" and, together, the "Owners"), and Priore, solely in his capacity as the representative of the Owners (the "Holders' Agent"). Capitalized terms used in this Agreement, but not otherwise defined in the body of this Agreement, are defined in Exhibit A.

RECITALS

I. Contributor desires to contribute, transfer, convey, assign and deliver to Company substantially all of Contributor's assets related to, or used or held for use in connection with, Contributor's business of, among other things, (a) processing credit cards, debit cards, private label cards, store value cards, and prepaid cards on behalf of third party merchants, including payment authorization, clearing, and settlement for credit, debit, electronic funds transfer, electronic benefits transfer, check authorization, (b) marketing and selling to merchants card processing services provided by various credit card and debit card processors, as conducted by Contributor, (c) providing certain other services to merchants, including services that provide merchants with (i) marketing support to drive awareness of customers to such merchants' online ordering platform, (ii) a variety of ways to receive orders once they have been placed by customers (e.g., tablet-based order management, web-connected printing, e-mail notifications, text alerts), and (iii) quick transfer of funds related to such orders to merchants' bank accounts, and (d) certain other activities in connection therewith and related thereto (all activities of, and business engaged in by, Contributor are collectively referred to herein as the "Business"), for the consideration, and pursuant to the terms and conditions, set forth in this Agreement.

II. Company believes that it is advisable and in the best interests of Company and its members for Company to acquire and accept from Contributor such assets for the consideration, and pursuant to the terms and conditions, set forth in this Agreement.

III. Stein, Ltd., a Missouri corporation ("Stein, Ltd."), which is wholly owned, collectively, by Stein and another individual, owns all of the issued and outstanding equity of CUMULUS POS, LLC, a Missouri limited liability company ("Cumulus"), and Company will enter into a separate asset contribution agreement (the "Cumulus Contribution Agreement") simultaneously with the Closing pursuant to which Cumulus will contribute substantially all of its assets to Company in exchange for a preferred equity interest in Company in the form of preferred units (the "Preferred Units") (such transaction, the "Cumulus Transaction").

IV. Simultaneously with the Closing and in consideration of the contribution of the Acquired Assets by Contributor, Company desires to issue Preferred Units to Priore and Stein, Ltd. (such issuance being made on behalf and at the express direction of Contributor) pursuant to the terms of an Amended and Restated Limited Liability Company Agreement of Company in the form attached as Exhibit B (the "Company LLC Agreement").

AGREEMENT

The Parties, in view of the foregoing premises and in consideration of the mutual covenants and agreements hereinafter set forth, intending to be legally bound, agree as follows:

ARTICLE I
CONTRIBUTION AND TRANSFER OF ASSETS; CLOSING

1.1 Assets to Be Contributed. Upon the terms and subject to the conditions set forth in this Agreement, at the Closing, Contributor shall contribute, transfer, convey, assign, and deliver to Company, and Company shall acquire and accept from Contributor, free and clear of all Encumbrances, all right, title and interest of Contributor in and to all of the assets, properties, claims, contracts, rights and goodwill of Contributor (of every kind, nature, character and description, whether real, personal or mixed, tangible or intangible, accrued, contingent or otherwise, wherever situated) used in connection with the Business as of the Closing Date (collectively, the "Acquired Assets"), other than the Excluded Assets, including:

(a) all inventory, accounts receivable and other receivables arising from the operation of the Business and accruing on and after the Closing Date, billed and unbilled, recorded and unrecorded, with collection agencies or otherwise, including reimbursable expenses;

(b) all equipment, furniture, fixtures, office furnishings, supplies, computer hardware, computer software (owned by or licensed to Contributor), databases (including all databases that include customer information and correspondence) and related documentation (with the computer hardware, computer software, databases, and related documentation collectively referred to as "Software"), including Contributor's telephones, telephone numbers, facsimile numbers, e-mail addresses and other property related to the operations of the Business;

(c) the documents, files, books, lists, records and correspondence (or applicable portions thereof), whether written or electronically stored, or copies thereof, relating to the Acquired Assets;

(d) all rights in and under all express or implied guarantees, warranties, representations, covenants, indemnities, and similar rights in favor of the Business (specifically excluding all guarantees, warranties, representations, covenants, indemnities, and similar rights made by Company in favor of Contributor under this Agreement);

(e) all Contracts to which Contributor is a party that are related to the Acquired Assets or the Business, including all processing agreements with credit card and debit card processors and all merchant agreements with merchants entered into by Contributor, as well as all subagent and sales representative relationships, including all residual payments, residual payment rights, earned residuals, future residuals, direct revenue, instruments, and documents related to or arising from such processing agreements and merchant agreements, in each case net of all recurring fees and expenses to Company related to such payments or rights to payments thereunder (the "Assumed Contracts");

(f) all other tangible and intangible assets, properties and rights of any kind or description, wherever located, that are used or held for use in connection with the Business, including all Intellectual Property;

(g) all formulae, algorithms, work product of research and development, technical data, technical or business specifications, business processes, inventions (whether patentable or unpatentable and whether or not reduced to practice), works of authorship and other similar materials, and all tangible embodiments of the foregoing, in any form whether or not specifically listed herein relating to the Business;

(h) all goodwill and the going concern value of Contributor relating to the Business;

(i) all causes of action, rights of recovery, choses in action and rights of setoff of any kind, lawsuits, judgments, Orders, claims, and demands of any nature available to or being pursued by Contributor to the extent related to the Acquired Assets, whether arising by way of counterclaim or otherwise, but specifically excluding any such causes of action, lawsuits, judgments, Orders, claims, and demands that constitute Excluded Assets;

(j) to the extent assignable or otherwise transferable, all Governmental Authorizations related to the Acquired Assets or the Business and issued by or obtained from a Governmental Authority;

(k) to the extent assignable or otherwise transferable, all rights of Contributor under nondisclosure or confidentiality, noncompete, or nonsolicitation agreements with current and former employees, consultants and agents of Contributor or with third parties, in each case to the extent relating to the Business or the Acquired Assets (or any portion thereof); and

(l) except as prohibited by applicable Legal Requirements, Contributor's books and records relating to any Transferred Associates, including any and all records or written documents relating to performance reviews, performance improvement plans, statements of disciplinary actions taken and all other information maintained in such Transferred Associates' personnel files (collectively, the "Employee Records").

1.2 Excluded Assets. The Acquired Assets shall not include the following assets (the "Excluded Assets"), which shall remain the property of Contributor after the Closing:

(a) all cash on hand in Contributor's bank accounts and all bank accounts of Contributor;

(b) all of Contributor's Governing Documents, qualifications to conduct business, taxpayer and other identification numbers, seals, minute books, stock transfer books, financial records, and other records relating to the corporate organization of Contributor;

(c) all insurance policies owned by or maintained for the benefit of Contributor and all rights to insurance proceeds and claims pursuant to such policies;

(d) all Contributor Benefit Plans and assets related thereto;

(e) all Contributor Contracts that are not Assumed Contracts, including all employment agreements to which Contributor is a party;

(f) all Liability of Contributor for any trailing chargebacks, Card Association fines or penalties, charge-offs, and merchant losses related to or arising from Contributor's operation of the Business prior to the Closing Date; and

(g) all rights which accrue or will accrue to the benefit of Contributor under this Agreement and the other Transaction Documents to which Contributor is a party.

1.3 Liabilities.

(a) Company shall not assume any Liabilities of Contributor or the Business other than with respect to the Assumed Contracts, and then (i) only to the extent any such Liability relates solely to periods after the Effective Time and (ii) excluding any Liability with respect to any Assumed Contract arising as a result of any breach, default, violation, act or omission that occurred at or prior to the Effective Time (collectively, the "Assumed Liabilities").

(b) Contributor is to remain solely responsible for all of the Retained Liabilities. Contributor shall retain and timely pay, perform and discharge in the ordinary course of business consistent with past practices all of the Retained Liabilities, and shall take all other actions and do all things necessary to ensure that Company is not liable for any of the Retained Liabilities. Without limiting the foregoing, the Retained Liabilities of Contributor shall expressly include: (i) any Liability of Contributor or any Owner relating to Taxes of any kind or nature incurred for any taxable period (or portion thereof); (ii) any Liability for services rendered by Contributor; (iii) any Liability of Contributor or any Owner arising as a result of or out of any claim, legal or equitable action, proceeding or investigation pertaining to or relating in any way to the Business or the Acquired Assets occurring prior to the Closing Date; and (iv) any Liability of Contributor or any Owner in connection with the making or performance of this Agreement, including any legal, brokerage or other types of fees, costs or expenses incurred from any third party service provider or advisor; (v) any Liability of Contributor related to or arising from Indebtedness; and (vi) any Liability of any kind or nature, whenever arising or accruing, relating to the Excluded Assets.

(c) Notwithstanding anything to the contrary in this Agreement, no Contributor Contracts shall be deemed transferred or assigned to Company pursuant to this Agreement if the attempted transfer or assignment thereof to Company without the consent or approval of any other Person would be ineffective or would constitute a breach of contract or a violation of any Legal Requirement, and such consent or

approval is not obtained at or prior to the Closing. In such case (i) the beneficial interest in or to such Contributor Contracts (collectively, the "Beneficial Rights") shall in any event pass at the Closing to Company under this Agreement, and (ii) pending such consent or approval, Company shall discharge the obligations of Contributor under such Beneficial Rights (to the extent such obligations are Assumed Liabilities) as agent for Contributor, and Contributor shall act as Company's agent in the receipt of any benefits, rights or interest received from the Beneficial Rights. Contributor, the Owners, and the Holders' Agent shall use their respective commercially reasonable efforts (and bear their respective costs of such efforts) to obtain and secure all consents and approvals that may be necessary to effect the legal and valid transfer or assignment of any Contributor Contracts underlying the Beneficial Rights to Company without any change in any of the material terms or conditions of such Contributor Contracts, including their formal assignment or novation, if advisable. Contributor, the Owners, and the Holders' Agent shall make or complete such transfers as soon as reasonably possible and cooperate with Company in any other reasonable arrangement designed to provide for Company the benefits of such Contributor Contracts, properties, rights and assets, including enforcement at the cost and for the account of Company of any and all rights of Contributor against the other party thereto arising out of the breach or cancellation thereof by such other party or otherwise, and to provide for the discharge of any Liability under such Contributor Contracts, to the extent such Liability constitutes an Assumed Liability. If and to the extent an arrangement acceptable to Company with respect to Beneficial Rights cannot be made, then Company, upon written notice to Contributor, shall have no obligation under this Agreement or otherwise with respect to any such Contributor Contract, and such Contributor Contract shall not be deemed to be an Acquired Asset and the related Liability shall not be deemed an Assumed Liability.

1.4 Consideration. As consideration for the contribution of the Acquired Assets, Company shall issue to Priore, on behalf and at the express direction of Contributor (and, in accordance with the Cumulus Contribution Agreement, issue to Stein, Ltd., on behalf and at the express direction of Cumulus and at the express direction of Stein), Preferred Units pursuant to the terms and conditions of the Company LLC Agreement. The Preferred Units issued will carry certain rights and restrictions, including restrictions on transferability of such interests, in accordance with applicable law and the terms and conditions of the Company LLC Agreement. In connection with the contribution of the Acquired Assets and the issuance of the Preferred Units, at the Closing, Company shall assume the Assumed Liabilities.

1.5 Closing. The consummation of the Transactions (the "Closing") is to take place remotely by means of facsimile, electronic mail or other electronic means simultaneous with the execution of this Agreement (the "Closing Date"), effective as of 11:59 p.m. (central time) on the Closing Date (the "Effective Time").

1.6 Closing Obligations. In addition to any other documents to be delivered under other provisions of this Agreement, at the Closing:

(a) Contributor and the Holders' Agent shall deliver to Company:

(i) this Agreement, duly executed by Contributor, each Owner, and the Holders' Agent;

(ii) a general assignment and bill of sale agreement in a form reasonably acceptable to Company (the "Bill of Sale"), duly executed by Contributor;

(iii) an intellectual property assignment in a form reasonably acceptable to Company (the "IP Assignment"), duly executed by Contributor;

(iv) the Company LLC Agreement, as well as any related agreements or documents, in a form reasonably acceptable to Company, duly executed by Priore and Stein, Ltd., as applicable;

(v) copies of all notices and Consents required to be provided or obtained by Contributor or the Owners in connection with the execution and delivery of the Transaction Documents and the consummation or performance of the Transactions;

(vi) a certificate duly executed by an authorized officer of Contributor (A) certifying as true, correct and complete as of the Closing Date an attached copy of the Governing Documents of Contributor, (B) certifying and attaching all requisite resolutions or actions of Contributor's members and managers, as applicable, approving the execution and delivery of the Transaction Documents and the consummation and performance of the Transactions, which shall be in a form reasonably acceptable to Company and (C) attesting to the authority and incumbency of, and authenticating the signatures of, any Person executing the Transaction Documents on behalf of the Contributor, duly executed by an officer of the Contributor; and

(vii) such other bills of sale, assignments, documents and other instruments of transfer and conveyance as Company reasonably requests, each in form and substance reasonably satisfactory to Company and duly executed by Contributor, the Owners or the Holders' Agent, as applicable.

The foregoing obligations are for the sole benefit of Company, and may be waived by Company, in whole or in part, at any time and from time to time in the sole discretion of Company.

(b) Company shall deliver to:

(i) Contributor, this Agreement, duly executed by Company;

(ii) Holders' Agent for delivery to Priore and Stein, Ltd., the Company LLC Agreement, duly executed by PIPH and Company;

(iii) Contributor, the Bill of Sale, duly executed by Company; and

(iv) Contributor, the IP Assignment, duly executed by Company.

The foregoing obligations are for the sole benefit of Contributor and the Owners and may be waived by any such party, in whole or in part, at any time and from time to time in the sole discretion of such party.

1.7 1.7 Income Tax Treatment of Contribution . Consistent with Revenue Ruling 99-5, it is intended that the foregoing will be treated as an exchange qualifying under Section 721 of the Code. The Parties agree to report the foregoing transactions to all applicable state or federal taxing authorities, for all purposes, consistently with the foregoing provision, unless such reporting of transactions are in conflict with the Code or any other applicable state or local tax laws of any type.

ARTICLE II
REPRESENTATIONS AND WARRANTIES OF CONTRIBUTOR

Contributor represents and warrants to Company as follows:

2.1 Organization and Good Standing; Capitalization; Subsidiaries.

(a) Contributor is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and has full power and authority to own and lease the Acquired Assets as the Acquired Assets are now owned and leased, and to carry on the Business as it is now being conducted. Contributor is qualified to do business and is in good standing in those states where the Legal Requirements of such states require qualification or good standing.

(b) Schedule 2.1(b) sets forth a true and complete list of the authorized, issued and outstanding Capital Stock of Contributor. The issued and outstanding Capital Stock of Contributor is duly authorized, validly issued, and free of any preemptive rights in respect thereto. Except as set forth on Schedule 2.1(b), there is no other Capital Stock of Contributor authorized, issued, reserved for issuance or outstanding, nor any outstanding or authorized option, warrant or stock appreciation, phantom stock, profit participation or similar rights with respect to Capital Stock of Contributor. Contributor does not have any authorized or outstanding bonds, debentures, notes or other Indebtedness the holders of which have the right to vote (or are convertible into, exchangeable for or evidencing the right to subscribe for or acquire securities having the right to vote) with the equity holders of Contributor on any matter. Except as set forth on Schedule 2.1(b), there are no Contracts or other agreements to which Contributor is a party or by which Contributor is bound to (i) repurchase, redeem or otherwise acquire any Capital Stock of Contributor, or (ii) vote or dispose of any Capital Stock of Contributor. No Person has any right of first offer, right of first refusal or preemptive right in connection with any future offer, sale or issuance of Capital Stock of Contributor.

(c) Contributor does not have, and has never had, any direct or indirect Subsidiaries and does not own any Capital Stock in, or control, directly or indirectly, any other Person.

2.2 Authority; No Conflict.

(a) The Transaction Documents constitute the legal, valid and binding obligation of Contributor, each Owner and the Holders' Agent, as applicable, enforceable against Contributor, the Owners and the Holders' Agent, as applicable, in accordance with their terms, except as enforceability may be limited by the Enforceability Exceptions. Contributor, each Owner and the Holders' Agent have the right, power, authority and capacity to execute and deliver the Transaction Documents to which they are a party and to perform their obligations under the Transaction Documents to which they are a party, and such actions have been duly authorized by all necessary limited liability company or other organizational action by Contributor, each Owner and the Holders' Agent.

(b) Neither the execution and delivery of the Transaction Documents by Contributor, any Owner or the Holders' Agent nor the consummation and performance of the Transactions by Contributor, any Owner or the Holders' Agent will: (i) contravene, conflict with, or result in a violation of any provision of the Governing Documents of Contributor, (ii) contravene, conflict with, or result in a violation of any Legal Requirement to which Contributor, any Owner or the Holders' Agent is subject, or (iii) breach any provision of, give any Person the right to declare a default or exercise any remedy under, accelerate the maturity or performance of or payment under, or cancel, terminate, or modify any Contributor Contract. Neither Contributor, any Owner nor the Holders' Agent is or will be required to give any notice to or obtain any Consent from any Person in connection with the execution and delivery of the Transaction Documents or the consummation or performance of the Transactions.

2.3 Financial Statements; Indebtedness. Contributor has provided to Company, prior to the execution of this Agreement, copies of such financial information as Company has requested, which information is true, correct and complete in all material respects and fairly present the financial position, and cash flows of Contributor as of the dates and for the period specified. Contributor has no Indebtedness immediately prior to the Closing.

2.4 Assets; Real Property. Contributor has good, valid and transferable title to, or a valid and enforceable right to use under an Assumed Contract or otherwise, all of the Acquired Assets, free and clear of all Encumbrances. The Acquired Assets constitute all of the assets, tangible and intangible, of any nature whatsoever necessary and sufficient to conduct the Business in substantially the same manner presently operated by Contributor and consistent with present practices. The Acquired Assets are in good condition and adequate for the uses for which they currently are being used and none of the Acquired Assets are in need of maintenance or repairs, except for ordinary, routine maintenance and repairs that are not material in nature or cost. Contributor does not own or hold any interest (fee, leasehold or otherwise) in any real property.

2.5 Assumed Contracts. Contributor has provided to Company, prior to the execution of this Agreement, true, correct and complete

copies of each Assumed Contract, which include all Contributor Contracts that are related to the Acquired Asses or the Business. Each Assumed Contract is (a) valid and binding on Contributor and, to the Knowledge of Contributor, the other parties thereto and (b) in full force and effect. Contributor has not at any time and, to the Knowledge of Contributor, no other party to any Assumed Contract has been at any time, in breach or default under any Assumed Contract and, to the Knowledge of Contributor, there are no circumstances or facts that would reasonably lead to an assertion that Contributor or any other party to any Assumed Contract is, or has been, in breach or default under any Assumed Contract. Contributor has not given to, or received from, any other party to any Assumed Contract, notice or communication (whether written or oral) regarding any actual or alleged breach of or default under any Assumed Contract by Contributor or any other party to such Assumed Contract. There are no renegotiations or outstanding rights to negotiate, any amounts to be paid or payable to or by Contributor under any Assumed Contract, except with respect to non-material amounts in the ordinary course of business, and no Person has made a written demand for such negotiations. Contributor has not released or waived any of its rights under any Assumed Contract. The Assumed Contracts constitute all Contracts of Contributor necessary and sufficient for the operation of the Business in accordance with Contributor's present practices.

2.6 Material Customers and Material Suppliers. Since January 1, 2018, no material customer or supplier of Contributor (i) has provided Contributor any notice or communication terminating, suspending, or reducing in any material respect, or specifying an intention to terminate, suspend or reduce in any material respect in the future, or otherwise reflecting a material adverse change in, the business relationship between such customer or supplier and Contributor, or (ii) has cancelled or otherwise terminated or materially reduced any Contract or purchase or sales order with Contributor.

2.7 Compliance with Laws. Contributor has at all times been and is currently in compliance in all material respects with all Legal Requirements that are, or were, applicable to Contributor, the operation of the Business or the ownership or use of the Acquired Assets. Contributor has not received any written notice or communication from any Governmental Authority or other Person regarding any actual, alleged or potential violation of or failure to comply with any Legal Requirement.

2.8 Proceedings, Orders. There have been no Proceedings pending or, to the Knowledge of Contributor, threatened by or against Contributor, the Business or any Owner, or that otherwise relates to or affects any of the Acquired Assets or the Business. Contributor is not a party to any Order and, to the Knowledge of Contributor, no event has occurred that, with the giving of notice, the passage of time, or both, would constitute grounds for a violation, Order or breach with respect to any Governmental Authorization or to revoke, withdraw or suspend any such Governmental Authorization.

2.9 Taxes. Contributor has duly filed on a timely basis all Tax Returns required to be filed by Contributor at any time, or otherwise with respect to the Business, the conduct of the Business or the Acquired Assets and all such Tax Returns were, when filed, and continue to be, correct and complete in all material respects. All Taxes and all assessments of any kind or nature (whether or not shown on any Tax Return) owed by Contributor or otherwise relating to the Business, the conduct of the Business or the Acquired Assets have been or will be timely paid prior to Closing. There are no liens (other than liens for Taxes not yet due and payable) with respect to Taxes on any of the Acquired Assets, nor is any Governmental Authority in the process of imposing any lien for Taxes on any of the Acquired Assets. Contributor has complied with all Legal Requirements relating to the completion and timely filing of all Tax Returns in connection with any amounts paid or owing to any employee, independent contractor or other third party, including all Forms W-2 and 1099 required with respect thereto, and Contributor has duly and timely withheld and paid over to the appropriate Governmental Authority (or set aside for payment when due) all amounts required to be so withheld and paid under all Legal Requirements with respect to such Tax Returns. No claim has ever been made in writing, and to the Knowledge of Contributor, in any other manner, by any Governmental Authority in a jurisdiction where Contributor does not file Tax Returns that Contributor is or may be subject to taxation by such jurisdiction. No examination or audit of any Tax Return of Contributor or with respect to the Business, the conduct of the Business or the Acquired Assets by any Governmental Authority is currently in progress or, to the Knowledge of Contributor, threatened. No assessment or other Proceeding by any Governmental Authority is pending, or to the Knowledge of Contributor, threatened, with respect to the Taxes or Tax Returns of Contributor or with respect to the Business, the conduct of the Business or the Acquired Assets. Contributor has not waived or requested to waive any statute of limitations in respect of, or granted any extension of a period for the assessment of, any Taxes associated with the Business, the conduct of the Business or the Acquired Assets which waiver is currently in effect. There is no dispute or claim concerning any Liability of Contributor for additional Taxes, either (i) claimed or raised by any Governmental Authority in any written notice or communication provided to Contributor, or (ii) to the Knowledge of Contributor. Contributor is not a "foreign person" within the meaning of Section 1445 of the Code.

2.10 Employees and Employee Benefit Plans.

(a) The employment of each employee of Contributor is terminable at the will of Contributor and Contributor is not a party to any employment, non-competition or severance Contract with any current or former employee of Contributor. There is no collective bargaining agreement in effect between Contributor and any labor unions or organizations representing any of the employees of Contributor. Contributor has not experienced any organized slowdown, work interruption, strike or work stoppage by its employees, and, to the Knowledge of Contributor, there is no strike, labor dispute or union organization activity pending or threatened affecting Contributor.

(b) Schedule 2.10(b) sets forth a true and complete list of all benefit plans, policies, programs, profit-sharing, deferred compensation, incentive, bonus, performance award, change in control, severance, medical, vision, dental, disability, welfare, fringe benefit, and similar agreement plan, policies, or programs that have been maintained, sponsored, contributed to, or required to be contributed to by Contributor for the benefit of its employees (the "Contributor Benefit Plans"). To the Knowledge of Contributor, no examination, voluntary correction proceeding or audit of any Contributor Benefit Plan by any Governmental Authority is in progress or threatened and no other Proceeding is pending or, to the Knowledge of Contributor, threatened by any other party with respect to any Contributor Benefit Plan. Contributor is not a party to any agreement or understanding with the IRS, the United States Department of Labor, the Pension Benefit Guaranty Corporation, or similar foreign Governmental Authority.

2.11 Absence of Certain Changes and Events. Since January 1, 2018, (a) Contributor has conducted and operated the Business in the ordinary course of business consistent with past practices; and (b) Contributor has not taken any of the following actions: (i) made any dividend or other distribution; (ii) issued, sold or amended the terms of any Capital Stock; (iii) loaned or advanced funds, or any goods or property to, any Person; (iv) purchased or acquired any Capital Stock of any Person; (v) acquired (by merger, consolidation or otherwise), directly or indirectly, any material assets, securities, properties, interests or businesses of any Person; (vi) incurred or otherwise become liable with respect to any Indebtedness (other than Indebtedness included in current liabilities of Contributor); (vii) adopted, established, entered into, amended or terminated or increased the benefit under any Company Plan or other employee benefit plan, program or Contract that would be a Company Plan if in effect on the date of this Agreement; (viii) increased the compensation or benefits of any current or former director, officer, employee or Consultant of Contributor other than in the ordinary course of business; or (ix) granted any severance, retention, change of control or similar payments to any current or former director, officer, employee or Consultant of Contributor.

2.12 Brokers or Finders. No broker, finder or investment banker is entitled to any brokerage, finder's fee or other fee or commission in connection with the Transactions based upon arrangements made by or on behalf of Contributor or any Owner.

2.13 Intellectual Property.

(a) Contributor owns all right, title, and interest in and to, or has a valid right to use pursuant to a written license agreement, all Intellectual Property and Software used or held for use in the Business, free and clear of all Encumbrances, except as set forth on Schedule 2.13(a). The Software includes all of the computer software, databases, and documentation necessary and sufficient for the operation of the Business in accordance with Contributor's present practices. The operation and maintenance of the Business, as presently conducted, requires no Intellectual Property other than Intellectual Property owned by Contributor or granted to Contributor pursuant to a license agreement that is without obligation to pay any royalty or any other fees with respect thereto, except for payments set forth on Schedule 2.13(a). None of the Intellectual Property used in connection with the Business is being used or enforced, or has failed to be used, by Contributor in a manner that would result in the abandonment, cancellation, termination, or unenforceability of such Intellectual Property.

(b) To the Knowledge of Contributor, the written technical and user documentation in Contributor's possession pertaining to Software owned or used by Contributor includes all the source code, system documentation, tools, and written explanation necessary to render the Software usable within a reasonable period of time by a computer programmer of reasonable skill in the general type of technology involved. The Software owned by Contributor conforms to all written specifications for use in operation of the Business as currently conducted.

(c) Contributor's operation of the Business, including Contributor's use of Software and Intellectual Property, has not and does not infringe, misappropriate, or otherwise violate any intellectual property rights of any third party. To the Knowledge of Contributor, no third-party (i) is currently infringing, misappropriating, or otherwise violating, or (ii) has infringed, misappropriated, or otherwise violated, the rights of Contributor in any Intellectual Property.

(d) Contributor has not provided, and is not obligated to provide under any Contributor Contract, to any third party, the source code for any Software owned by Contributor. Contributor has taken commercially reasonable measures to protect, maintain, and preserve the (i) operation and security of the Software, computer hardware, and computer networks used, held for use, or acquired or developed for use in the operation of the Business, and (ii) the secrecy and confidentiality of all trade secrets and confidential and proprietary information used, held for use, or acquired or developed for use in connection with the Software or the Intellectual Property.

(e) The Software owned by Contributor and the Intellectual Property was either (i) developed by employees of Contributor within the scope of their employment, (ii) developed by independent contractors or consultants of Contributor who have assigned in writing all of their rights therein to Contributor, or (iii) otherwise acquired by Contributor in connection with an acquisition in which Contributor obtained exclusive title to such Software or the Intellectual Property. Contributor has not received written notice from any third party claiming any right, title or interest in the Software or Intellectual Property owned by Contributor.

(f) To the Knowledge of Contributor, no open source software, freeware or other software distributed under similar licensing or distribution models have been incorporated into any Software in such a manner that would obligate Contributor to disclose, distribute, or license to any third party the source code for any such Software or to otherwise impose any limitation, restriction, or condition on the right or ability of Contributor to license or distribute such Software owned by Contributor.

2.14 Governmental Authorizations. Contributor has obtained all of the Governmental Authorizations necessary to permit Contributor to own, operate, use and maintain the Acquired Assets in the manner in which they are now owned, operated, used and maintained and to conduct the Business as currently conducted (the "Operating Governmental Authorizations"). Each Operating Governmental Authorization is valid and in full force and effect. There are no Proceedings or, to the Knowledge of Contributor, audits or investigations before any Governmental Authority pending or, to the Knowledge of Contributor, threatened that would reasonably be expected to result in the termination, revocation or suspension of any Operating Governmental Authorization or the imposition of any fine, penalty, sanction or other liability for violation of any Legal Requirement relating to any Operating Governmental Authorization.

2.15 Related Party Transactions. Except as set forth on Schedule 2.15, there are no Contracts or other material arrangements related to the Business between any Contributor, on the one hand, and any Owner, any immediate family member of any Owner, or any of their respective Affiliates, on the other hand.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF COMPANY

Company represents and warrants to Contributor and the Owners as follows:

3.1 Organization and Good Standing. Company is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware, with full corporate power and authority to own and lease its assets and properties and conduct its business as it is now being conducted. Company is duly qualified or licensed to do business and is in good standing in those states where the Legal Requirements of such states require qualification, licensing or good standing, except where the failure to be so qualified or licensed or in good standing would not reasonably be expected to impair or delay Company's ability to consummate the Transactions.

3.2 Authority. The Transaction Documents constitute the legal, valid and binding obligation of Company, enforceable against Company in accordance with their terms, except as enforceability is limited by the Enforceability Exceptions. Company has the right, power and authority to execute and deliver the Transaction Documents to which Company is a party and to perform Company's obligations under the Transaction Documents to which Company is a party, and such actions have been duly authorized by all necessary corporate action by Company.

ARTICLE IV
COVENANTS

4.1 Public Announcements. Unless required by applicable Legal Requirements, including any required compliance with financial and accounting disclosures under GAAP or applicable United States securities laws, neither Contributor nor any Owner shall, directly or indirectly, make any public disclosure or permit any of their respective Representatives to make any public disclosure (whether or not in response to an inquiry) or any other public announcement of the terms or subject matter of the Transaction Documents unless previously approved by Company in writing. No Party shall, and each Party shall cause each of their respective Representatives not to, at any time, divulge, disclose or communicate to any third party in any manner whatsoever, information or statements that disparage or are intended to disparage the Business or any other Party or any of such Party's Affiliates or any of their respective business reputations.

4.2 Payment of Taxes; Straddle Periods.

(a) Transfer Taxes. All stamp, transfer, real property transfer, documentary, sales and use, value added, recording, stock transfer, registration and other such Taxes and fees (including any penalties and interest) incurred in connection with the Transactions, excluding any income or gains Taxes (collectively, the "Transfer Taxes") shall be paid for by Contributor when due. Contributor shall, at its own expense, properly file on a timely basis all necessary Tax Returns and other documentation with respect to any such Transfer Taxes, and, if required by applicable Legal Requirements, Company will join in the execution of any such Tax Returns and other documentation.

(b) Taxes; Prorations. Contributor shall pay, prior to delinquency, all personal property and real property Taxes in respect of the Acquired Assets, due and payable prior to the Closing. In addition, all personal property, real property, ad valorem, and other similar Taxes (other than income Taxes) levied with respect to the Acquired Assets for a Straddle Period shall be apportioned between Contributor and Company based on the number of days included in such Straddle Period through and including the Closing Date and the number of days included in such Straddle Period after the Closing Date, respectively. If the amounts of such Taxes are not liquidated or accurately estimated and apportioned at the Closing, or if Taxes are retroactively assessed after the Closing to a date on or prior to the Closing Date against the any Acquired Asset, then at such time as the actual or retroactively assessed Taxes are known, a cash settlement shall be made between Company and Contributor based on such actual amounts within 30 days of such determination. If the payment of Taxes is an obligation under any Contract, Liability for such Taxes shall be apportioned and paid for in the manner set forth in this Section 4.2(b). The Parties shall cooperate fully, as and to the extent reasonably requested by the other Parties, in connection with the filing of Tax Returns with respect to Taxes addressed in this Section 4.2(b). To the extent not otherwise addressed by this Agreement, Company and Contributor shall prorate (as of the Closing), if applicable, all water, sewage disposal, gas, telephone, electric, and other utility charges, real and personal ad valorem property taxes, real property lease payments, personal property lease payments, and all other income and expenses with respect to the Business, the Acquired Assets, or the Assumed Liabilities that are normally prorated upon the sale of assets of a going concern. To the extent applicable, all real property ad valorem Taxes shall be deemed paid in arrears.

4.3 Payment of Other Retained Liabilities. If any Retained Liabilities are not paid or provided for pursuant to Section 1.3(b), or if Company reasonably determines that failure to make any payments will impair Company's use or enjoyment of the Acquired Assets or conduct of the Business, Company is permitted to, any time after the Effective Time and following at least three Business Days prior notice to the Holders' Agent, elect to make all such payments directly (but will have no obligation to do so) and Contributor shall promptly reimburse Company for any such payments.

4.4 Misdirected Payments. Contributor and each Owner shall promptly notify Company about and remit to Company any payments received on account of the Business or any Acquired Assets at or after the Effective Time in such manner as Company may from time to time reasonably direct.

4.5 Further Assurances. Following the Closing, the Parties shall reasonably cooperate with each other and with their respective Representatives in connection with any steps required to be taken as part of their respective obligations under Transaction Documents, and the Parties agree (a) to furnish upon request to the other Parties such further information, (b) to execute and deliver to each other such other documents, and (c) to do such other acts and things, all as the other Parties reasonably request, for the purpose of carrying out the intent of the Transaction Documents and the Transactions, and of transitioning the operation of the Business to Company, including the right to audit from time to time upon reasonable request all bank accounts of Contributor.

4.6 Confidentiality. Except as required by any applicable Legal Requirements and upon prior written notice to Company, Contributor and each Owner shall not, and shall cause their respective Representatives not to, disclose, disseminate, divulge, discuss, copy or otherwise use

in competition with, or use in a manner harmful to the interest of, Company or the Business, any confidential information relating to the Business.

4.7 Employees.

(a) If requested by Company, Contributor and the Owner shall encourage any employee or independent contractor of Contributor (any such person, a "Business Associate" and, collectively, such persons, the "Business Associates") to make available such Business Associate's services to Company or an Affiliate of Company after the Closing. Contributor and Company each understand and agree that, on the Closing Date, Contributor shall terminate its employment or engagement of, and Company or an Affiliate of Company is permitted to offer, as of the Effective Time, employment or engagement to, each of the Business Associates. This Section 4.7(a) does not impose any obligation on any Business Associate to accept employment or engagement with Company or any Affiliate of Company, nor does it impose any obligation on Company or any Affiliate of Company to offer employment or engagement to any Business Associate or to retain any Business Associate for any length of time. Contributor and each Owner consent to the hiring or engagement of the Transferred Associates by Company or any Affiliate of Company and waive, with respect to the employment or engagement by Company or any Affiliate of Company of the Transferred Associates, any claims or rights Contributor or the Owner has under any non-competition, confidentiality, non-solicitation or similar restrictive covenants with the Transferred Associates.

(b) At the Closing, Contributor shall transfer to Company all Employee Records for the Transferred Associates, except to the extent such transfer is prohibited by applicable Legal Requirements.

(c) Nothing in this Agreement, express or implied, is to be construed to create any third party beneficiary interests (including any legal or equitable rights, remedies or claims) on the part of any Person (including any of the Business Associates).

(d) Company shall not assume any Liability for any vacation or paid time off accrued prior to the Closing Date with respect to any Transferred Associate.

(e) Contributor shall be solely responsible for offering and providing any COBRA Coverage with respect to any "qualified beneficiary" who is covered on the Closing Date by a Benefit Plan that is a "group health plan" and who experiences a qualifying event while covered under such plan on or prior to the Closing Date. Company shall be solely responsible for offering and providing any COBRA Coverage required with respect to any Transferred Associate or other "qualified beneficiary" who becomes covered by a group health plan sponsored or contributed to by Company or its Affiliates and who experiences a "qualifying event" following the Closing Date while covered under a group health plan of Company or its Affiliates. For the purposes hereof, "qualified beneficiary," "group health plan", "qualifying event," and "successor employer" have the meanings ascribed thereto in Section 4980B of the Code and "COBRA Coverage" means the continuation coverage required under Section 4980B of the Code and Part 6 of Title I of ERISA or any similar state Legal Requirements.

4.8 Certain Restrictive Covenants. All of the terms, conditions, covenants and provisions of this Section 4.8 are collectively referred to as the "Non-Compete Arrangements".

(a) Contributor hereby agrees that, during the Noncompetition Period, Contributor will not, without the express prior written consent of Company, directly or indirectly, engage anywhere within the Restricted Territory, in any capacity (whether as owner, part-owner, shareholder, member, partner, director, manager, officer, trustee, employee, agent, or consultant, or in any other capacity), in any business, organization, or Person whose primary business, activities, products, or services are the same or substantially similar to the Business (a "Competing Business").

(b) Contributor hereby agrees that, during the Noncompetition Period, Contributor will not, without the express prior written consent of Company, directly or indirectly:

(i) solicit, divert, take away, or attempt to solicit, divert or take away, any of the customers (or their Affiliates) or actively sought prospective customers (or their Affiliates) of the Business with whom Contributor has had material business contact during the 12-month period immediately preceding the Closing Date; or

(ii) solicit or hire, or encourage the solicitation or hiring by any employer other than Company or its Affiliates, any Transferred Associates for any position as an employee, independent contractor, consultant or otherwise.

(c) For purposes of this Agreement, the "Noncompetition Period" means the period commencing on the Closing Date and terminating 12-months thereafter and "Restricted Territory" means the United States of America. Contributor acknowledges and agrees that the Business encompasses and includes the entire geographic area in the Restricted Territory. The covenants contained in this Section 4.8 shall be construed as a series of separate covenants, one for each state and/or county of any geographic area in the Restricted Territory. Except for geographic coverage, each such separate covenant shall be deemed identical. If, in any judicial proceeding, a court refuses to enforce any of such separate covenants (or any part thereof), then such unenforceable covenant (or such part) shall be eliminated from this Agreement to the extent necessary to permit the remaining separate covenants (or portions thereof) to be enforced.

(d) Contributor acknowledges and agrees that, in the event of a breach or threatened breach of any of the covenants and promises contained in this Section 4.8, Company will suffer irreparable injury for which there is no adequate remedy at law, and Company shall therefore be entitled to temporary, preliminary, and permanent injunctive relief enjoining said breach or threatened breach without having to post a bond or other security. Contributor further acknowledges and agrees that Company shall have the right to seek a remedy at law as well as or in lieu of equitable relief in the event of such breach. Contributor acknowledges and agrees that the Non-Compete Arrangements are reasonable in geography, scope, content and duration, are not overly broad or unduly burdensome, and are reasonably intended to protect the

legitimate business interests of Company. Contributor acknowledges and agrees that the Non-Compete Arrangements set forth in this Section 4.8 are a material inducement for Company to enter into this Agreement and that Company would not enter into the transactions contemplated by this Agreement in the absence of such Non-Compete Arrangements.

4.9 Post-Closing Operations. On and after the Closing Date, Contributor and the Holders' Agent shall use their respective best efforts to, as promptly as is reasonably possible, affect the winding up of Contributor's business and affairs and the liquidation of Contributor's assets and properties and, thereafter, Contributor's dissolution, while also taking into account any input with respect thereto provided by Company in connection with protecting Company's rights pursuant to this Agreement and the Transactions.

4.10 Release.

(a) Except as otherwise provided in this Agreement and, effective as of the Closing, each Owner (each, a "Releasing Party"), fully and unconditionally releases, acquits and forever discharges the Company Released Parties, from any and all claims, demands, Damages, claims, causes of action, rights, costs, losses, expenses, compensation or suits in equity, of whatsoever kind or nature, in contract or in tort, at law or in equity, that such Releasing Party has had, now has or might have in each case arising out of anything done, omitted, suffered or allowed to be done by any Company Released Party, including pursuant to any agreement, understanding, representation or promise by or between any Company Released Party, on the one hand, and any Releasing Party, on the other hand, in each case whether heretofore or hereafter accrued or unaccrued and whether foreseen or unforeseen or known or unknown, any claim for indemnification, contribution or other relief, any claim relating to the valuation or prospects of Contributor or the Business, any claim relating to any investment in Contributor or employment by Contributor or any claim relating to any inducement to enter into this Agreement in each case to the extent related to matters or events occurring prior to the Closing (collectively, the "Released Claims"); provided that, notwithstanding the foregoing, the Released Claims shall not include any claims by Contributor Indemnified Persons expressly permitted pursuant to this Agreement or claims to enforce this Agreement or to the extent related to matters or events occurring after the Closing. Each Owner agrees that it shall not commence, threaten or institute any legal actions, including litigation, arbitration or any other Proceedings of any kind whatsoever, in law or equity, or assert any claim, demand, action or cause of action against any Company Released Parties based in whole or in part upon any Released Claims.

(b) Each Owner:

(i) acknowledges that this release applies to all unknown or unanticipated results of any action of any Company Released Party occurring prior to the Closing, as well as those known and anticipated;

(ii) acknowledges and agrees that such Owner may hereafter discover claims or facts in addition to or different from those that they now know or believe to exist with respect to the subject matter of this release and which, if known or suspected at the time of executing this release, may have materially affected this Agreement, but nevertheless expressly accept and assume the risk of such possible differences in fact, agree that this release shall be and remain effective, notwithstanding any such differences and hereby waive any rights, claims or causes of action that might arise as a result of such different or additional claims or facts and acknowledge that they understand the significance and potential consequence of such a release of unknown claims;

(iii) in furtherance thereof, and without limiting the foregoing, expressly waives any and all rights and benefits conferred by the provisions applicable Legal Requirements of any other jurisdiction, including Delaware, Georgia, Missouri and New York, and expressly consents that this release shall be given full force and effect according to each of its express terms, including those relating to unknown or unsuspected claims; and

(iv) represents that this release is executed voluntarily with full knowledge of its significance and legal effect, consents that the claims, demands, Damages, actions, causes of action, rights, costs, losses, expenses, compensation or suits in equity, of whatsoever kind or nature, in contract or in tort, at law or in equity, released hereunder be construed as broadly as possible and acknowledges and agrees that no Owner has relied, in whole or in part, on any statements or representations made by or on behalf of any Company Released Party in connection herewith or otherwise except as otherwise set forth in this Agreement.

ARTICLE V
INDEMNIFICATION

5.1 Survival. All representations and warranties in this Agreement shall survive the Closing for a period of 18 months and shall then expire and be of no force or effect, except that a representation or warranty made in Sections 2.1(a) or (b), 2.2, 2.4, 2.12, 2.13, 3.1, and 3.2 (each, a "Fundamental Representation") shall survive the Closing and terminate upon the expiration of the applicable statute of limitations. All covenants and obligations in this Agreement, as well as the other Transaction Documents, shall survive the Closing for the period explicitly specified therein (or, if no such period is explicitly specified, until the expiration of the applicable statute of limitations). It is the express intent of the Parties that, if the applicable survival period for an item as contemplated by this Section 5.1 is shorter than the statute of limitations that would otherwise have been applicable to such item, then the applicable statute of limitations with respect to such item shall be reduced to the shortened survival period contemplated hereby. The right to indemnification, reimbursement, or other remedy based on such representations, warranties, covenants and obligations are not to be affected by any investigation conducted with respect to, or any knowledge obtained (or capable of being obtained), whether before or after the date of this Agreement, about, the accuracy or inaccuracy of or compliance with, any such representation, warranty, covenant or obligation.

5.2 Indemnification and Reimbursement by Contributor and the Owners. Subject to the other Sections of this Article V, Contributor and each Owner shall, jointly and severally, indemnify, defend and hold harmless Company and its Affiliates and Representatives (collectively, the "Company Indemnified Persons"), and shall reimburse the Company Indemnified Persons, for any Damages incurred by any Company Indemnified Person based upon, arising out of or incurred as a result of:

(a) any inaccuracy in or breach of any representation or warranty made by Contributor or an Owner in this Agreement, including the representations and warranties made pursuant to Article II and Section 6.13;

(b) any nonfulfillment or breach of any covenant, agreement or obligation of Contributor or an Owner in this Agreement;

(c) any Retained Liabilities; and

(d) any (i) Taxes of Contributor (including any Taxes for which Contributor is responsible pursuant to any Contract, Legal Requirement or otherwise), (ii) Taxes attributable to the activities of the Business occurring prior to the Effective Time, and (iii) Taxes for which Contributor is liable for pursuant to Section 4.2.

5.3 Indemnification and Reimbursement by Company. Subject to the other Sections of this Article V, Company shall indemnify, defend and hold harmless Contributor, the Owners and their respective Affiliates and Representatives (including the Holders' Agent) (collectively, the "Contributor Indemnified Persons"), and shall reimburse the Contributor Indemnified Persons, for any Damages incurred by any Contributor Indemnified Person based upon, arising out of or incurred as a result of:

(a) any inaccuracy in or breach of any representation or warranty made by Company in this Agreement;

(b) any nonfulfillment or breach of any covenant, agreement or obligation of Company in this Agreement; and

(c) any Assumed Liabilities.

5.4 Procedure for Indemnification – Third Party Claims. If an Indemnified Person receives written notice of any third-party claim or alleged third-party claim (a "Third-Party Claim") asserting the existence of any matter of a nature as to which an Indemnified Person is entitled to be indemnified under this Agreement, such Indemnified Person shall promptly notify the Indemnifying Person, in writing with respect thereto, but the failure to notify the Indemnifying Person is not to relieve the Indemnifying Person of any Liability that the Indemnifying Person has to such Indemnified Person, except to the extent that (and only to the extent that) such failure is demonstrated by the Indemnifying Person to have actually caused the Damages for which the Indemnifying Person is obligated to pay under this Agreement to be greater than such Damages that would have been payable had such Indemnified Person given the prompt notice required by this Agreement. The Indemnifying Person is to have the right to defend against any such Third-Party Claim provided that (a) the Indemnifying Person, within 15 Business Days after the giving of such notice by such Indemnified Person, notifies such Indemnified Person in writing that (i) the Indemnifying Person disputes such Third-Party Claim and gives reasons therefor, and (ii) the Indemnifying Person will, at its own cost and expense, defend the same, and (b) such defense is instituted and continuously maintained in good faith by the Indemnifying Person. Such Indemnified Person is permitted to, if it so elects and at its sole cost and expense, designate its own counsel to participate with the counsel selected by the Indemnifying Person in the conduct of such defense. The Indemnifying Person will not permit any Encumbrance to attach to the assets of such Indemnified Person as a result of such Third-Party Claim, and the Indemnifying Person shall provide such bonds or deposits as are necessary to prevent the same. In any event, the Indemnifying Person shall keep such Indemnified Person fully advised as to the status of such defense. If the Indemnifying Person is given notice of a Third-Party Claim in compliance with this Section 5.4 and fails to notify such Indemnified Person of its election to defend such Third-Party Claim within the time prescribed in this Section 5.4, or if such defense is unsuccessful, then, in such event, the Indemnifying Person shall fully satisfy and discharge the Third-Party Claim within 15 days after notice from such Indemnified Person requesting the Indemnifying Person to do so. Notwithstanding anything in this Agreement to the contrary, where a Company Indemnified Person receives a written notice of a Third-Party Claim or alleged Third-Party Claim that relates to periods before, at or after the Closing, such Company Indemnified Person is to have the sole right to defend any such Third-Party Claim and is not be deemed to have waived any right to indemnification. If the Indemnifying Person assumes the defense of any Proceeding (A) no compromise or settlement of such Third-Party Claims is to be effected by the Indemnifying Person without such Indemnified Person's consent (which consent shall not be unreasonably withheld, conditioned or delayed) unless (1) there is no finding or admission of any violation of any Legal Requirement and no effect on any other claims that may be made against such Indemnified Person, and (2) the sole relief provided is monetary damages that are paid in full by the Indemnifying Person; and (B) such Indemnified Person is to have no Liability with respect to any compromise or settlement of such Third-Party Claims effected without its consent.

5.5 Procedure for Indemnification – Other Claims. An Indemnified Person seeking indemnification is permitted to assert a claim for indemnification for any matter not involving a Third-Party Claim by providing notice to the Indemnifying Person from whom indemnification is sought. If within ten Business Days after receipt of notice of a claim for indemnification, the Indemnifying Person from whom indemnification is sought has not given such Indemnified Person seeking indemnification written notice of any good faith objection in reasonable detail to indemnifying such Indemnified Person in connection with such claim, then it will be presumed that the Indemnifying Person from whom indemnification is sought acknowledges and agrees to indemnify such Indemnified Person seeking indemnification.

5.6 Materiality Qualifications; Strict Liability; Limitations on Liability.

(a) For purposes of calculating the amount of Damages to which Indemnified Persons are entitled under this Article V, the terms "material," "materiality," and "material adverse effect" are to be disregarded. The indemnification provisions of this Article V shall be enforceable regardless of whether any Person (including any Party) alleges or proves the sole, concurrent, contributory or comparative negligence of the Indemnified Person seeking indemnification or the sole or concurrent strict liability imposed upon the Indemnified Person seeking indemnification.

(a) Contributor's and each Owner's aggregate maximum liability, collectively, for any Damages or series of related Damages pursuant to Sections 5.2(a) and 5.2(b), and Company's maximum liability for any Damages or series of related Damages pursuant to Sections

5.3(a) and 5.3(b), will not exceed $375,000, provided that such maximum liability limit shall be $3,750,000 for any such Damages with respect to any inaccuracy in or breach of the Fundamental Representations. Notwithstanding the foregoing limitations on liability, there shall be no limit on Contributor's and each Owner's aggregate maximum liability, collectively, for any Damages or series of related Damages pursuant to Sections 5.2(a) and 5.2(b), or Company's maximum liability for any Damages or series of related Damages pursuant to Sections 5.3(a) and 5.3(b), to the extent such Damages arise out of or are incurred as a result of Contributor's, any Owner's or Company's common law fraud or intentional misrepresentation under this Agreement (which common law fraud or intentional misrepresentation claims shall be asserted solely against the applicable Party or Parties alleged to have committed such common law fraud or intentional misrepresentation).

(b) Contributor and each Owner shall have no obligation to indemnify any Company Indemnified Person under Sections 5.2(a) or 5.2(b) and Company shall have no obligation to indemnify any Contributor Indemnified Person under Sections 5.3(a) or 5.3(b), in each case, unless and until such time as the aggregate Damages incurred by the Company Indemnified Persons under Sections 5.2(a) and 5.2(b) or the Contributor Indemnified Persons under Sections 5.3(a) and 5.3(b), as applicable, exceed $25,000 (the "Deductible"), in which event Contributor and each Owner or Company, as applicable, shall be responsible only for such Damages exceeding the Deductible.

(c) Notwithstanding anything contained herein to the contrary, the amount of any Damages for which an Indemnified Person may be entitled to indemnification under this Article V shall be reduced to the extent of any insurance proceeds that the Indemnified Person or any of its Affiliates actually receives with respect to such Damages. If any such insurance proceeds are received by an Indemnified Person or any of its Affiliates with respect to any Damages indemnifiable under this Article V after payment has been made to the Indemnified Person with respect thereto, the Indemnified Person shall promptly pay back, or cause its appropriate Affiliate to pay back, the amount of such insurance proceeds (up to the amount received by the Indemnified Person with respect to such Damages) to the Indemnifying Person.

(d) Notwithstanding anything to the contrary in this Section 5.6 and subject to Section 5.7, no Owner shall have any obligation to indemnify any Company Indemnified Person for any amount that is greater than the distributions that such Owner (or, in the case of Stein, that Stein, Ltd.), together with such Owner's permitted transferee(s), has actually received from Company in such Person's capacity as owner of Preferred Units of Company.

5.7 Offset. Company is permitted to offset any amounts to which any Company Indemnified Person is entitled to receive at any time under this Article V against any amounts payable to such Owner (or, in the case of Stein, to Stein, Ltd.) pursuant to or arising from the Company LLC Agreement, including any distributions made on account of any Preferred Units held by such Owner, or any other of the Transaction Documents.

5.8 Power of Holders' Agent. Without limiting Section 6.11, the Holders' Agent shall have full power and authority on behalf of each Owner to take any and all actions on behalf of, execute any and all instruments on behalf of, and execute or waive any and all rights of, any Owner under this Article V. Without limiting the foregoing, for purposes of this Section 5.8, (i) if any or all of the Owners comprise the Indemnifying Person, any references to the Indemnifying Person (except provisions relating to an obligation to make any payments) shall be deemed to refer to the Holders' Agent, and (ii) if any or all Owners comprise the Indemnified Party, any references to the Indemnified Person (except provisions relating to an obligation to make or a right to receive any payments) shall be deemed to refer to the Holders' Agent.

5.9 No Duplication of Recovery. Any amounts payable under this Article V shall be paid without duplication (e.g., if one Company Indemnified Person is reimbursed for Damages, another Company Indemnified Person may not be reimbursed for the same Damages), and in no event shall any Indemnified Person be indemnified under different provisions of this Agreement for the same Damages.

5.10 Subrogation. Upon making any payment to any Indemnified Person for any indemnification claim pursuant to this Article V, the Indemnifying Person will be subrogated, to the extent of such payment, to any rights that the Indemnified Person may have against other Persons with respect to the subject matter of such claim for indemnification. The Indemnified Person shall take such actions as the Indemnifying Person may reasonably request for the purpose of enabling the Indemnifying Person to perfect or exercise the Indemnifying Person's right of subrogation hereunder.

5.11 Exclusive Remedy. Notwithstanding anything to the contrary in this Agreement, from and after the Closing Date, each Party's sole and exclusive remedy under this Agreement or at law or in equity or otherwise against any other Party for any breach of any representation, warranty, covenant, agreement, undertaking, or obligation contained in or relating to this Agreement shall be pursuant and subject to this Article V; provided that the immediately preceding limitation shall not limit the rights of a Party to seek and obtain an injunction, or other equitable remedy (including specific performance), as provided in this Agreement.

ARTICLE VI
GENERAL PROVISIONS

6.1 Expenses. Each Party shall bear such Party's fees and expenses incurred in connection with the preparation, negotiation, execution, and performance of the Transaction Documents and the Transactions, including all fees and expenses of such Party's Representatives. Notwithstanding the foregoing, the prevailing Party (i.e., the Party that receives substantially the relief claimed via arbitration or judicial proceeding) in any dispute arising from or relating in any manner to this Agreement shall be entitled to recover from the other Party all of its costs and expenses incurred in connection with the enforcement of its rights hereunder, including the costs of arbitration and any arbitrator, reasonable attorneys' fees and expenses, and court fees and expenses, if applicable.

6.2 Successors and Assigns; No Third Party Beneficiaries. Subject to the terms of this Section 6.2, this Agreement will apply to, be binding in all respects upon, and inure to the benefit of the successors and permitted assigns of the Parties. No Party is permitted to assign any of such Party's rights or delegate any of such Party's obligations under this Agreement without the prior written consent of the other Parties (which consent shall not be unreasonably withheld, conditioned or delayed). No assignment or delegation is to relieve any Party of any of such

Party's obligations under this Agreement. Nothing in this Agreement is to be construed to give any Person other than the Parties any legal or equitable right under or with respect to this Agreement or any provision of this Agreement, except (i) such rights as will inure to a successor or permitted assignee pursuant to this Section 6.2 and (ii) as provided for in Article V (with respect to the Persons who are beneficiaries of the indemnification provision thereunder).

6.3 Notices. All notices, consents, waivers, and other communications under this Agreement must be in writing and are to be deemed to have been duly given when (a) delivered by hand (with written confirmation of receipt), (b) sent by electronic mail during regular business hours, or if not during regular business hours, the next Business Day, (c) received by the addressee, if sent by certified mail, return receipt requested, or (d) received by the addressee, if sent by a nationally recognized overnight delivery service, return receipt requested, in each case to the appropriate addresses set forth below (or to such other addresses as a Party designates by notice to the other Parties in accordance with this Section 6.3):

If to Contributor or any Owner, to Holders' Agent at:

Mr. Thomas C. Priore
in his capacity as Holders' Agent for the Owners of eTab, LLC

_____

_____

Electronic Mail: tpriore@pps.io

If to Company:

Priority Hospitality Technology, LLC
2001 Westside Parkway, Suite 155
Atlanta, Georgia 30004
Attention: General Counsel
Electronic Mail: chris@pps.io

with a copy to (which does not constitute notice to Company):

Maynard Cooper & Gale PC
1901 Sixth Avenue North
2400 Regions Harbert Plaza
Birmingham, Alabama 35203
Attention: Michel M. Marcoux
Electronic Mail: mmarcoux@maynardcooper.com

6.4 Entire Agreement; Modification. The Transaction Documents constitute the entire agreement among the Parties and supersede all prior agreements, whether written or oral, among the Parties with respect to the subject matter of the Transaction Documents. The Parties are not permitted to amend this Agreement, except by a written agreement signed by the Parties.

6.5 Waiver. Neither the failure nor any delay by any Party in exercising any right under this Agreement is to operate as a waiver of such right, and no single or partial exercise of any such right is to preclude any other or further exercise of such right or the exercise of any other right.

6.6 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any jurisdiction is to be, as to that jurisdiction, ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms or provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any term or provision of this Agreement is so broad as to be unenforceable, such term or provision is to be interpreted to be only as broad as is enforceable.

6.7 Governing Law. This Agreement and the other Transaction Documents, as well as all matters in dispute among the Parties, whether arising from or relating to this Agreement or any of the other Transaction Documents, regardless of the legal theory upon which such matter is asserted, are to be governed by, construed under and enforced in accordance with the Legal Requirements of the State of Delaware without regard to any conflicts of laws principles that would require the application of any other Legal Requirements.

6.8 WAIVER OF JURY TRIAL. THE PARTIES HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY PROCEEDING ARISING OUT OF OR IN ANY WAY PERTAINING TO THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR THE TRANSACTIONS, WHETHER NOW OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE. ANY PARTY IS PERMITTED TO FILE A COPY OF THIS SECTION 6.8 WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY AND BARGAINED AGREEMENT AMONG THE PARTIES TO IRREVOCABLY WAIVE TRIAL BY JURY, AND THAT ANY PROCEEDING WHATSOEVER AMONG THE PARTIES RELATING TO THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR THE TRANSACTIONS IS INSTEAD TO BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

6.9 Counterparts; Execution of Agreement. The Parties are permitted to execute this Agreement in one or more counterparts, each of such counterparts is to be deemed to be an original copy of this Agreement and all of which, when taken together, are to be deemed to constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages by facsimile or other electronic

transmission is to constitute effective execution and delivery of this Agreement as to the Parties. Signatures of the Parties transmitted by facsimile or other electronic transmission are to be deemed to be their original signatures for any purpose whatsoever.

6.10 Enforcement of Agreement. Each Party acknowledges and agrees that the other Parties would be damaged irreparably in the event any of the covenants, agreements or obligations of this Agreement are not performed in accordance with their specific terms and that any breach of such covenants, agreements or obligations may not be adequately compensated by monetary damages. Accordingly, the Parties agree that, in addition to any other right or remedy to which a Party is entitled, at law or in equity, each Party is permitted to enforce any covenant, agreement or obligation of this Agreement by a decree of specific performance and to temporary, preliminary and permanent injunctive relief to prevent breaches or threatened breaches thereof, without posting any bond or other undertaking.

6.11 Holders' Agent.

(a) Appointment. By executing this Agreement, each Owner approves the appointment of, and hereby irrevocably appoints Priore as the true and lawful agent and attorney in fact of the Owners and as the representative for and on behalf of the Owners and Contributor for purposes of this Agreement, with full power of substitution, to act in the name, place and stead of the Owners for purposes of executing any documents and taking or omitting to take any actions that the Holders' Agent may, in its sole discretion, determine to be necessary, desirable or appropriate in connection with any matter contemplated by or related to this Agreement, the other Transaction Documents (except the Company LLC Agreement), or the Transactions. The undersigned Holders' Agent hereby accepts his appointment as Holders' Agent.

(b) Authority. The Owners grant to the Holders' Agent full authority to execute, deliver, acknowledge, certify and file on behalf of such Owners (in the name of any or all of the Owners or otherwise) any and all documents that the Holders' Agent may, in his sole discretion, determine to be necessary, desirable or appropriate, in such forms and containing such provisions as the Holders' Agent may, in its sole discretion, determine to be appropriate, in performing his duties as contemplated by this Section 6.11. Notwithstanding anything to the contrary contained in this Agreement or in any other Transaction Document: (i) each Company Indemnified Person shall be entitled to deal exclusively with the Holders' Agent on all matters for purposes of Article V; and (ii) each Company Indemnified Person shall be entitled to rely conclusively (without further evidence of any kind whatsoever) on any document executed or purported to be executed on behalf of any Owner by the Holders' Agent, and on any other action taken or purported to be taken on behalf of any Owner by the Holders' Agent, as fully binding upon such Owner and any notice or communication delivered by Company to the Holders' Agent shall be deemed to have been delivered to Contributor and each Owner.

(c) Limitation on Liability; Holders' Agent Expenses. Except for common law fraud, intentional misrepresentation, or gross negligence on the Holders' Agent's part, the Holders' Agent will have no liability to Contributor or any Owner under this Agreement for any act or omission by the Holders' Agent on behalf Contributor or any Owner. Company will not be liable for any Damages to any Person, including any Owner, for any action taken or not taken by the Holders' Agent or for any act or omission taken or not taken in reliance upon the actions taken or not taken or decisions, communications or writings made, given or executed by the Holders' Agent. The Holders' Agent shall be reimbursed by the Owners for all fees, costs and expenses as the Holders' Agent deems to be reasonably necessary or appropriate in connection with the performance of the Holders' Agent's obligations under this Agreement.

(d) Power of Attorney. The power of attorney granted in this Section 6.11: (i) is coupled with an interest and is irrevocable; and (ii) may be delegated by the Holders' Agent.

(e) Survival; Replacement of Holders' Agent. All powers granted to Holders' Agent shall survive the Closing and any termination of this Agreement. If the Holders' Agent is unable to perform the Holders' Agent's responsibilities under this Agreement or resigns from such position, the Owners shall promptly appoint a replacement Holders' Agent to fill the vacancy of the Holders' Agent, which appoint shall be subject to the consent of Company, which shall not be unreasonably withheld. Such appointment shall be effective upon delivery by the Owners representing a majority of the aggregate of the equity interests of Contributor at the Closing of at least three Business Days prior written notice to Company and, thereafter, the replacement Holders' Agent shall be deemed to be the Holders' Agent for all purposes of this Agreement.

6.12 Disclosure Schedules. No reference to or disclosure of any item or other matter in the Disclosure Schedules will be construed as an admission or indication that such item or other mater is material or that such item or other matters is required to be disclosed in the Disclosure Schedules. The Disclosure Schedules have been arranged in sections and subsections corresponding to the sections and subsections of this Agreement. Any item disclosed in one section or subsection of the Disclosure Schedules will qualify other sections and subsections of the Disclosure Schedules to the extent that it is reasonably apparent from reading the disclosure that such disclosure is applicable to other sections or subsections of the Disclosure Schedules. The Disclosure Schedules are qualified in their entirety by reference to the specific provisions of this Agreement and do not constitute representations or warranties of Contributor, except as, and to the extent provided in, this Agreement.

6.13 Certain Representations and Warranties of Each Owner. In connection with such Owner's execution and delivery of the Company LLC Agreement as provided in Section 1.6(a)(iii) and the Company's issuance of Preferred Units to such Owner in connection therewith, each Owner represents and warrants to Company as follows:

(a) Accredited Investor. Such Owner is an "accredited investor" within the meaning of Regulation D promulgated under the Securities Act of 1933.

(b) Investment Risk. Such Owner recognizes the speculative nature of an investment in the Company and that its investment may subject to total loss if the Company's business is unsuccessful.

(c) Access to Information. Such Owner (i) has closely reviewed the information, representations and agreements contained in this Agreement and (ii) has been provided access to Company's organizational documents, and all other requested documents about the Company, Cumulus and the Cumulus Transaction, which documents such Owner has carefully reviewed in their entirety. Such Owner acknowledges that all documents, records, and books pertaining to Company and the acquisition of the Preferred Units (collectively, the "Company Documents") have been made available for inspection by such Owner and such Owner's attorneys, accountants, investor representatives and tax advisors (collectively, the "Advisors"), and such Owner and the Advisors have had a reasonable opportunity to ask questions of and receive answers from a person or persons acting on behalf of Company concerning the issuance of the Preferred Units in connection with the Transactions and all such questions have been answered to the full satisfaction of such Owner and its Advisors.

(d) Familiarity with Company. Such Owner acknowledges and certifies that: (i) such Owner is familiar with the Company and its objectives; (ii) there is no assurance of the success of the Company or its business goals; and (iii) an investment in the Company involves a high degree of risk.

(e) Suitable Investment. Such Owner: (i) has knowledge and experience in financial and business matters; (ii) is capable of evaluating the merits and risks of an investment in Company and its Preferred Units; (iii) has carefully considered the suitability of an investment in Company and its Preferred Units for such Owner's particular financial and tax situation; and (iv) has determined that an investment in Company's Preferred Units is a suitable investment for such Owner. Such Owner has adequate means of providing for such Owner's current needs and possible contingencies, and such Owner has no present intention or need, and anticipates no need in the foreseeable future, to sell its investment in Company. Such Owner acknowledges that such Owner is solely responsible for its decision to invest in Company's Preferred Units and such Owner is not relying on the Company, any Person acting on behalf of the Company, including Company's counsel Maynard, Cooper & Gale PC, or any of their respective Affiliates for advice in connection with such investment.

(f) Transfer Restrictions and Automatic Redemption of Preferred Units. Such Owner understands that there will be substantial restrictions on the transferability of such Owner's investment in Company's Preferred Units pursuant to the Company LLC Agreement and that the Preferred Units are subject to mandatory redemption as set forth in the Company LLC Agreement, including Section 3.7(d) thereof. Such Owner further understands that the Preferred Units have not been registered under federal or any state securities laws, and the Preferred Units may not be sold or offered for resale unless they are subsequently so registered or an exemption from such registration is available under applicable laws. Such Owner hereby acknowledges that the Preferred Units being issued to such Owner in connection with the Transactions may be sold, pledged, transferred or otherwise disposed of only in accordance with the terms, provisions and restrictions of the Company LLC Agreement and applicable laws and that, in any event, such Preferred Units may not be sold, pledged, transferred or otherwise disposed of unless (i) registered under the Securities Act or (ii) an exemption from such registration is available. Such Owner understands that Company is issuing the Preferred Units to such Owner pursuant to an exemption from registration in reliance on the representations made by such Owner herein.

(g) Acquisition for Investment. Such Owner will acquire the Preferred Units for its own account for investment purposes only and not with a view to the distribution or sale thereof.

(h) Tax and Legal Advisors. Such Owner has been advised to consult with such Owner's own attorney and tax advisor regarding legal and tax matters and consequences concerning an investment in the Company and its Preferred Units and such Owner has done so, to the extent such Owner considered it to be necessary.

(i) Company LLC Agreement and Spousal Consent. Such Owner acknowledges that, as a condition to such Owner's receipt of the Preferred Units, such Owner will be required to execute the Company LLC Agreement. Such Owner acknowledges that such Owner's rights and obligations as an owner of the Preferred Units and the operations of the Company will be governed by the Company LLC Agreement. In addition, such Owner acknowledges that, as a condition to the issuance of the Preferred Units to such Owner and such Owner's receipt thereof, such Owner's wife, if applicable, will be required to execute the written consent attached as Schedule C to the Company LLC Agreement and deliver the same to the Company.

6.14 Certain Additional Representations. The Parties agree and consent, on each of their own behalf and on behalf of the Contributor Indemnified Persons that, following the Closing, Maynard Cooper & Gale PC may serve as counsel to Company and its Affiliates in connection with any matters related to this Agreement, the other Transaction Documents or the Transactions, including any litigation, claim or obligation arising out of or relating to this Agreement, the other Transaction Documents or the Transactions notwithstanding any representation by Maynard Cooper & Gale PC prior to the Closing Date of Contributor or any Owner, as applicable, or any such Person's Affiliates. Contributor and the Owners each hereby (a) waive and agree not to assert any conflict of interest or any claim it has or may have that Maynard Cooper & Gale PC has a conflict of interest or is otherwise prohibited from engaging in such representation and (b) agrees that, in the event that a dispute arises after the Closing between Company or any Company Indemnified Person, on the one hand, and any of Contributor, either Owner or any of their respective Affiliates, on the other hand, Maynard Cooper & Gale PC may represent any of Company and/or any Company Indemnified Person in such dispute even though the interests of such Person(s) may be directly adverse to those of such Contributor, Owner or any of their respective Affiliates, as applicable, and even though Maynard Cooper & Gale PC may have represented Contributor or an Owner in a matter substantially related to such dispute. The Parties further agree that, as to all communications between or among Maynard Cooper & Gale PC and any of Contributor, any Owner or either of their Affiliates or Representatives, that relate in any way to this Agreement or the other Transaction Documents, the negotiation thereof or the Transactions, the attorney-client privilege and the expectation of client confidence belongs to PIPH, in its capacity as Company's sole member prior to Closing, and may be controlled by PIPH and shall not pass to or be claimed by any Contributor or any Contributor Indemnified Person.

6.15 Rules of Construction.

(a) Except as otherwise explicitly specified in this Agreement to the contrary, (i) references to an Article, Section, Exhibit or

Schedule means an Article or Section of, or Exhibit or Schedule to, this Agreement, unless another agreement is specified; (ii) the word "including" is to be construed as "including, without limitation;" (iii) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole; (iv) words in the singular or plural form include the plural and singular form, respectively; (v) pronouns are to be deemed to refer to the masculine, feminine or neuter, as the identity of the Person or Persons requires; (vi) the words "asset" and "property" are to be construed to have the same meaning and effect and to refer to all tangible and intangible assets and properties, including cash, securities, accounts, contract rights and real and personal property; (vii) references to a particular Person include such Person's successors and permitted assigns; (viii) references to a particular statute, rule or regulation include all rules and regulations thereunder and any predecessor or successor statutes, rules or regulations, in each case as amended or otherwise modified from time to time; (ix) references to a particular agreement, document, instrument or certificate mean such agreement, document, instrument or certificate as amended, supplemented or otherwise modified from time to time if permitted by the provisions thereof; (x) references to "Dollars" or "$" are references to United States Dollars; (xi) an accounting term not otherwise defined in this Agreement has the meaning ascribed to such term in accordance with GAAP; and (xii) references to "written" or "in writing" include electronic form. The headings of Articles, Sections, Exhibits and Schedules are provided for convenience only and are not to affect the construction or interpretation of this Agreement.

(b) The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement is to be construed as if drafted jointly by the Parties and no presumption or burden of proof is to arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.

(c) The Parties intend that each representation, warranty and covenant contained in this Agreement is to have independent significance. If either Party has breached any representation, warranty or covenant contained in this Agreement in any respect, the fact that there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative levels of specificity) that such Party has not breached is not to detract from or mitigate the fact that such Party is in breach of the first representation, warranty or covenant.

(d) If any period for giving notice or taking action under this Agreement expires on a day that is not a Business Day, the time period is to be automatically extended to the Business Day immediately following such day.

(e) The preamble and recitals to this Agreement are hereby expressly incorporated into this Agreement as if fully set forth in this Section 6.15(e).

[Signature Page Follows]

The Parties, intending to be legally bound, have duly executed this Agreement, or caused this Agreement to be duly executed by an authorized Representative of such Party, as of the date first set forth above.

COMPANY:

Priority Hospitality Technology, LLC

By: /s/ Michael Vollkommer
Name: Michael Vollkommer
Title: Chief Financial Officer

CONTRIBUTOR:

eTab, LLC

By: /s/ Jeffrey M. Stein
Name: Jeffrey M. Stein
Title: President

OWNERS:

/s/ Thomas C. Priore
Thomas C. Priore

/s/ Jeffrey M. Stein
Jeffrey Michael Stein

HOLDERS' AGENT:

/s/ Thomas C. Priore

Exhibit A

Defined Terms

The following definitions apply in connection with the interpretation of this Agreement:

"Acquired Assets" is defined in Section 1.1.

"Advisors" is defined in Section 6.13(c).

"Affiliate" means, for any Person, any other Person controlling, controlled by, or under common control with such Person. For purposes of this definition, "controlling", "controlled by" and "control" mean the possession, directly or indirectly, of the power to direct the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" is defined in the introductory paragraph.

"Assumed Contracts" is defined in Section 1.3(a).

"Assumed Liabilities" is defined in Section 1.3(a).

"Beneficial Rights" is defined in Section 1.3(c).

"Bill of Sale" is defined in Section 1.7(a)(i).

"Business" is defined in the recitals.

"Business Associates" is defined in Section 4.7(a).

"Business Day" means any day except Saturday, Sunday or any other day that commercial banks located in New York, New York are authorized or required by applicable Legal Requirements to be closed for business.

"Capital Stock" means any (a) shares, interests or other equivalents (however designated) of capital stock of a corporation; (b) equity ownership interests in a Person other than a corporation (e.g., limited liability company membership interests, units, partnership interests, etc.); and (c) warrants, options, convertible securities, calls or other rights to purchase or acquire any of the foregoing.

"Card Associations" means MasterCard International, Inc., VISA International, Inc., VISA USA, Inc., and any other card association, debit card network, or similar entity with whom Contributor or any credit card and debit card processor has a sponsorship agreement.

"Closing" is defined in Section 1.5.

"Closing Date" is defined in Section 1.5.

"Code" means the Internal Revenue Code of 1986.

"Company" is defined in the introductory paragraph.

"Company Documents" is defined in Section 6.13(c).

"Company Indemnified Persons" is defined in Section 5.2.

"Company LLC Agreement" is defined in the recitals.

"Company Released Parties" means (i) Company and its Affiliates (including PIPH), (ii) each holder of any Capital Stock of Company or any of its Affiliates as of the Closing Date, and (iii) each director, officer, employee, member, manager, general or limited partner, stockholder, Representative, assignee or successor of Company or any of its Affiliates, in its capacity as such.

"Competing Business" is defined in Section 4.8(a).

"Consent" means any consent, approval, authorization, permission, waiver, clearance, exemption, expiration of any notification requirements or similar affirmation by any Person pursuant to any Contract, Governmental Authorization, Legal Requirement or otherwise.

"Contract" means any legally binding contract, agreement, lease, sublease, mortgage, guaranty, obligation, understanding, promise, arrangement, undertaking, restriction, license or other instrument, whether written or oral, together with all amendments and other modifications thereto.

"Contributor" is defined in the introductory paragraph.

"Contributor Benefit Plans" is defined in Section 2.10(b).

"Contributor Contract" means any Contract to which Contributor is a party or is otherwise bound.

"Contributor Indemnified Persons" is defined in Section 5.3.

"Cumulus" is defined in the recitals.

"Cumulus Contribution Agreement" is defined in the recitals.

"Cumulus Transaction" is defined in the recitals.

"Damages" means damages, penalties, fines, costs, reasonable amounts paid in settlement, Liabilities, losses, expenses and fees (including costs of investigation and defense, court costs and reasonable attorney's fees) and disbursements.

"Deductible" is defined in Section 5.6(c).

"Disclosure Schedules" means the disclosure schedules to this Agreement delivered by Contributor at the Closing.

"Effective Time" is defined in Section 1.6.

"Employee Records" is defined in Section 1.1(l).

"Encumbrance" means any lien, mortgage, pledge, deed of trust, security interest, easement, encroachment, conditional sale or other title retention agreement or other similar encumbrance.

"Enforceability Exceptions" means any bankruptcy laws, other similar laws affecting creditors' rights and general principles of equity affecting the availability of specific performance and other equitable remedies.

"Excluded Assets" is defined in Section 1.2.

"Fundamental Representation" is defined in Section 5.1.

"GAAP" means United States generally accepted accounting principles.

"Governing Documents" means, with respect to any entity, such entity's constituent or organizational documents, such as its articles of organization, certificate of formation or articles of incorporation, and any other documents or agreements adopted by the entity to govern the formation or the internal affairs of the entity, such as its operating agreement or bylaws, as such documents have been amended, restated or supplemented from time to time, if applicable.

"Governmental Authority" means any federal, state, local or foreign government or political subdivision thereof, agency (including the IRS), bureau, branch, department, division, commission, court tribunal, magistrate, justice, multi-national organization or instrumentality of any government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent the rules, regulations and orders thereof have force of law), or any arbitrator, court or tribunal of competent jurisdiction.

"Governmental Authorization" means any license, permit, authorization, qualification, bond, approval, franchise, registration, membership, authorization, accreditation, consent, operating authority or any other permit or permission that is material to or legally required for the operation of the Business as currently conducted or in connection with Contributor's ability to own, lease, operate or manage any of the Acquired Assets, in each case that are required by any Legal Requirement or are issued or enforced by a Governmental Authority with jurisdiction over any Legal Requirement.

"Governing Documents" means, with respect to any entity, such entity's constituent or organizational documents, such as its articles of organization, certificate of formation or articles of incorporation, and any other documents or agreements adopted by the entity to govern the formation or the internal affairs of the entity, such as its operating agreement or bylaws, as such documents have been amended, restated or supplemented from time to time, if applicable.

"Holders' Agent" is defined in the introductory paragraph.

"Indebtedness" means the aggregate amount (including the current portion thereof) of all of Contributor's indebtedness for loans or money borrowed related to the Business or the Acquired Assets, contingent or otherwise, including all indebtedness or similar obligations secured by any Encumbrance upon any of the Acquired Assets, even though Contributor has not in any manner become liable for the payment of such indebtedness or satisfaction of such obligations, and including any accrued interest, pre-payment penalties, "breakage costs," redemption fees, costs and expenses, premiums and other amounts owing pursuant to instruments evidencing Indebtedness (assuming that such

Indebtedness is repaid on the Closing Date) and any client or customer cash held by Contributor.

"Indemnified Person" means any Company Indemnified Person or Contributor Indemnified Person, as applicable.

"Indemnifying Person" means any Party against whom an indemnification claim is made pursuant to Article V.

"Intellectual Property" means any of the following used in connection with the Business: (i) patents and applications for patents as well as any reissues, continuations, continuations in part, divisions, revisions, extensions, or reexaminations thereof; (ii) registered and unregistered trademarks, service marks, and other indicia of origin, pending trademark and service mark registration applications, and intent-to-use registrations or similar reservations of marks; (iii) registered and unregistered copyrights and mask works, and applications for registration of either; (iv) Internet domain names, applications and reservations therefor, uniform resource locators, and the corresponding Internet sites (including any content and other materials accessible and/or displayed thereon); (v) trade secrets; and (vi) intellectual property and proprietary information not otherwise listed in (i) through (v) above, including unpatented inventions, works of authorship, moral and economic rights of authors and inventors (however denominated), confidential information, technical data, customer lists, corporate and business names, trade names, certification marks, trade dress, brand names, slogans, logos, advertising material, know-how, methods (whether or not patentable), designs, processes, procedures, technology, source codes, object codes, computer software programs, databases, data collections and other proprietary information or material of any type.

"IP Assignment" is defined in Section 1.6(a)(ii).

"IRS" means the United States Internal Revenue Service.

"Knowledge of Contributor" (and any similar expression) means any matters known by, or that should be known following reasonable inquiry by, any Owner.

"Legal Requirement" means any federal, state, local or foreign law, statue, code, ordinance, regulation, rule, regulatory or administrative ruling, Order, constitution, treaty or other requirement or rule of law of any Governmental Authority.

"Liability" means any liability, obligation or commitment of any kind or nature, whether known or unknown, matured or unmatured, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, secured or unsecured, or due or to become due.

"Non-Compete Arrangements" is defined in Section 4.8.

"Noncompetition Period" is defined in Section 4.8(c).

"Operating Governmental Authorization" is defined in Section 2.14.

"Order" means any order, award, decision, injunction, judgment, ruling, decree, assessment, charge, writ, subpoena or verdict entered, issued, made or rendered by any Governmental Authority.

"Owner" is defined in the introductory paragraph.

"Parties" means Company, Contributor, the Owners and the Holders' Agent.

"Person" means any individual, partnership, limited partnership, corporation, business trust, limited liability company, limited liability partnership, joint stock company, trust, unincorporated association, joint venture or other entity, or any Governmental Authority.

"PIPH" means Priority Integrated Partner Holdings, LLC, a Delaware limited liability company, which is the sole member of Company immediately prior to the Closing.

"Preferred Units" is defined in the recitals.

"Priore" is defined in the introductory paragraph.

"Proceeding" means any legal proceeding, administrative enforcement, appeal, petition, plea, charge, complaint, claim, demand, action, suit, litigation, arbitration, mediation, hearing, audit, investigation or arbitration (in each case, whether civil, criminal, administrative or investigative) commenced, conducted, heard or pending by or before any Governmental Authority.

"Releasing Party" is defined in Section 4.10(a).

"Released Claims" is defined in Section 4.10(a).

"Representative" means, with respect to a particular Person, any director, manager, managing member, officer, employee, agent, consultant, advisor or other representative of such Person, including legal counsel, accountants and financial advisors.

"Restricted Territory" is defined in Section 4.8(c).

"Retained Liabilities" means all Liabilities of Contributor and all Liabilities relating to or arising out of the Business of any nature whatsoever other than the Assumed Liabilities.

"Software" is defined in Section 1.1(b).

"Stein" is defined in the introductory paragraph.

"Stein, Ltd." is defined in the recitals.

"Straddle Period" means a taxable period beginning on or before and ending after the Closing Date.

"Subsidiaries" means with respect to any Person, any corporation or other Person of which securities or other interests having the power to elect a majority of that corporation's or other Person's board of directors or similar governing body, or otherwise having the power to direct the business and policies of that corporation or other Person (other than securities or other interests having such power only upon the happening of a contingency that has not occurred), are held by such Person or one or more of such Person's Subsidiaries.

"Tax" means any federal, state, local or non-United States income, gross receipts, license, payroll, employment, escheat or unclaimed property, excise, severance, stamp, occupation, bulk sales, premium, windfall profits, environmental, customs, duties, license, lease, service, service use, governmental fee or other like assessment or charge of any kind whatsoever, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, real property gains, personal property, sales, use, production, ad valorem, transfer, documentary, registration, value-added, alternative or add-on minimum, estimated or other taxes, fees assessments or charges of any kind whatsoever, whether computed on a separate or consolidated, unitary or combined basis or in any other manner, including any interest, penalty or addition thereto, whether disputed or not, and any interest in respect of such additions or penalties.

"Tax Return" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"Third-Party Claim" is defined in Section 5.4.

"Transaction Documents" means this Agreement and all other agreements, documents, instruments and certificates contemplated by this Agreement.

"Transactions" means the contribution, transfer, conveyance, assignment, delivery and acquisition and acceptance of the Acquired Assets and the other transactions contemplated by this Agreement and the other Transaction Documents.

"Transferred Associates" means those Business Associates who are offered and accept employment or engagement with Company or an Affiliate of Company, including each of the Owners.

"Treasury Regulations" means the income tax regulations, including the temporary regulations, promulgated under the Code.

Exhibit B

Form of Company LLC Agreement

Attached.

Exhibit 10.18

AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT OF
PRIORITY HOSPITALITY TECHNOLOGY, LLC

This Amended and Restated Limited Liability Company Agreement (this " Agreement") of Priority Hospitality Technology, LLC, a Delaware limited liability company (the "Company"), is dated effective as of February 1, 2019 (the "Effective Date"), and is adopted and entered into by the Persons listed on the signature pages hereto as Members.

WHEREAS, immediately prior to the Effective Date, Priority Integrated Partner Holdings, LLC, a Delaware limited liability company (" PIPH"), owns all of the outstanding Units of the Company;

WHEREAS, the Company is operated pursuant to that certain Limited Liability Company Agreement of the Company, dated as of August 15, 2018 (the "Original Agreement");

WHEREAS, as of the Effective Date and in conjunction with the contributions to the Company of substantially all of the assets of eTab, LLC, a New York limited liability company (" eTab"), and CUMULUS POS, LLC, a Missouri limited liability company (" Cumulus"), pursuant to asset contribution agreements between each of eTab and Cumulus, respectively, the Company and the other parties thereto (the " Transactions"), PIPH desires to cause the Company to (i) issue an aggregate of 1,000 Preferred Units to Thomas C. Priore ("Priore") and Stein, Ltd., a Missouri corporation (" Stein" and, together with Priore, each a "Prior Owner" and, together, the " Prior Owners"), pursuant to this Agreement, and (ii) be able to issue certain Eligible Incentive Members an aggregate of up to 5,000 PI Units as profits interests, pursuant to award agreements entered into between any such Eligible Incentive Member, on the one hand, and the Company, on the other hand; and

WHEREAS, the parties desires to amend and restate the Original Agreement as of the Effective Date to reflect: (i) the issuance of 1,000 Preferred Units to the Prior Owners; (ii) the issuance of an aggregate of 95,000 Common Units to the PIPH; (iii) the relative rights, liabilities and obligations of the Members; and (iv) the Company's ability to issue up to 5,000 PI Units to certain Eligible Incentive Members.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the parties hereby amend and restate the Original Agreement as follows:

ARTICLE I
DEFINITIONS

1.1 Certain Definitions. Capitalized terms used but not otherwise defined in this Agreement have the meanings set forth on Annex I.

1.2 Construction. Unless the express context otherwise requires: (a) the words "hereof," "herein" and "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement; (b) words defined in the singular shall have a comparable meaning when used in the plural, and vice versa; (c) the words "dollars" and "$" mean U.S. dollars; (d) references herein to a specific article, section, subsection, recital or schedule shall refer, respectively, to articles, sections, subsections, recitals or schedules of this Agreement; (e) wherever the word "include," "includes" or "including" is used in this Agreement, it shall be deemed to be followed by the words "without limitation"; and (f) references herein to any Person shall include such Person's heirs, executors, personal representatives, administrators, successors and permitted assigns.

ARTICLE II
ORGANIZATION

2.1 Formation. On August 15, 2018, the Company, under the name "Priority Hospitality Technology, LLC," was organized as a Delaware limited liability company by the filing of a Certificate of Formation (as the same may be amended and restated from time to time, the "Certificate") under and pursuant to the Act. The rights and liabilities of the Members shall be determined pursuant to the Act and this Agreement. To the extent that the rights, liabilities or obligations of any Member to this Agreement are different by reason of any provision of this Agreement than they would be in the absence of such provision, this Agreement, to the extent not prohibited by the Act, controls over the Act. This Agreement constitutes the "limited liability company agreement" of the Company for purposes of the Act and supersedes and replaces the Original Agreement in all respects.

2.2 Name. The name of the Company is "Priority Hospitality Technology, LLC" and all business of the Company shall be conducted under that name or such other names that comply with applicable law as the Board may select from time to time.

2.3 Registered Office; Registered Agent; Principal Office; Other Offices. The registered office of the Company required by the Act to be maintained in the State of Delaware shall be the office of the initial registered agent named in the Certificate or such other office as the Board may designate from time to time in the manner provided by law. The registered agent of the Company in the State of Delaware shall be the initial registered agent named in the Certificate or such other Person or Persons as the Board may designate from time to time in the manner provided by law. The principal office of the Company shall be at such place as the Board may designate from time to time, which need not be in the State of Delaware, and the Company shall maintain its records there. The Company may have such other offices as the Board may designate from time to time.

2.4 Purposes. The purpose of the Company and the nature of its business shall be to engage in any lawful act or activity for which limited liability companies may be organized under the Act. The Company may engage in any and all activities necessary, desirable or incidental to the accomplishment of the foregoing. Notwithstanding anything herein to the contrary, nothing set forth herein shall be construed as authorizing the Company to possess any purpose or power, or to do any act or thing, forbidden by law to a limited liability company organized under the laws of the State of Delaware.

2.5 Term. The term of the Company commenced on the date the Certificate was filed with the office of the Secretary of State of Delaware and shall terminate on the date determined pursuant to ARTICLE XIII.

2.6 No State-Law Partnership. The Members intend that the Company shall not be a partnership (including a limited partnership) or joint venture and that neither any Member, nor the Company shall be a partner or joint venturer of any other Member for any purposes other than federal and, if applicable, state and local income tax purposes, and this Agreement shall not be construed to the contrary. The Members intend that the Company shall be treated as a partnership for federal and, if applicable, state and local income tax purposes, and each Member and the Company shall file all tax returns and shall otherwise take all tax and financial reporting positions in a manner consistent with the foregoing.

ARTICLE III
MEMBERS; COMPANY UNITS

3.1 Members. Subject to the following two sentences, the names, residences, business or mailing addresses of, and the number and type of Units held by, the Members are set forth on Schedule A, as such Schedule shall be amended from time to time in accordance with the terms of this Agreement. Any reference herein to Schedule A shall be deemed to be a reference to Schedule A as amended and in effect from time to time. Each Person listed on Schedule A, upon his, her or its and the Company's execution of this Agreement or a counterpart or Joinder hereto, as applicable, and receipt (or deemed receipt) by the Company of such Person's Capital Contribution is hereby admitted to the Company as a Member of the Company. By executing this Agreement and in conjunction with the closing of the Transactions pursuant to two asset contribution agreements, the Company hereby issues the number of Preferred Units set forth opposite each Prior Owner's name on Schedule A, and such Prior Owners are admitted as Preferred Members.

3.2 Representations and Warranties of the Members. Each Member hereby represents and warrants to the Company and acknowledges that: (a) such Member has such knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of an investment in the Company and making an informed investment decision with respect thereto; (b) such Member is able to bear the economic and financial risk of an investment in the Company for an indefinite period of time; (c) such Member is acquiring Units in the Company for investment only and not with a view to, or for resale in connection with, any distribution to the public or public offering thereof; (d) the Units (and underlying membership interests) in the Company have not been registered under the securities laws of any jurisdiction and cannot be disposed of unless they are subsequently registered and/or qualified under applicable securities laws and the provisions of this Agreement have been complied with; (d) the execution, delivery and performance by such Member of this Agreement has been duly authorized by such Member and does not require such Member to obtain any consent or approval that has not been obtained and do not contravene or result in a default in any material respect under any provision of any law or regulation applicable to such Member or other governing documents or any agreement or instrument to which such Member is a party or by which such Member is bound; (e) the determination of such Member to purchase or receive Units in the Company has been made by such Member independently of any other Member and independently of any statements or opinions as to the advisability of such purchase or receipt as to the properties, business, prospects or condition (financial or otherwise) of the Company that may have been made or given by any other Member or by any agent or employee of any other Member; and (f) this Agreement is valid, binding and enforceable against such Member in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws of general applicability relating to or affecting creditors' rights or general equity principles (regardless of whether considered at law or in equity).

3.3 Liability of Members.

(a) Except as expressly set forth in this Agreement or the Act, no Member shall have any personal liability whatsoever in his, her or its capacity as a Member, whether to the Company, to any of the other Members, to the creditors of the Company or to any other third party, for the debts, liabilities, commitments or any other obligations of the Company or for any losses of the Company. Each Member hereby consents to the exercise by the Board and the Company's officers of the powers conferred on them by this Agreement.

(b) In accordance with the Act and the laws of the State of Delaware, a member of, or other holder of an interest in, a limited liability company may, under certain circumstances, be required to return amounts previously distributed to such Person.

3.4 Authorized Units; Voting Rights.

(a) Company Units.

(i) Subject to the terms and conditions set forth herein, each Member's interest in the Company (including such Person's interest, if any, in the capital, income, gains, losses, deductions and expenses of the Company, in Distributions and in the right to vote, if any, on certain Company matters as provided in this Agreement) shall be represented by Units. The Board, from time to time, in its sole discretion, may cause the Company to issue to the Members certificates representing the Units held by such Members in such form as authorized by the Board.

(ii) All Units are initially designated as Preferred Units, Common Units or PI Units. Preferred Units, Common Units and PI Units shall entitle the holders thereof to equal rights under this Agreement except as otherwise provided in this Agreement. The Company shall have the authority to issue up to 500,000 Units to the Members, 1,000 of which are hereby designated as Preferred Units, 395,000 of which are hereby designated as Common Units and 5,000 of which are hereby designated as PI Units. Ownership of Units shall entitle the holder, in his, her or its capacity as Member to allocations of Profits and Losses and other items and Distributions of cash and other property as set forth in ARTICLE V. The other relative rights, liabilities, obligations, preferences, privileges and restrictions granted to or imposed upon the Members in their respective capacities as holders of the Units are as set forth elsewhere in this Agreement.

(iii) Any Units issued or to be issued as profits interests (any such Units, including the PI Units, the "Incentive Units") may be Vested or Unvested at issuance and shall be awarded to Eligible Incentive Members such recipients by the Board or its designee(s) in their

discretion or in accordance with any equity incentive plan that the Board may from time to time adopt and, in such case, subject to the terms and conditions thereof, including the imposition of any repurchase options or forfeiture in favor of the Company, all as described in the individual grantee's award document or such equity incentive plan or, in the case of the Prior Owners, those certain asset contribution agreements entered into by such Prior Owners and the other parties thereto in conjunction with this Agreement ("Award Agreement"). Each grantee shall be treated as a Member with respect to the Incentive Units so awarded, regardless of any vesting or forfeiture provisions in the individual grantee's Award Agreement. The Board may require payment from Persons acquiring such Incentive Units or may issue such Incentive Units without monetary consideration. Persons who acquire such Incentive Units shall hold such Incentive Units subject to the provisions of any separate agreements with the Company governing issuances as well as this Agreement.

The holder of such Incentive Units will be entitled to share in Distributions with respect to such Incentive Units only to the extent set forth in an applicable Award Agreement, which agreement will designate a dollar amount of distributions that must be paid pursuant to Section 5.1 with respect to the Units (other than Incentive Units) outstanding on the date of issuance of such Incentive Units before any Distributions (other than Tax Distributions) will be paid with respect to such Incentive Units (such designated value, the "Distribution Threshold"). The Board may consult with the Company's counsel or tax advisors to determine the appropriate Distribution Threshold for each Incentive Unit issued by the Company and will reflect the applicable limitation for each Incentive Unit in the applicable Award Agreement as of the date such Incentive Unit is granted. In the event the Board issues additional Incentive Units with a Distribution Threshold lower than the Distribution Threshold associated with a prior issuance of an Incentive Unit, the Board may reduce the Distribution Threshold of the Incentive Units issued at the higher Distribution Threshold to equal such lower Distribution Threshold. The Board will have the discretion to make any determinations required under this Section 3.4(b) or elsewhere in this Agreement, including as to the Fair Market Value of the Company's assets, the amount of the Company's liabilities, the extent to which, if any, Incentive Units will be excluded from participating in Distributions on account of this Section 3.4(b) or elsewhere in this Agreement, and how Distributions may be modified in order to achieve the objectives of this Section 3.4(b) and the other provisions of this Agreement.

Each Member, whether a party hereto as of the date hereof or admitted after the date hereof, (A) approves and ratifies the issuance of Incentive Units made or to be made in accordance with the terms of this Agreement and (B) consents to the Board taking all actions, including amending this Agreement, to the extent necessary or appropriate (as determined in good faith by the Board) to cause any Incentive Units to be treated as profits interests for all United States federal income tax purposes.

(b) Capital Contributions. As of the Effective Date, the Members have made the Capital Contributions to the Company set forth on Schedule A or otherwise in the books and records of the Company. No Member is required to make any additional Capital Contributions to the Company; provided that any Member holding Common Units may make, from time to time after the date hereof, additional Capital Contributions (each an "Additional Capital Contribution") in return for the issuance of additional Common Units (each an "Additional Common Unit") with the consent of either (i) the Manager or (ii) if the Manager does not consent, the holders of at least 66 and 2/3% of the then outstanding Common Units.

(c) Agreed Tax Treatment. For purposes of this Agreement (including for purposes of maintaining Capital Accounts, allocating Profits and Losses, and determining and allocating taxable income, gain, loss, deduction and expense), the transactions contemplated by and taking place in connection with the issuance and sale of Preferred Units to the Prior Owners and any issuance of the PI Units to any Eligible Incentive Members shall be treated for federal, and all applicable state and local, income tax purposes as the formation of a partnership pursuant to Revenue Ruling 99-5, and the Prior Owners shall be deemed to have made a tax free contribution pursuant to Section 721 of the Code to the Company of the assets of the Company of an aggregate amount equal to $4,500,000 as of the Effective Date (the "Invested Capital"), and neither PIPH, on the one hand, nor any of the Eligible Incentive Members that may be issued PI Units, on the other hand, shall be deemed to have made any tax free contribution pursuant to Section 721 of the Code or otherwise, but rather shall be deemed to be receiving Common Units and Incentive Units as defined in Section 3.4(a)(iii), respectively.

(d) Voting Rights. Each Member holding Common Units shall be entitled to one vote per Common Unit held by such Member. Except as otherwise expressly provided in this Agreement, including Section 13.1 and Section 14.6, no holder of any other class of Units, including holders of the Preferred Units and any holders of the PI Units, shall be entitled to, or have any, voting rights related to or arising from such Units.

3.5 No Authority to Bind Company. No Member (other than the Manager(s) or an authorized officer of the Company or a designee of any such Person) has the authority or power to act for or on behalf of the Company, to do any act that would be binding on the Company or to make any expenditure on behalf of the Company.

3.6 Issuance of Additional Units. Subject to the terms and conditions of this Agreement, including Section 3.4(b), the Board has the right to cause the Company to issue (i) additional Units in the Company (including other classes or series thereof having different rights), including issuing Additional Common Units in exchange for Additional Capital Contributions, (ii) obligations, debt securities, evidences of indebtedness or other securities or interests convertible or exchangeable into Units in the Company and (iii) warrants, options or other rights to purchase or otherwise acquire Units in the Company. In connection with any approved issuance of Units to any Person, such Person shall execute and deliver a Joinder and shall enter into such other documents and instruments to effect such issuance as are required by the Board. Upon the issuance of any Units and the payment of the Capital Contribution with respect thereto (if any), the Capital Account of such Member shall be adjusted pursuant to ARTICLE IV. In furtherance thereof, the Board or an authorized officer of the Company shall amend Schedule A, without further vote, act or consent of any Person to reflect the admission of any new Members.

3.7 Repurchase Rights.

(a) Repurchase Triggering Events.

(i) Termination of Employment or Breach of Section 8.14 or 8.15. In the event of (A) a resignation of any Person holding Incentive Units (an "Incentive Unit Holder") from his or her employment with the Company or its Affiliate (other than by reason of such Incentive Holder's death, Permanent Disability or for "good reason" as defined in any employment agreement between such Incentive Unit Holder and the Company or its Affiliate, as applicable) within 24 months following the initial date of such employment (a

"Separation"), (B) a breach by any Incentive Unit Holder of his, her or its obligations under Section 8.14 or 8.15 (any such breach, a "Breach"), or (C) termination of any Incentive Unit Holder's employment with the Company or its Affiliate, as applicable, by the Company or its Affiliate "with cause" or "for cause" as defined in any employment agreement between such Incentive Unit Holder and the Company or its Affiliate, as applicable, or "for cause" as defined below if no such employment agreement exists (a "Termination"), all of the Units owned by such Incentive Unit Holder shall be subject to purchase by the Company pursuant to the terms and conditions set forth in this Section 3.7 (the "Separation/Breach/Termination Purchase Option"). As used herein, "for cause" means: (i) an Incentive Unit Holder's arbitrary, unreasonable or willful failure to perform, in any material respect, the duties and responsibilities assigned by the Person to whom such Incentive Unit Holder reports in his or her capacity as an employee of the Company or its Affiliate that is not cured by the Incentive Unit Holder within ten days after the first notice in writing from the Company or its Affiliate, as applicable, specifying the nature of the default in reasonable detail (i.e., how the Incentive Unit Holder has failed to perform or comply) or, if the default cannot be cured within such ten-day period, failure of the Incentive Unit Holder within such ten-day period to commence and pursue curative action with reasonable diligence; (ii) the Incentive Unit Holder's gross negligence or willful misconduct in the performance of the Incentive Unit Holder's duties as an employee of the Company or its Affiliate, as applicable; (iii) the Incentive Unit Holder's commission of an act constituting fraud, embezzlement, breach of any fiduciary duty owed to the Company or its Affiliate, as applicable, or other material dishonesty with respect to the Company or its Affiliate, as applicable; (iv) the Incentive Unit Holder's conviction of, or the filing of a plea of nolo contendere or its equivalent, with respect to a felony or any other crime involving dishonesty or moral turpitude; or (v) substance abuse (for the purposes of this agreement substance abuse is the use of alcohol or illegal substances including misuse of otherwise legally obtained medications that otherwise interferes with the Incentive Unit Holder's ability to perform the functions of the position) that is or is reasonably expected to be materially injurious to the Company or its Affiliate (whether from a monetary perspective or otherwise).

(ii) Bankruptcy. If an Incentive Unit Holder shall be adjudicated bankrupt or insolvent and as a result of any bankruptcy or insolvency proceeding, a court ordered sale or other Transfer of all or any part of such Incentive Unit Holder's Units is required or if an Incentive Unit Holder shall otherwise admit in writing its inability generally to pay its debts as such debts become due, which would require such Incentive Holder to Transfer all or any portion of his or her Units by operation of law, including a Transfer in satisfaction of a claim or judgment against, or any debt of, such Incentive Unit Holder (a "Bankruptcy Event"), then such Incentive Unit Holder and/or the proposed Transferee thereof shall automatically be deemed to have made an offer to sell all of the Units owned by such Incentive Unit Holder that are subject to such Transfer to the Company pursuant to the terms and conditions set forth in this Section 3.7 (the "Insolvency Purchase Option") and shall provide written notice to the Company thereof within five Business Days after the occurrence of a Bankruptcy Event setting forth the circumstances of such Bankruptcy Event, the number and type of Units subject to such Transfer, the name and address of the proposed Transferee and a description of the possible Transfer.

(iii) Divorce. Upon either the filing of a petition for dissolution of marriage or any similar action for divorce by or against any Incentive Unit Holder (a "Divorce," each of a Separation, a Breach, a Bankruptcy Event and a Divorce, a " Repurchase Triggering Event"), under no circumstances shall any Incentive Unit Holder's spouse have or obtain any interest in such Incentive Unit Holder's Units. If a Transfer of title to any Units in such circumstances described in the preceding sentence is ordered or decreed by any court of competent jurisdiction, then such Incentive Unit Holder and/or proposed Transferee thereof shall automatically be deemed to have made an offer to sell all of the Units owned by such Incentive Unit Holder that are subject to such Transfer to the Company pursuant to the terms and conditions set forth in this Section 3.7 (the "Divorce Purchase Option"; each of the Separation/Breach/Termination Purchase Option, the Insolvency Purchase Option and the Divorce Purchase Option, a "Repurchase Option") and shall provide written notice to the Company thereof, within five Business Days after the occurrence of a Divorce setting forth the circumstances thereof, a copy of any court order or decree, if applicable, the number and type of Units subject to such Transfer, the name and address of the proposed Transferee and a description of the possible Transfer.

(iv) Death of Incentive Unit Holder. In the event of the death of an Incentive Unit Holder (the "Departing Incentive Unit Holder"), the Company may elect to purchase (the "Departing Incentive Unit Holder Purchase Option") for cash all or some of the Units owned by such Incentive Unit Holder or, if applicable, by any trust, charitable remainder trust, or other Person receiving such Units via any Family or Estate-Planning Transfer pursuant to the terms and conditions set forth in this Section 3.7.

(b) Repurchase Procedures.

(i) Procedures.

(1) Upon the occurrence of a Repurchase Triggering Event that results from a Separation, a Breach, a Termination, a Bankruptcy Event or a Divorce, the Company may elect to purchase all or any part of the Units subject to a Separation/Breach/Termination Purchase Option, an Insolvency Purchase Option or a Divorce Purchase Option, as applicable, by delivery of written notice (the "General Repurchase Notice") to such Incentive Unit Holder (or his or her spouse in the event of a Divorce or his or her estate or legal representative, as applicable) promptly following its receipt from such Incentive Unit Holder (or his or her estate or legal representative, as applicable) of the notice of the Repurchase Triggering Event. The General Repurchase Notice shall set forth the portion of the Units to be acquired from such Incentive Unit Holder (or his or her spouse in the event of a Divorce or his estate or legal representative, as applicable) and the corresponding Repurchase Price. If Company exercises the Separation/Breach/Termination Purchase Option, an Insolvency Purchase Option, or a Divorce Purchase Option, as applicable, such Incentive Unit Holder (or his spouse in the event of a Divorce or his or her estate or legal representative, as applicable) shall sell the portion of the Units owned by such Incentive Unit Holder (or his spouse in the event of a Divorce or his or her estate or legal representative, as applicable) that the Company has elected to purchase, and the Repurchase Price shall be paid to such Incentive Unit Holder (or his or her spouse in the event of a Divorce or his estate or legal representative, as applicable) as hereinafter provided.

(2) In the event of an Incentive Unit Holder's death or Permanent Disability, the Company may elect to exercise its

Departing Incentive Unit Holder Purchase Option by delivery of written notice (the "Departing Incentive Unit Holder Repurchase Notice") to the Departing Incentive Unit Holder (or his or her estate or legal representative, as applicable) promptly after its receipt from the Departing Incentive Unit Holder (or his or her estate or legal representative, as applicable) of notice of the Incentive Unit Holder's death or a determination of Permanent Disability being made in accordance with the terms of this Agreement. The Departing Incentive Unit Holder Repurchase Notice shall set forth the Units to be acquired from the Departing Incentive Unit Holder (or his or her estate or legal representative, as applicable) and the corresponding Repurchase Price. If any Departing Incentive Unit Holder's Units are not acquired pursuant to the foregoing procedure within 180 days after (A) the Company learning of the Departing Incentive Unit Holder's death or (B) a determination of Permanent Disability is made, the Company shall promptly grant the Departing Incentive Unit Holder (or his or her estate or legal representative, as applicable) a period of 90 days in which to sell the remaining Units of the Departing Incentive Unit Holder without having to comply with Sections 12.1. Any Departing Incentive Unit Holder's Units not sold during such 90-day period shall once again be subject to the provisions of this Section 3.7 and the Company may, at its option elect to exercise its Departing Incentive Unit Holder Purchase Option via a Departing Incentive Unit Holder Repurchase Notice at any time thereafter.

(ii) Closing. Subject to Section 3.7(b)(i), the closing of any purchase transaction pursuant to this Section 3.7 shall take place on a date determined by the Company that shall be, to the extent reasonably possible, on or before the date that is 90 days after the Incentive Unit Holder (or his or her spouse, estate or legal representative, as applicable) receives a General Repurchase Notice or Departing Incentive Unit Holder Repurchase Notice (a "Repurchase Option Closing"). At the Repurchase Option Closing, subject to Section 3.7(b)(i), the Company shall pay the Repurchase Price for the Units being purchased by the Company to such Incentive Unit Holder against delivery of a certificate (if certificated) evidencing such Units, duly endorsed for Transfer, in cash payable by delivery of a check or wire transfer of immediately available funds; provided, however, that if (A) the Company is prohibited from purchasing such Units by any indenture or financing, loan or similar agreement, note or other instrument to which the Company (or any of its Affiliates) is bound governing indebtedness of the Company or its Affiliates (each, a "Financing Agreement") or by applicable law, (B) a default has occurred under any Financing Agreement and is continuing or (C) the purchase of such Units would result in the occurrence of an event of default under any Financing Agreement or create a condition which would, with notice or lapse of time or both, result in such an event of default (any of the events or circumstances described in the foregoing clauses (A) through (C), a "Deferral Condition"), the Company shall notify the Incentive Unit Holder whose Units are subject to such repurchase (or such Incentive Unit Holder's spouse, estate or legal representative, as the case may be) and may either (x) notwithstanding this Section 3.7, defer the Repurchase Option Closing and make such payment at the earliest practicable date on which no Deferral Condition exists but no later than 30 days following the cessation of all applicable Deferral Conditions, or (y) pay the Repurchase Price for such Units with an unsecured subordinated (to any indebtedness for borrowed money issued to the Company pursuant to any Financing Agreement) promissory note issued by the Company that matures no later than the 30th day following the cessation of all applicable Deferral Conditions. Any deferred payment described in clause (x) or note described in clause (y) of the preceding sentence shall accrue interest on a daily basis at a rate equal to 4% per annum (the "Repurchase Interest Rate") from the latest date that the Repurchase Option Closing of such repurchase could have taken place pursuant to this Section 3.7 to the date such payment is made. Such note shall be pre-payable at any time without penalty and shall otherwise be in form and substance reasonably satisfactory to the Board and consistent with the terms set forth above.

(c) Repurchase Price. Upon exercise of any exercise of the Company's option to purchase Units subject to a Repurchase Option and/or the Departing Incentive Unit Holder Purchase Option, the purchase price for any Units shall be the Fair Market Value of the Units being repurchased at the time of the applicable Repurchase Triggering Event. This purchase price will be set forth in the General Repurchase Notice or the Departing Incentive Unit Holder Repurchase Notice, as applicable, delivered by the Company (the "Repurchase Price").

(d) Redemption of Preferred Units. Notwithstanding anything to the contrary in this Agreement, without any further action by the parties hereto, the Preferred Units will be deemed to be, and shall be, redeemed by the Company and the Preferred Members will no longer be deemed to be, and shall not be, Members of the Company with regard to such Preferred Units immediately upon the Preferred Members' Unreturned Capital with respect to the Preferred Units being reduced to zero through Distributions made in accordance with ARTICLE V.

ARTICLE IV
CAPITAL ACCOUNTS

4.1 Establishment and Determination of Capital Accounts. A capital account (" Capital Account") shall be established for each Member in accordance with the Treasury Regulations under Section 704(b) of the Code and Section 3.4(c). In accordance with such Treasury Regulations, the Capital Account of each Member shall equal, as of the Effective Date, the amount set forth on the books and records of the Company and shall be (a) increased by any additional Capital Contributions made by such Member, such Member's share of Profits and other items of income and gain allocated to such Member pursuant to ARTICLE V, and such Member's share of any other increase permitted (assuming the Board so chooses to make such permitted increase) or required by Treasury Regulations Section 1.704-1(b)(2)(iv), and (b) decreased by such Member's share of Losses and other items of loss, deduction and expense allocated to such Member pursuant to ARTICLE V, any Distributions to such Member of cash or the Fair Market Value of any other property (net of liabilities assumed by such Member and liabilities to which such property is subject) distributed to such Member, and such Member's share of any other decrease permitted (assuming the Board so chooses to make such permitted decrease) or required by Treasury Regulations Section 1.704-1(b)(2)(iv). For avoidance of doubt, items allocated pursuant to Section 5.6 hereof are solely for income tax purposes. Any references in this Agreement to the Capital Account of a Member shall be deemed to refer to such Capital Account as the same may be increased or decreased from time to time as set forth above.

4.2 Computation of Amounts. For purposes of computing the amount of any item of income, gain, loss, deduction or expense to be reflected in Capital Accounts, the determination, recognition and classification of each such item shall be the same as its determination, recognition and classification for federal income tax purposes; provided that:

(a) The computation of all items of income, gain, loss and deduction shall include those items described in Code Section 705(a)(l)(B) or Code Section 705(a)(2)(B) and Treasury Regulations Section 1.704-1(b)(2)(iv)(i), without regard to the fact that such items are not includable in gross income or are not deductible for federal income tax purposes.

(b) If the Book Value of any property is adjusted pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(e) or (f), the amount of such adjustment shall be taken into account as gain or loss from the disposition of such property.

(c) Items of income, gain, loss or deduction attributable to the disposition of property having a Book Value that differs from its adjusted basis for tax purposes shall be computed by reference to the Book Value of such property.

(d) Items of depreciation, amortization and other cost recovery deductions with respect to property having a Book Value that differs from its adjusted basis for tax purposes shall be computed by reference to the property's Book Value in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(g), except that, with respect to any property the Book Value of which differs from its adjusted tax basis for federal income tax purposes and which difference is being eliminated by use of the "remedial method" pursuant to Treasury Regulations Section 1.704-3(d), depreciation, amortization or such other relevant cost recovery item for the relevant period shall be determined in accordance with the methodology prescribed under Treasury Regulations Section 1.704-3(d)(2).

(e) To the extent an adjustment to the adjusted tax basis of any asset pursuant to Code Sections 732(d), 734(b) or 743(b) is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis).

(f) To the extent that the Company distributes any asset in kind to the Members, the Company shall be deemed to have realized Profit or Loss thereon in the same manner as if the Company had sold such asset for an amount equal to the Fair Market Value of such asset or, if greater and otherwise required by the Code, the amount of debts to which such asset is subject.

4.3 Interest. Except with respect to the Preferred Yield for each Member owning Preferred Units and the Additional Common Unit Yield for each Member owning Additional Common Units, no Member shall be entitled to interest on any Capital Contribution to the Company or on the balance of such Member's Capital Account.

4.4 Loans from Members. Subject to Section 6.11, with the consent of the Board, PIPH or any of its Affiliates may make loans to the Company, and any loan by PIPH or an Affiliate of PIPH to the Company shall not be considered a Capital Contribution. The amount of any such loans shall be a debt of the Company to PIPH or its Affiliate, as applicable, and shall be payable or collectible in accordance with the terms and conditions upon which such loans are made.

4.5 Negative Capital Accounts. No Member shall be required to pay to any other Member or the Company any deficit or negative balance that may exist from time to time in such Member's Capital Account (including upon and after the dissolution of the Company).

4.6 Transfer of Capital Accounts. The original Capital Account established for each transferee Member shall be in the same amount as the Capital Account of the Member (or portion thereof) to which such Transferee Member succeeds, at the time such transferee Member acquires any Units of the Member to which such Transferee Member succeeds in accordance with ARTICLE XII. The Capital Account of any Member whose interest in the Company shall be increased or decreased by means of (i) the transfer to such Member of all or part of the Units of another Member, (ii) the transfer by such Member of all or part of such Member's Units to another Member or (iii) the repurchase of any Units shall be appropriately adjusted to reflect such transfer or repurchase. Any reference in this Agreement to a Capital Contribution of or Distribution to a Member that has succeeded any other Member as a Transferee shall include any Capital Contributions or Distributions previously made by or to the former Member on account of the Units of such former Member transferred to such Transferee Member.

4.7 Adjustments to Book Value. The Company shall at the Board's discretion adjust the Book Value of its assets to Fair Market Value in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(f) including as of the following times: (i) at the Board's discretion in connection with the issuance of Units; (ii) at the Board's discretion in connection with the Distribution by the Company to a Member of more than a *de minimis* amount of the Company's assets, including money, if as a result of such Distribution, such Member's interest in the Company is reduced; and (iii) the liquidation of the Company within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(*g*). Any such increase or decrease in Book Value of an asset shall be allocated as a Profit or Loss to the Capital Accounts of the Members under Section 5.3 (determined immediately prior to the issuance of new Units).

ARTICLE V
DISTRIBUTIONS; ALLOCATIONS OF PROFITS AND LOSSES

5.1 Distributions. Except as otherwise provided for in Section 5.2, the Board may make Distributions of Net Cash from Operations and Net Cash from Capital Events from time to time and at such times as the Board, in its reasonable business judgment and sole discretion, determines to be appropriate. For each Distribution, the Board shall provide each Member with a statement setting forth in reasonable detail the manner in which the Distribution was calculated to the extent that such Member requests such a statement.

(a) Distributions of Net Cash from Operations and Net Cash from Capital Events shall be made to the Members in the following order and priority:

(i) Subject to the provisions of Section 5.1(b),

(A) First, to the Members, if any, holding Additional Common Units in proportion to each such Member's Aggregate Additional Common Unit Yield until each such Member has received Aggregate Distributions with respect to such

Member's Additional Common Units in an amount equal to the Aggregate Additional Common Unit Yield with respect to such Member's Additional Common Units;

(B) Second, to the Members, if any, holding Additional Common Units on a *pro rata* basis until the Unreturned Capital of each such Member with respect to such Member's Additional Common Units has been reduced to zero;

(C) Third, to the Preferred Members in proportion to each Preferred Member's Aggregate Preferred Yield until each Preferred Member has received Aggregate Distributions with respect to such Preferred Member's Preferred Units in an amount equal to the Aggregate Preferred Yield with respect to such Preferred Member's Preferred Units;

(D) Fourth, to the Preferred Members on a *pro rata* basis until the Unreturned Capital of each Preferred Member with respect to such Preferred Member's Preferred Units has been reduced to zero;

(E) Thereafter, the balance to the Common Members and the PI Members on a *pro rata* basis based on the percentage of issued and outstanding Common Units and, if applicable, PI Units, in the aggregate, that such Members hold.

(ii) In the event of the dissolution and liquidation of the Company, the Distribution of the assets of the Company shall be made in the following order of priority:

(A) First, to make payment of all debts and liabilities to third-party creditors and all other contractual liabilities of the Company, as well as expenses of dissolution and liquidation;

(B) Second, to establish such reserves as deemed necessary by the Board for any contingent or unforeseen liabilities or obligations of the Company;

(C) Third, to the Members holding Additional Common Units in proportion to each such Member's Aggregate Additional Common Unit Yield until each such Member has received Aggregate Distributions with respect to such Member's Additional Common Units in an amount equal to the Additional Common Unit Yield with respect to such Member's Additional Common Units;

(D) Fourth, to the Members holding Additional Common Units on a *pro rata* basis until the Unreturned Capital of each such Member with respect to such Member's Additional Common Units has been reduced to zero;

(E) Fifth, to the Preferred Members in proportion to each Preferred Member's Aggregate Preferred Yield until each Preferred Member has received Aggregate Distributions with respect to such Preferred Member's Preferred Units in an amount equal to the Aggregate Preferred Yield with respect to such Preferred Member's Preferred Units;

(F) Sixth, to the Preferred Members on a *pro rata* basis until the Unreturned Capital of each Preferred Member with respect to such Preferred Member's Preferred Units has been reduced to zero; and

(G) Thereafter, the balance to the Common Members and the PI Members on a *pro rata* basis based on the percentage of issued and outstanding Common Units and, if applicable, PI Units, in the aggregate, that such Members hold.

(b) In connection with any Sale of the Company, the consideration paid to the Company or other proceeds of such Sale of the Company shall be distributed (or allocated if not distributable) to the Members in the manner set forth in Section 5.1(a)(ii).

(c) Notwithstanding any other provision of this Section 5.1, as of any time, a holder of Incentive Units shall be entitled to Aggregate Distributions pursuant to Section 5.1 with respect to an Incentive Unit only to the extent that the Distribution Threshold has been satisfied in respect of such Incentive Unit. Any amounts not distributable in respect of an Incentive Unit pursuant to Section 5.1 as a result of the application of this Section 5.1(c) shall be distributed solely to the Members in respect of their Units other than in respect of such Incentive Units.

(d) Notwithstanding anything herein to the contrary, the portion of any Distribution that would otherwise be made pursuant to Section 5.1 which is attributable to any Incentive Units that are not vested shall be held in reserve by the Company (the " Reserve Amount") until either (i) such Incentive Units vest, in which case the Reserve Amount attributable to such Incentive Units shall be distributed to the holder of such Incentive Units without interest, or (ii) such Incentive Units are forfeited pursuant to that relevant Award Agreement or otherwise, in which case the Reserve Amount attributable to such Incentive Units shall be retained by the Company. Tax Distributions attributable to Incentive Units that are not Vested shall not be held in reserve.

5.2 Tax Distributions. Notwithstanding anything to the contrary in Section 5.1, to the extent funds of the Company may be legally available for Distribution by the Company under the Act and subject to any Financing Agreement and subject to the retention and establishment of reserves, or payment to third parties, of such funds as the Board deems necessary with respect to the reasonable business needs and obligations of the Company, the Board shall cause the Company to make Distributions of cash (any such amount, a " Tax Distribution") to the Members in amounts intended to enable the Members (or any Person whose tax liability is determined by reference to the income of a Member) to discharge their United States federal, state and local income tax liabilities arising from the allocations made pursuant to this ARTICLE V, taking into account, for the avoidance of doubt, any taxable loss of the Company allocated to a Member pursuant to this Agreement for any prior taxable year not previously taken into account for purposes of this Section 5.2, to the extent such losses would be available under the Code to offset income of the Members (or, as appropriate, the direct or indirect partners or members of a Member) determined as if income and loss from the Company were the only income and loss of such Member (or, as appropriate, the direct or indirect partners or members of such Member) in such Fiscal Year and all prior Fiscal Years. For purposes of determining Tax Distributions under this Section 5.2, unless otherwise determined by the Board (in its sole discretion), such determinations shall be made taking into account any allocations arising under Code Section 704(c) or adjustments arising from an election under Code Section 754. The amount distributable pursuant to this Section 5.2 shall be determined in the Board's discretion, based on the Maximum Tax Rate and the amounts allocated to the Members,

and otherwise based on such reasonable assumptions as the Board determines. The amount distributable to any Member pursuant to Section 5.1 shall not be reduced by the amount distributed to such Member pursuant to this Section 5.2.

5.3 Allocation of Profits and Losses. Except as otherwise provided in Section 5.4, Profits and Losses for any Fiscal Year (or other relevant period) shall be allocated among the Members in such manner that, as of the end of such Fiscal Year, the sum of (i) the Capital Account of each Member, (ii) such Member's share of Company Minimum Gain (as determined according to Treasury Regulations Section 1.704-2(g)) and (iii) such Member's Member Nonrecourse Debt Minimum Gain shall be equal to the respective net amounts, positive or negative, that would be distributed to them or for which they would be liable to the Company under this Agreement, determined as if the Company were to (A) liquidate all of the assets of the Company for an amount equal to their Book Value and (B) distribute the proceeds of liquidation pursuant to Section 5.1; provided, that such hypothetical liquidation will not be treated as a Sale of the Company for any purpose hereunder. Items of Profit and Loss (if the Board so determines in its sole discretion) may be allocated hereunder to ensure the Capital Accounts of the Members meet the test set forth in the first sentence hereof.

5.4 Special Allocations. The following special allocations shall be made:

(a) If there is a net decrease during a Fiscal Year in Member Nonrecourse Debt Minimum Gain, Profits for such Fiscal Year (and, if necessary, for subsequent Fiscal Years) shall be allocated to the Member in the amounts and of such character as determined according to, and subject to the exceptions contained in, Treasury Regulations Section 1.704-2(i)(4). This Section 5.4(a) is intended to be a "partner nonrecourse debt minimum gain chargeback" provision that complies with the requirements of Treasury Regulations Section 1.704-2(i)(4) and shall be interpreted and administered in a manner consistent therewith.

(b) If there is a net decrease in Company Minimum Gain during any Fiscal Year, each Member shall be allocated Profits for such Fiscal Year (and, if necessary, for subsequent Fiscal Years) in the amounts and of such character as determined according to, and subject to the exceptions contained in, Treasury Regulations Section 1.704-2(f). This Section 5.4(b) is intended to be a "minimum gain chargeback" provision that complies with the requirements of Treasury Regulations Section 1.704-2(f) and shall be interpreted and administered in a manner consistent therewith.

(c) Member Nonrecourse Deductions for any Fiscal Year shall be allocated in the manner required by Treasury Regulations Section 1.704-2(i). Nonrecourse Deductions for any Fiscal Year shall be allocated *pro rata* to all Units.

(d) If any Member who unexpectedly receives an adjustment, allocation or distribution described in Treasury Regulations Section 1.704-1(b)(2)(ii)(*d*)(4), (5), and (6) has an adjusted capital account deficit (determined according to Treasury Regulations Section 1.704-1(b)(2)(ii)(*d*)) as of the end of any Fiscal Year, then Profits for such Fiscal Year shall be allocated to such Member in proportion to, and to the extent of, such adjusted capital account deficit. This Section 5.4(d) is intended to be a "qualified income offset" provision as described in Treasury Regulations Section 1.704-1(b)(2)(ii)(*d*) and shall be interpreted in a manner consistent therewith.

(e) Profits and Losses described in Section 4.2(e) shall be allocated in a manner consistent with the manner that the adjustments to the Capital Accounts are required to be made pursuant to Treasury Regulations Sections 1.704-1(b)(2)(iv)(j),(k) and (m).

(f) The allocations described in Sections 5.4(a), (b), (c), (d) and (e) hereof (the "Regulatory Allocations") are intended to comply with certain requirements of Sections 1.704-1(b) and 1.704-2 of the Treasury Regulations and as such may not be consistent with the manner in which the Members intend to allocate items of income, gain, loss, deduction and expense or make Distributions. Accordingly, notwithstanding other provisions of this Section 5.4, but subject to the requirements of the Treasury Regulations, items of income, gain, loss, deduction and expense in subsequent Fiscal Years shall be allocated among the Members in such a way as to reverse as quickly as possible the effects of the Regulatory Allocations and thereby cause the respective Capital Accounts of the Members to be in the amounts they would have been if Profit and Loss (and such other items of income, gain, deduction and loss) had been allocated without reference to the Regulatory Allocations.

5.5 Amounts Withheld. All amounts withheld from or offset against any Distribution to a Member pursuant to Section 14.1 or Section 14.11 shall be treated as amounts distributed to such Member pursuant to this ARTICLE V for all purposes under this Agreement.

5.6 Tax Allocations; Code Section 704(c).

(a) The income, gains, losses, deductions and expenses of the Company shall be allocated, for federal, state and local income tax purposes, among the Members in accordance with the allocation of such income, gains, losses, deductions and expenses among the Members for computing their Capital Accounts, except that if any such allocation is not permitted by the Code or other applicable law, the Company's subsequent income, gains, losses, deductions and expenses shall be allocated among the Members so as to reflect as nearly as possible the allocation set forth herein in computing their Capital Accounts.

(b) In accordance with Code Section 704(c) and the Treasury Regulations thereunder, items of income, gain, loss, deduction and expense with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the holders so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its Book Value at the time of contribution. The Board shall be entitled to adopt any method permissible under Code Section 704(c) and the Treasury Regulations thereunder for taking into account any such variation.

(c) If the Book Value of any Company asset is adjusted pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(e) or (f), subsequent allocations of items of taxable income, gain, loss, deduction and expense with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Book Value in the same manner as under Code Section 704(c), subject, for the avoidance of doubt, to the approval of the Board.

(d) Allocations pursuant to this Section 5.6 are solely for purposes of federal, state and local taxes and shall not affect, or in any way be

taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items or Distributions pursuant to any provisions of this Agreement.

ARTICLE VI
MANAGEMENT OF THE COMPANY

6.1 Management of the Company. Except for cases in which the approval of the Members is expressly required by this Agreement or the Act, the powers of the Company shall be exercised by or under the authority of, and the business and affairs of the Company shall be managed by and under the direction of, the Board, and the Board shall make all decisions and take all actions for the Company that are necessary or appropriate to carry out the Company's business and purposes. The member(s) of the Board (each, a "Manager") shall be the "managers" of the Company for the purposes of the Act. A Manager is not required to be a Member, or hold any Units, to serve as a Manager.

6.2 Composition, Election of the Board and Vacancy . The Board shall consist of one Manager (or such larger number of Managers as may be reasonably determined by the Board from time to time in the best interests of the Company). The Manager(s) shall be designated or elected as follows, each to hold such position until a successor is duly elected and qualified or until his or her earlier death, resignation or removal as provided herein. The Members holding more than 50% of the issued and outstanding Common Units in the aggregate shall designate, elect and appoint each of the Manager(s) by vote or written consent as promptly as is reasonably possible whenever there is a vacancy or open position on the Board. The Members designate Priore as the initial Manager constituting the Board.

6.3 Committees. Subject to the provisions of this Agreement, the Board may designate one or more committees, but such committees shall not have the authority to bind the Board or the Company. The committees shall only adopt advisory resolutions.

6.4 Managers in their Capacity as a Board Member Owe No Fiduciary Duty . To the fullest extent permitted by law, including Section 18-1101(c) of the Act, and notwithstanding any other provision of this Agreement or any agreement contemplated herein or any applicable provisions of law or equity or otherwise, the parties agree (i) that no Manager (in his or her capacity as such) shall owe any fiduciary duty to the Company (or any other constituent of the Company) and (ii) that, while nothing herein eliminates the implied contractual covenant of good faith and fair dealing among the parties hereto, such covenant is not intended by the parties to be a means through which any fiduciary duty may be imposed on any Manager (in his or her capacity as such) under any circumstance.

6.5 Removal of a Manager. The removal from the Board (with or without cause) of any Manager elected or appointed hereunder shall be at the written request of the Person(s) entitled to designate or elect such Manager pursuant to Section 6.2, but only upon such written request and under no other circumstances.

6.6 Resignation. Any Manager may resign by delivering written resignation to the Company at the Company's principal office addressed to the Board and the Members. Such resignation shall be effective upon receipt of such resignation by the Board or the Members or at such later date designated therein.

6.7 Meetings; Reimbursement; Compensation. A meeting of the Board may be called only by a Manager. The Company shall pay the reasonable out-of-pocket travel expenses incurred by each Manager in connection with attending such meeting and any meetings of any committees of the Board, and no Manager shall be entitled to any other compensation for serving as a Manager (unless otherwise unanimously determined in writing by the Manager(s)). The Board may designate any place as the place of meeting for any meeting of the Board or any committee thereof. Meetings of the Board and any committee thereof may be held either within or without the State of Delaware at whatever place is specified in the notice of the meeting.

6.8 Notice of Meetings. Written (including by email correspondence) or telephonic notice to each Manager must be given by the Person or Persons calling such meeting at least two Business Days (provided that means for telephonic participation in such meetings are provided for Managers unable to physically attend such meetings) prior to the scheduled date of the meeting. Attendance of a Manager at a meeting shall constitute a waiver of notice of such meeting, except where a Manager attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

6.9 Spontaneous Meeting of Board. If all of the Manager(s) meet at any time and place (including telephonically) and consent to the holding of a meeting at such time and place, such meeting shall be valid without call or notice, and any Company action that may be taken at a meeting of the Board may be taken at such meeting.

6.10 Quorum. At any meeting of the Board, Managers holding a majority of the votes that may be cast at a Board meeting must be present to constitute a quorum for the transaction of any business that may be taken at such a meeting. In the absence of a quorum, any Manager present at such meeting in person, by proxy or by telephone shall have the power to adjourn such meeting until a quorum shall be constituted.

6.11 Voting. Except to the extent this Agreement expressly states otherwise, the affirmative vote of a majority vote of the Managers that may be cast at a meeting at which a quorum is present shall be the act of the Board, and no single Manager, in his, her or its capacity as such, may make any decisions or take any actions on behalf of the Company without the affirmative vote of a majority vote of the Managers that may be cast at a meeting at which a quorum is present. Each Manager shall have one vote at any meeting of the Board or a committee thereof. Notwithstanding anything contained herein to the contrary, the Board shall not authorize or cause the Company or any Subsidiary to, and the Company and its Subsidiaries shall not, enter or engage in any Affiliate Transaction unless such Affiliate Transaction is (a) determined by the Board in good faith using its reasonable business judgment to be no less favorable to the Company or its Subsidiaries than could reasonably be expected to have been obtained by the Company or its Subsidiaries at that time with an Independent Third Party in a comparable arms' length transaction, or (b) unanimously approved by the vote or written consent of the Board.

6.12 Proxies. At any meeting of the Board, a Manager may vote by proxy executed in writing by such Manager in favor of another Manager.

6.13 Written Actions. Any action required to be, or which may be, taken by the Board may be taken without a meeting if consented thereto in a writing setting forth the action so taken and signed by Managers holding a majority of the votes that may be cast at a Board meeting. Such consent shall have the same force and effect as a vote by the Managers holding a majority of the votes that may be cast at a meeting of the Board at which a quorum is present, and the execution of such consent shall constitute attendance or presence in person at a meeting of the Board. A consent transmitted by electronic transmission (including email) by a Manager or by a Person authorized to act for such Manager shall be deemed written and signed for the purposes hereof. A copy of any written consent pursuant to this Section 6.13 shall be mailed or emailed promptly to each member of the Board that did not execute such consent.

6.14 Telephonic Participation in Meetings. Managers may participate in any meeting of the Board or committee thereof through telephonic or similar communications equipment by means of which all Managers participating in the meeting can hear one another, and such participation shall constitute presence in person at such meeting.

ARTICLE VII
CHAIRMAN OF THE BOARD AND OFFICERS

7.1 7.1 Chairman of the Board. The Chairman of the Board, who initially shall be Priore, shall be appointed and/or removed by a majority of the Managers, and shall, subject to the direction of the Board, perform such executive, supervisory and management functions and duties as may be assigned to him from time to time by the Board. The Chairman of the Board shall, if present, preside at all meetings of Members and of the Board. The Chairman of the Board shall not be considered an officer of the Company but shall have the authority to execute contracts on behalf of the Company and to perform any and all other acts or activities customary or incident to the management of the Company's business to the same extent as if the Chairman of the Board was the Chief Executive Officer of the Company.

7.2 Officers of the Company. The initial officer of the Company shall be: (i) Greg Spatola – Director of Operations, and he shall serve in such office until a successor is appointed in accordance with the terms hereof or his earlier resignation, death or removal by the Board. The Board by vote or resolution shall have the power to appoint officers, including successor officers to the officers in the offices set forth above following such officers resignation, death or removal by the Board, and agents to act for the Company with such titles, if any, as the Board deems appropriate and to delegate to such officers or agents such of the powers as are granted to the Board hereunder, including the power to execute documents on behalf of the Company, as the Board may in its sole discretion determine (each such appointed individual, an "Officer"). Subject to the powers of and limitations imposed by the Board and this Agreement, the Officers shall have general charge of the day-to-day business, affairs and property of the Company, exercise control over the Company's other employees and agents, and shall see that all directions and resolutions of the Board are carried into effect. The Officers shall have such other powers and perform such other duties as may be prescribed by the Board from time to time, or as may be provided in this Agreement. The Officers shall devote such time and attention as they deem necessary to be reasonably required for the conduct of the Company's day-to-day operations and affairs. Each of the Officers of the Company shall report to the Chairman of the Board and/or any of his or her designee(s).

7.3 Resignation; Removal. Any Officer may resign as such at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or if no time be specified, at the time of its receipt by the Board. Any Officer may be removed as such, either with or without cause, by the Board whenever in its judgment the best interests of the Company shall be served thereby; provided that such removal shall be without prejudice to the contract rights, if any, of the individual so removed. Designation of an officer shall not of itself create any contract rights, except as otherwise set forth herein. Any vacancy occurring in any Officer position of the Company may be filled by the Board.

7.4 Additional Officers. The Board may, from time to time, designate one or more other individuals to be officers of the Company (" Additional Officers") pursuant to a written employment agreement entered between such individual and the Company. No officer need be a resident of the State of Delaware or a Member, and any number of offices may be held by the same individual. Any officers so designated shall have such authority and perform such duties as the Board may, from time to time, prescribe or as may be provided in said officer's written employment agreement. Unless the Board or the written employment agreement otherwise specifies, if the title is one commonly used for officers of a limited liability company, the assignment of such title shall constitute the delegation to such officer of the authority and duties that are normally associated with that office under the laws of the State of Delaware. Each officer shall hold office until resignation or termination by the Board under the terms and conditions of said officer's written employment agreement. The salaries or other compensation of such additional officers of the Company shall be fixed from time to time by the Board and set forth by written employment agreement.

ARTICLE VIII
MEMBERS

8.1 Number. The Company shall at all times have one or more Members.

8.2 Membership Status. After a Transfer of Units in accordance with ARTICLE XII by a Member, as applicable, such transferring Member shall not be entitled to any Distributions or payments of any kind from the Company with respect to such Units and shall no longer be considered a Member with respect to such Units for any purpose.

8.3 No Participation in Management. The management of the business and affairs of the Company shall be vested in whole in the Board in accordance with ARTICLE VI. Except with respect to the execution and filing of the Certificate, as otherwise specifically provided by this Agreement or required by the Act, no Member, acting in the capacity of a Member, shall be an agent of the Company or have any authority to act for or bind the Company.

8.4 Meetings. Meetings of the Members may be called by the Board at any time or at any time by a Member or Members holding at least 10% of the Units entitled to vote at such meeting.

8.5 Place of Meetings. The Board or the Member or Members calling such meeting may designate any place as the place of meeting for any

meeting of the Members.

8.6 Notice of Meetings. Written or printed notice stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered to each Member not less than two Business Days nor more than 20 Business Days before the meeting, at the direction of the Board or, if such meeting is called by a Member or Members, by the Member or Members calling such meeting.

8.7 Spontaneous Meeting of Members. If all of the Members meet at any time and place (including telephonically) and consent to the holding of a meeting at such time and place, such meeting shall be valid without call or notice, and any Company action that may be taken at a meeting of the Members may be taken at such meeting.

8.8 Quorum. The Members holding a majority of the Units entitled to vote, present in person or by proxy, shall constitute a quorum for the transaction of any business that may be taken at a meeting of the Members. In the absence of a quorum, no business may be transacted and any Member present at such meeting in person, by proxy or by telephone shall have the power to adjourn such meeting until a quorum shall be constituted.

8.9 Voting Rights Generally . Subject to the provisions of this Agreement, the Members shall have the voting rights associated with the Units held by such Member as provided in this Agreement. When a vote is required by the Members, each Member shall be entitled to vote as provided in Section 3.4(d).

8.10 Manner of Acting. Unless otherwise required by this Agreement, the affirmative vote of a majority of the Units entitled to vote represented at a meeting at which a quorum is present shall constitute the act of the Members.

8.11 Proxies. At any meeting of the Members, a Member may vote by proxy executed in writing by such Member or by its duly authorized representative.

8.12 Written Actions. Any action required to be, or which may be, taken by Members may be taken without a meeting if consented thereto in a writing setting forth the action so taken is signed by the Members holding not less than the minimum number of Units that would be necessary to take such action at a meeting at which all Members entitled to vote on the action were present and voted. A consent transmitted by electronic transmission (including email) by a Member or by a Person authorized to act for such Member shall be deemed written and signed for the purposes of this Section 8.12.

8.13 Telephonic Participation in Meetings. Members may participate in any meeting through telephonic or similar communications equipment by which all Persons participating in the meeting can hear one another, and such participation shall constitute presence in person at such meeting.

8.14 Confidentiality. Each Member acknowledges that, during the term of this Agreement, he, she or it may have access to or become acquainted with trade secrets, proprietary information and confidential information belonging to the Company, and its respective Affiliates that are not generally known to the public, including, but not limited to, information concerning business plans, financial statements, intellectual property and other information provided pursuant to Section 11.2, operating practices and methods, expansion plans, strategic plans, marketing plans, contracts, customer lists or other business documents that the Company treats as confidential (collectively, "Confidential Information"). Without limiting the applicability of any other agreement to which any Member may be subject, no Member shall, without the prior written consent of the Board, directly or indirectly disclose or use (other than solely for the purpose of communicating with other Members or such Member monitoring and analyzing such Member's investment made herein) at any time, including, without limitation, use for commercial or proprietary advantage or profit, either during his, her or its association or employment with the Company or thereafter, any Confidential Information of which such Member is or becomes aware. Each Member in possession of Confidential Information shall take all commercially reasonable steps to safeguard such information and to protect it against disclosure, misuse, espionage, loss and theft. Notwithstanding the foregoing, a Member may disclose Confidential Information to the extent (i) disclosure is necessary for the Member and/or the Company's employees, agents, representatives and advisors to fulfill their duties to the Company pursuant to this Agreement and/or other written agreements, (ii) the disclosure is required by law, legal process or a court order, after (to the extent permitted by applicable law) notice of such requirement has been given to the Company so that it may have a reasonable opportunity to oppose such disclosure, (iii) the information becomes generally available to the public through no fault of such Member, (iv) the disclosure is approved in advance by the Board, or (v) the disclosure is of the tax treatment and tax structure (as such terms are used in Section 6011 of the Code and the Treasury Regulations promulgated thereunder) of its investment in the Company and of any transactions entered into by the Company. Upon expiration or other termination of a Member's interest in the Company, that Member may not take any of the Confidential Information, and that Member shall promptly return to the Company all Confidential Information in that Member's possession or control. Nothing in this Section 8.14 shall in any way modify or limit the provisions set forth in Section 9.9.

8.15 Non-Competition; Non-Solicitation/Non-Hire; Non-Disparagement .

(a) Each Member acknowledges and agrees that due to such Member's position with and relationship to the Company, such Member has been and will be responsible for developing and maintaining (in whole or in part) the goodwill of the Company and its Affiliates. In consideration of the foregoing, such Member further agrees and acknowledges that: (i) the covenants and agreements set forth in this Section 8.15 were a material inducement to the other Members to enter into this Agreement and to perform their respective obligations hereunder and thereunder, and that such other Members would not obtain the benefit of the bargain set forth in this Agreement as specifically negotiated by the parties hereto if any Member breached any of the provisions of this Section 8.15, and (ii) to assure the Company that the Company will retain its value, it is necessary that such Member undertakes not to utilize his, her or its special knowledge of the business of the Company to take certain actions during the Restricted Period. To protect the Company's trade secrets and relationships and goodwill with its clients, customers, strategic partners, lenders, creditors, vendors, distributors, and suppliers, during the period where such Member directly or indirectly owns any Units in the Company and continuing for a period equal to the date that is two years following the date on which such Member no longer directly or indirectly owns any Units in the Company (the "Restricted Period"), such Member, except with respect to any of the Company's Affiliates, shall not directly or indirectly, (I) recruit or solicit for employment or engagement, any Person who is employed or engaged by the Company or any of its Affiliates, or encourage any such Person to leave the employment or engagement of

the Company or any of its Affiliates, except if such Person has not been employed or engaged by the Company or any of its Affiliates at any time during the 12-month period immediately prior to such recruitment or solicitation, (II) solicit, divert or take away (A) any then-current customer of the Company that such Member had knowledge of during the Restricted Period or (B) any former (during the 12-month period immediately prior to such contact, solicitation or contract) customer of the Company that such Member had knowledge of during the Restricted Period, or (III) cause, induce or encourage any customer of the Company to terminate, reduce, diminish, restrict, limit, impair or modify in any way its relationship with the Company.

(b) During the Restricted Period, no Member or any Member's Affiliate, as applicable, shall knowingly and intentionally disrupt, damage, impair or interfere with the business of the Company or any of its Affiliates.

(c) During the Restricted Period, each Member shall not, and shall cause each of such Member's Affiliates not to, publish or communicate to any Person any Disparaging (as defined below) remarks, comments or statements concerning the Company or any of its Affiliates, any of their equity holders, or any of their respective present and former members, partners, directors, managers, officers, equity holders, investors, employees, agents, attorneys, successors and assigns. "Disparaging" remarks, comments or statements are those that are intended, or would reasonably be expected, to impugn the character, honesty, integrity, reputation, morality or business acumen or abilities in connection with any aspect of the operation of business of the Person being disparaged.

(d) To the extent that any Member or such Member's Affiliates becomes aware of a business opportunity during the period in which such Member or such Member's Affiliates are employed by the Company or one of such Member's Affiliates or is an owner of Units that is of a character that is reasonably related to the business of the Company, or its Affiliates, then such Member shall promptly disclose such business opportunity to the Board, and such business opportunity shall be deemed to be property of the Company unless unanimously determined otherwise in writing by the Board.

(e) Each Member, on its own behalf and on behalf of its Affiliates, acknowledges that a breach or threatened breach of Section 8.15 could give rise to irreparable harm to the Company and its Affiliates for which monetary damages would not be an adequate remedy, and hereby agrees that in the event of a breach or a threatened breach by such Member or his, her or its Affiliates of any such obligations, the Company shall, in addition to any and all other rights and remedies that may be available to it in respect of such breach, be entitled to seek equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction.

8.16 Approval Rights. Each Member hereby acknowledges and agrees that such Member is not entitled at any time to any dissenter's rights, appraisal rights or similar rights under Section 18-210 of the Act or otherwise in relation to any Approved Sale or otherwise.

ARTICLE IX
EXCULPATION AND INDEMNIFICATION

9.1 Exculpation. No Member or Manager (in his or her capacity as such) shall be liable to the Company or any of its Affiliates, any other Manager, any officer of the Company or any other Member for any loss suffered by the Company or any Affiliate unless such loss is caused by such Member's or Manager's willful misconduct, knowing violation of law or breach of this Agreement. No Member or Manager (in his or her capacity as such) shall be liable to the Company or any of its Affiliates, any other Manager, any officer of the Company or any other Member for errors in judgment or for any acts or omissions that do not constitute willful misconduct, knowing violation of law or breach of this Agreement. Any Member or Manager may consult with the Company's counsel and accountants in respect of Company affairs, and, provided such Member or Manager, as the case may be, acts in good faith reliance upon the advice or opinion of such counsel or accountants, such Member or Manager, as the case may be, shall not be liable for any loss suffered by the Company in reliance thereon.

9.2 Right to Indemnification. Subject to the limitations and conditions as provided in this ARTICLE IX, each Person who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or arbitrative (hereinafter a "Proceeding"), or any appeal in such a Proceeding or any inquiry or investigation that could lead to such a Proceeding, by reason of the fact that he or she, or a Person of whom he or she is the legal representative, is or was an officer, Manager or Member of the Company or any of its Affiliates or, while an officer, Manager or Member of the Company or any of its Affiliates, is or was serving at the request of the Company or any of its Affiliates as a manager, director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic limited liability company, corporation, partnership, joint venture, sole proprietorship, trust or other enterprise, shall be indemnified by the Company to the fullest extent permitted under applicable law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification rights than said law permitted the Company to provide prior to such amendment) against judgments, penalties, fines, settlements and reasonable expenses (including, without limitation, reasonable attorneys' fees) actually incurred by such Person in connection with such Proceeding; provided that (a) such Person's course of conduct was pursued in good faith and believed by him or her to be in the best interests of the Company or any of its Affiliates, (b) such course of conduct did not constitute willful misconduct or knowing violation of law or breach of this Agreement on the part of such Person, and (c) it does not involve a Proceeding or other dispute between the Company or any of its Affiliates and such Person. Indemnification under this ARTICLE IX shall continue with respect to a Person who has ceased to serve in the capacity that initially entitled such Person to indemnity hereunder. The rights granted pursuant to this ARTICLE IX shall be deemed contractual rights, and no amendment, modification or repeal of this ARTICLE IX shall have the effect of limiting or denying any such rights with respect to actions taken or Proceedings arising prior to any amendment, modification or repeal.

9.3 Advance Payment. The right to indemnification conferred in this ARTICLE IX shall include the right to be paid or reimbursed by the Company the reasonable expenses incurred by a Person of the type entitled to be indemnified under Section 9.2 who was, is or is threatened to be made a named defendant or respondent in a Proceeding in advance of the final disposition of the Proceeding and without any determination as to the Person's ultimate entitlement to indemnification; provided, however, that the payment of such expenses incurred by any such Person in advance of the final disposition of a Proceeding shall be made only upon delivery to the Company of a written affirmation by such Person of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification under ARTICLE IX and a written undertaking, by or on behalf of such Person, to repay all amounts so advanced if it shall ultimately be determined that such Person is not entitled to be indemnified under this ARTICLE IX or

otherwise; provided further that the right to advance payment provided to such Person hereunder does not extend to a Proceeding or other dispute between the Company or any of its Affiliates and such Person.

9.4 Indemnification of Employees and Agents. The Company may indemnify and advance expenses to any Person, as determined by the Board, by reason of the fact that such Person was an employee or agent of the Company or any of its Affiliates or is or was serving at the request of the Company or any of its Affiliates as a manager, director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic limited liability company, corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise, against any liability asserted against him or her and incurred by him or her in such a capacity or arising out of his or her status as such a Person to the same extent that it shall indemnify and advance expenses to Members, Managers and officers under this ARTICLE IX.

9.5 Appearance as a Witness. Notwithstanding any other provision of this ARTICLE IX, the Company may pay or reimburse reasonable out-of-pocket expenses incurred by a Member, Manager, officer or employee in connection with his or her appearance as a witness or other participation in a Proceeding related to or arising out of the business of the Company or any of its Affiliates at a time when he or she is not a named defendant or respondent in the Proceeding.

9.6 Non-Exclusivity of Rights. The right to indemnification and the advancement and payment of expenses conferred in this ARTICLE IX shall not be exclusive of any other right that a Manager, officer or other Person indemnified pursuant to this ARTICLE IX may have or hereafter acquire under any law (common or statutory), any provision of the Certificate of Formation or this Agreement, any other separate contractual arrangement, any vote of Members or disinterested Managers, or otherwise.

9.7 Insurance. The Company may purchase and maintain insurance, at its expense, to protect itself and any Person who is or was serving as a Manager, officer, employee or agent of the Company or any Subsidiary or is or was serving at the request of the Company or any of its Affiliates as a manager, director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic limited liability company, corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise, against any expense, liability or loss, whether or not the Company or any of its Affiliates would have the obligation to indemnify such Person against such expense, liability or loss under this ARTICLE IX.

9.8 Savings Clause. If this ARTICLE IX or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify and hold harmless each Manager, officer or any other Person indemnified pursuant to this ARTICLE IX as to costs, charges and expenses (including reasonable attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative to the fullest extent permitted by any applicable portion of this ARTICLE IX that shall not have been invalidated and to the fullest extent permitted by applicable law.

9.9 No Exclusive Duty to Company; Conflicts of Interest.

(a) Notwithstanding anything to the contrary herein, (i) each Manager, in his or her capacity as such, may at any time and from time to time (directly or indirectly) engage in and own interests in other business ventures of any and every type and description, independently or with others, with no obligation to offer to the Company or its Affiliates or any Member the right to participate therein, and (ii) neither the Company nor its Affiliates nor any Member shall have any rights by virtue of this Agreement, or the organizational documents of the Company, in any such business interests or activities of any such Person.

(b) Notwithstanding anything herein to the contrary, nothing in this Agreement shall affect, limit or impair the rights and remedies of any Member or any Affiliates of a Member in such Person's capacity as a lender (or as agent for the lenders), including but not limited to the Company or any of its Affiliates pursuant to any agreement under which the Company or any of its Affiliates has borrowed money, so long as any such Affiliate Transaction is approved by the Board in accordance with Section 6.11. Without limiting the generality of the foregoing, any such Person, in exercising its rights as a lender (or agent), including making decisions whether to foreclose on any collateral security, will have no duty to consider (i) its status or the status of any of its Affiliates as a direct or indirect equity holder of the Company or any of its Affiliates, (ii) the best interests of the Company or any of its Affiliates, or (iii) any duty it may have to any other direct or indirect equity holder of the Company or any of its Affiliates, except as may be required under the applicable loan documents or by applicable law. Members expressly acknowledge and agree that the involvement or participation of any Member or any Affiliates of a Member in any arrangements with the Company or any of its Affiliates in such Person's capacity as a lender (or as agent for the lenders) to the Company or any of its Affiliates shall not constitute a conflict of interest or breach of duty by such Persons with respect to the Company, any of its Affiliates, or any of the Members or their Affiliates.

9.10 Survival. The provisions of this ARTICLE IX shall survive the dissolution, liquidation, winding up and termination of the Company.

ARTICLE X
TAXES

10.1 Tax Returns. The Board shall cause to be prepared and filed all necessary federal, state, local or foreign income tax returns for the Company, including (without limitation) making any elections the Board may deem appropriate. Each Member shall furnish to the Board all pertinent information in its possession relating to Company operations that is necessary to enable the Company's income tax returns to be prepared and filed.

10.2 Tax Matters Partner.

(a) Tax Representation. For purposes of Code section 6231(a)(7), Priore is hereby designated as the "tax matters partner" (the "Tax Matters Partner") for tax years beginning before January 1, 2018. For tax years beginning after December 31, 2017, the Person serving as the Tax Matters Partner on December 31, 2017 (or the successor of such Person pursuant to Section 10.2(b)) shall be the designated "partnership representative" of the Company within the meaning of Code section 6223 (the "Tax Representative"). The Tax Representative shall have sole authority to act on behalf

of the Company for purposes of subchapter C of chapter 63 of the Code and any comparable provisions of state or local income tax laws. For purposes of this Section 10.2, unless otherwise specified, all references to provisions of chapter 63 of the Code shall be to such provisions as enacted by the Bipartisan Budget Act of 2015, as amended.

(b) Removal; Replacement. The Person serving as the Tax Matters Partner or Tax Representative, as applicable, shall be automatically removed as Tax Matters Partner or Tax Representative, as applicable, upon the death, dissolution and/or winding up, legal incompetency or bankruptcy of such Person, and the Person serving as the Tax Matters Partner or Tax Representative, as applicable, may be removed at any time by the Board. Upon such removal of the Tax Matters Partner or Tax Representative, as applicable, a successor to serve in such position shall be designated by the Board, and the removed Tax Matters Partner or Tax Representative, as applicable, shall not take any action for or on behalf of the Company without the prior written consent of the Board.

(c) Indemnification by Company. The Company shall indemnify and hold harmless the Tax Matters Partner or Tax Representative, as applicable, in accordance with ARTICLE IX as a result of any act or decision concerning Company tax matters and within the scope of such Person's responsibility as Tax Matters Partner or Tax Representative, as applicable. All amounts indemnified may be advanced as incurred in accordance with ARTICLE IX. The Tax Matters Partner or Tax Representative, as applicable, shall be entitled to rely on the advice of outside legal counsel and accountants as to the nature and scope of such Person's responsibilities and authority, and any act or omission of the Tax Matters Partner or Tax Representative, as applicable, pursuant to such advice in no event shall subject the Tax Matters Partner or Tax Representative, as applicable, to liability to the Company or any Member.

(d) Elections/Decisions. The Board shall, without any further consent of the Members being required (except as specifically required herein), make any and all elections for federal, state, local, or foreign tax purposes including without limitation any election, if permitted by applicable law: (i) to adjust the basis of property pursuant to Code sections 734(b), 743(b) and 754, or comparable provisions of state, local or foreign law, in connection with Transfers of Units and Company distributions; (ii) to extend the statute of limitations for assessment of tax deficiencies against the Members with respect to adjustments to the Company's federal, state, local or foreign tax returns; and (iii) to make all decisions on behalf of the Company and the Members and to direct the activities of the Tax Matters Partner or Tax Representative, as applicable, before any Taxing Authority or court of competent jurisdiction in tax matters affecting the Company or the Members in their capacities as Members, and to direct the filing of any tax returns and to cause the execution of any agreements or other documents relating to or affecting such tax matters, including agreements or other documents that bind the Members with respect to such tax matters or otherwise affect the rights of the Company and the Members.

(e) Electing Out. If the Company qualifies to elect pursuant to Code section 6221(b) (or successor provision) to have federal income tax audits and other proceedings undertaken by each Member rather than by the Company, the Company shall make such election. The Members and the Company acknowledge that the Company is currently eligible to elect out of subchapter C of chapter 63 of the Code. The Members and the Company agree not to take any action which would cause the Company to lose its eligibility to elect out of the application of subchapter C of chapter 63 of the Code, and each Member further agrees not to sell or otherwise Transfer any Units to any party or parties who would cause the Company to lose its eligibility to elect out of the application of subchapter C of chapter 63 of the Code, including, but not limited to, a Transfer to an entity classified as a partnership for federal income tax purposes. Any sale or Transfer in contravention of this Section 10.2(e) shall be void ab initio.

(f) Push-Out Election. Notwithstanding other provisions of this Agreement to the contrary, if any "partnership adjustment" (as defined in Code section 6241(2)) is determined with respect to the Company, the Tax Representative, upon the determination of the Board in its sole discretion, will cause the Company to elect pursuant to Code section 6226 to have any such adjustment passed through to the Members and former Members for the year to which the adjustment relates (i.e., the "reviewed year" within the meaning of Code section 6225(d)(1)). In the event that the Tax Representative has not caused the Company to so elect pursuant to Code section 6226, then any "imputed underpayment" (as determined in accordance with Code section 6225) or "partnership adjustment" that does not give rise to an "imputed underpayment" shall be apportioned among the Members and former Members of the Company in such manner as may be necessary (as determined by the Board in good faith) so that, to the maximum extent possible, the tax and economic consequences of the partnership adjustment and any associated interest and penalties are borne by the Members and former Members based upon their interests in the Company for the reviewed year.

(g) Member Compliance. Each Member and former Member agrees that, upon request of the Tax Representative, such Member shall (i) take such actions as may be necessary or desirable (as determined by the Board) to allow the Company to comply with the provisions of Code section 6226 so that any "partnership adjustments" are taken into account by the Members rather than the Company or (ii) file amended tax returns with respect to any "reviewed year" (within the meaning of Code section 6225(d)(1)) to reduce the amount of any "partnership adjustment" otherwise required to be taken into account by the Company.

(h) Consistent Treatment. Each Member and former Member agrees that such Member shall not treat any Company item inconsistently on such Member's federal, state, foreign, or other income tax return with the treatment of the item on the Company's return. Any deficiency for taxes imposed on any Member or former Member (including penalties, additions to tax or interest imposed with respect to such taxes, and any taxes imposed pursuant to Code section 6226, as amended) shall be paid by such Member, and if paid by the Company will be recoverable from such Member.

(i) Survival. The obligations of each Member or former Member under this Section 10.2 shall survive the Transfer by such Member of its Units and the termination of this Agreement or the dissolution of the Company.

10.3 Safe Harbor Election.

(a) The Board is hereby authorized and directed to cause the Company to make an election to value Incentive Units that are received as compensation for services to the Company at liquidation value (the "Safe Harbor Election"), as the same may be permitted pursuant to or in accordance with the finally promulgated successor rules to proposed Regulations Section 1.83-3(l) and IRS Notice 2005-43 (collectively, the "Proposed Rules"). The Board shall cause the Company to make any allocations of items of income, gain, deduction, loss or credit (including forfeiture allocations and elections as to allocation periods) necessary or appropriate to effectuate and maintain the Safe Harbor Election.

(b) Any such Safe Harbor Election shall be binding on the Company and on all of its Members (including, for purposes of this Section 10.3, any Person to whom an Incentive Unit is Transferred in connection with the performance of services) with respect to all Transfers of Units

thereafter made by the Company while a Safe Harbor Election is in effect. A Safe Harbor Election once made may be revoked by the Board as permitted by the Proposed Rules or any applicable rule. Each Member, by signing this Agreement or by accepting such Transfer, hereby agrees to comply with all requirements of the Safe Harbor Election with respect to the Units while the Safe Harbor Election remains effective. No Transfer of any Unit (or portion thereof) by a Member shall be effective unless, prior to such Transfer, the transferee, assignee or intended recipient of such interest shall have agreed in writing to be bound by the provisions of this Section 10.3, in form satisfactory to the Board.

(c) The Board shall file or cause the Company to file all returns, reports and other documentation as may be required to perfect and maintain the Safe Harbor Election with respect to Transfers of any Units.

(d) The Board is hereby authorized and empowered, without further vote or action of the Members, to amend this Agreement as necessary to comply with the Proposed Rules or any rule, in order to provide for a Safe Harbor Election and the ability to maintain or revoke the same, and shall have the authority to execute any such amendment by and on behalf of each Member. Any undertakings by the Members necessary to enable or preserve a Safe Harbor Election may be reflected in such amendments and to the extent so reflected shall be binding on each Member, respectively, provided, that such amendments are not reasonably likely to have a material adverse effect on the rights and obligations of any of the Members.

(e) Each Member agrees to cooperate with the Board to perfect and maintain any Safe Harbor Election, and to timely execute and deliver any documentation with respect thereto reasonably requested by the Board.

(f) Unless otherwise determined by the Board, immediately preceding the issuance of Incentive Units, the then prevailing Book Values of the Company's assets shall be adjusted to equal their respective gross fair market value and any increase in the net equity value of the Company (Book Values less liabilities) shall be credited to the Capital Accounts of the Members in the same manner as net Profits are credited (or any decrease in the net equity value of the Company shall be charged in the same manner as net Losses are charged).

(g) For the avoidance of doubt, the parties hereto agree that the Incentive Units shall be subject to a Safe Harbor Election and any Incentive Units issued and outstanding as of the Effective Date shall be treated as having a liquidation value of $0 as of the Effective Date. The parties hereto further agree to report the Incentive Units as "profits interests" within the meaning of IRS Revenue Procedures 93-27 and 2001-43. In furtherance of the foregoing, the allocation and distribution sections of this Agreement shall be interpreted in a manner consistent with, and shall be considered modified (to the extent necessary) to support, such treatment. Accordingly, for example, a holder of an Incentive Unit shall not be entitled to allocations of net Profit or liquidating distributions with respect to such Incentive Unit to the extent such net Profit is attributable to a period before such Incentive Unit was issued.

ARTICLE XI
COVENANTS OF THE COMPANY

11.1 Maintenance of Books. Each Member shall have the right, subject to such reasonable standards as may be established by the Board and subject to the other requirements and limitations set forth in Section 18-305 of the Act, to obtain from the Company from time to time upon reasonable demand for any purpose reasonably related to such Member's interest as a member of the Company, the information and records set forth in Section 18-305 of the Act.

ARTICLE XII
TRANSFERS

12.1 Restrictions on Transfer of Units.

(a) No Member shall Transfer any interest in such Member's Units without the prior written consent of the Board, except Transfers (i) to Permitted Transferees, (ii) in connection with a Sale of the Company, or (iii) to the Company in connection with the exercise of any repurchase right or redemption pursuant to Section 3.7. Notwithstanding the foregoing or anything to the contrary contained in this Agreement, if the Board determines that any Transfer of Units would have an adverse effect on the Company by causing the Company to become subject to the reporting requirements of the Exchange Act or to be treated as a publicly traded partnership within the meaning of Code Section 7704 and Treasury Regulations Section 1.7704-1, the Board may prohibit any such Transfer.

(b) Any Transfer by any Member of any Units or other interest in the Company in violation of this Agreement (including, without limitation, any Transfer in violation of this Section 12.1, or the failure of the Transferee to execute a Joinder, or a Transfer that occurs because a Person's spouse refuses to agree to and execute a written consent attached hereto as Schedule C), or that would cause the Company to not be treated as a partnership for U.S. federal income tax purposes shall be void and ineffective and shall not bind or be recognized by the Company or any other party, and no such purported assignee shall have any right to vote on any matter or any right to any Profits, Losses or Distributions. No Member shall pledge or otherwise encumber all or any portion of his, her or its Units or the right to receive Distributions or Tax Distributions in the Company without the prior written consent of the Board, which consent may be given or withheld in its sole and absolute discretion.

(c) No Member shall avoid the restrictions on Transfer set forth in this Agreement or the repurchase or redemption provisions set forth in Section 3.7 by (i) making one or more Transfers to one or more Permitted Transferees and then disposing of all or any portion of such Member's interest in any such Permitted Transferee or (ii) making direct or indirect Transfers of the equity interests of such Member.

12.2 Sale of the Company.

(a) Subject to the terms of this Section 12.2, if the Common Members holding a majority of the Common Units (such majority referred to herein as the "Requisite Members") and the Board approve a Sale of the Company (the " Approved Sale"), invoke the provisions of this Section 12.2

by written notice to the Members, then the Members shall vote for (to the extent permitted to vote thereon), consent to and raise no objections against such Approved Sale or the process by which such transaction was arranged. If the Approved Sale is structured as a (i) merger or consolidation, each Member hereby waives any dissenters' rights, appraisal rights or similar rights, if applicable, in connection with such merger or consolidation or (ii) sale of Units or other equity securities or interests, each Member shall sell and surrender all or any applicable portion of such Member's Units or other equity securities or interests and rights to acquire Units or other equity securities or interests on the terms and conditions approved by the Requisite Members and the Board. The Members shall take all necessary or desirable actions in connection with the consummation of the Approved Sale, including, without limitation: (A) executing a termination of all or any portion of this Agreement; (B) executing a sale contract provided each Member will in any event only be obligated to (1) severally (but not jointly), on a *pro rata* basis (based on the total consideration received by such Member in connection with such Approved Sale), give the same indemnities as the Requisite Members for representations and warranties regarding the Company and its assets, liabilities and business and for covenants of the Company (collectively, the "Company Indemnities"), and (2) solely on behalf of such Member make such representations and warranties and give such indemnities solely concerning such Member and the Units or other equity securities or interests (if any) to be sold by such Member as may be also applicable to all other Members and the Units to be sold by such other parties set forth in any agreement approved by the Requisite Members; (C) subject to the foregoing clause (B), executing such joinders, indemnification support (on a several, but not joint basis), contribution or guarantee agreements, instruments of transfer and other documents or instruments as may be necessary to consummate such transaction applicable to all other Members and as requested by the Requisite Members; (D) subject to the foregoing clause (B), entering into non-competition and non-solicitation covenants; and (E) entering into holdback and escrow obligations on a *pro rata* basis with respect to such transaction. To the extent that a Member fails to comply with any of the provisions of this Section 12.2(a) (a "Breaching Member"), the Company or its successor shall be entitled to withhold, in a designated escrow account, the proceeds to which such Breaching Member is entitled in connection with such Approved Sale transaction until the date on which such Breaching Member shall have complied in full with the provisions of this Section 12.2(a). Notwithstanding anything to the contrary contained herein, no Member shall be required to agree to be liable for any amounts payable in connection with such Approved Sale transaction in an amount in the aggregate greater than the total consideration received by such Member in connection with such Approved Sale.

(b) Allocation of Expenses Arising from Approved Sale. Each Member shall bear such Member's *pro rata* share (based upon the aggregate consideration received by each Member in such Approved Sale) of the expenses incurred in connection with an Approved Sale to the extent such expenses are incurred for the benefit of all Members and are not otherwise paid by the Company or the acquiring party. For purposes of this Section 12.2(b), expenses incurred by the Company in exercising reasonable efforts to take all necessary actions in connection with the consummation of the Approved Sale shall be deemed to be for the benefit of all Members. Expenses incurred by any Member on such Member's own behalf shall not be considered expenses of the transaction and shall be the responsibility of such Member.

(c) Consideration. The obligations of each Member under this Section 12.2 with respect to an Approved Sale are subject to the satisfaction of the following condition: upon the consummation of such Approved Sale, such Member shall receive the same form of consideration and the same portion of the aggregate consideration that such Members would have received if such transaction had been structured as a liquidation of the Company and a Distribution to the Members in accordance with Section 5.1.

12.3 First Refusal Rights.

(a) Prior to any Transfer permitted by Section 12.1, at least 30 days prior to any Transfer of Units, the Member desiring to make such Transfer (the "Transferring Member") shall deliver a written notice (the "Offer Notice") to the Common Members and the Company specifying in reasonable detail the identity of the prospective bona fide Transferee(s), the number and class of Units to be Transferred and the price and other terms and conditions of the proposed Transfer, as well as evidence (acceptable to the Board in its sole discretion) that the proposed bona fide Transferee is financially capable of purchasing the Units. If the proposed bona fide Transferee is determined by the Board to not be financially capable of purchasing the Units to be Transferred, the bona fide Transferring Member shall not be allowed to Transfer said Units.

(b) Each Common Member may elect to purchase up to its ROFR Share of the Units at the price and on the other terms set forth in the Offer Notice, by delivering written notice of such election to the Transferring Member within 25 days after delivery of the Offer Notice (the "Acceptance Date"). If any Common Member elects not to purchase its ROFR Share of the Units, then the remaining Transferees among such Members who elected to purchase Units shall have the right to purchase such Units on a *pro rata* basis. For the purposes of this Section 12.3, the "ROFR Share" of a Common Member shall equal the product of (i) the aggregate number of Units to be sold to and purchased by the bona fide Transferee, *multiplied* by (ii) a fraction, the numerator of which shall be the number of Common Units held by such Member, and the denominator of which shall be the total number of Common Units then issued and outstanding.

(c) If the Common Members have elected to purchase any Units from the Transferring Member, such purchase shall be consummated as soon as practicable after the delivery of the election notice to the Transferring Member, but in any event within 30 days after the Acceptance Date.

(d) If the Common Members do not elect, in the aggregate, to purchase all of the Units from the Transferring Member, the Transferring Member shall have the right, within the 30 days following the Acceptance Date, to Transfer the Units not so purchased to the bona fide Transferee(s) specified in the Offer Notice at a price not less than the price per Unit specified in the Offer Notice and on other terms no more favorable to the Transferee(s) thereof than specified in the Offer Notice. Any Units not so Transferred within such 30-day period shall be reoffered to the Members that own Common Units pursuant to this Section 12.3 prior to any subsequent Transfer.

12.4 Effect of Assignment.

(a) Any Member who shall Transfer any Units in the Company (any such Member, an " Assignor") shall cease to be a Member of the Company with respect to such Units and shall no longer have any rights or privileges of a Member with respect to such Units, including the power and right to vote (in proportion to the extent of the Units assigned) on any matter submitted to the Members, and, for voting purposes, such Units shall not be counted as outstanding (in proportion to the extent of the Units Transferred) unless and until the Transferee is admitted as a Member in accordance with Section 12.6.

(b) Subject to the terms of this Section 12.4, any Person who acquires in any manner whatsoever any Units in the Company (any such Person, an "Assignee"), irrespective of whether such Person has accepted and adopted in writing the terms and provisions of this Agreement, shall be deemed by the acceptance of the benefits of the acquisition thereof to have agreed to be subject to and bound by all of the terms, conditions and obligations (but none of the rights or benefits) of this Agreement that any Transferring Member or other transferor of such Units in the Company to such Person was subject to or by which such Transferring Member or other transferor was bound.

(c) A Transfer by a Member shall not itself dissolve the Company or entitle the Assignee to become a Member or exercise any rights of a Member. If an Assignee is not admitted as a Member pursuant to Section 12.6, such Assignee shall be entitled only to the Economic Interest with respect to the Units held thereby and shall have no other rights with respect to the interest Transferred. If an Assignee becomes a Member in accordance with Section 12.6, the voting (if any) and other rights associated with the Units held by the Assignee shall be restored and thereafter be held by such newly admitted Member, along with all other rights attendant to the Units Transferred.

12.5 Deliveries for Transfer.

(a) In connection with the Transfer of any Units, the Member holding such Units shall deliver written notice to the Company describing in reasonable detail the Transfer or proposed Transfer. In addition, in the case of any Certificated Units, if the Member holding such Units delivers to the Company an opinion of counsel reasonably acceptable to the Company that such Transfer and any subsequent Transfer of such Units will not require registration under the Securities Act, the Company shall promptly upon such contemplated Transfer deliver new certificates or instruments, as the case may be, for such Units that do not bear the restrictive legend relating to the Securities Act as set forth below. If the Company is not required to deliver new certificates or instruments, as the case may be, for such Units not bearing such legend, the Member holding such Units shall not Transfer the same until the prospective Transferee has confirmed to the Company in writing its agreement to be bound by the conditions contained in this Section 12.5.

(b) Notwithstanding any other provisions of this ARTICLE XII, no Transfer of Units may be made unless, in the opinion of counsel (who may but need not be counsel for the Company), satisfactory in form and substance to the Board (which opinion may be waived, in whole or in part, at the reasonable discretion of the Board), such Transfer would not violate any federal securities laws or any state or provincial securities or "blue sky" laws (including any investor suitability standards) applicable to the Company or the Units to be transferred, or cause the Company to be required to register as an "Investment Company" under the U.S. Investment Company Act of 1940, as amended. Such opinion of counsel shall be delivered in writing to the Company prior to the date of the Transfer.

(c) In addition to the foregoing, a Transfer shall be valid hereunder only if: (i) the Transferring Member and the Assignee each execute and deliver to the Company such documents and instruments of conveyance as may be reasonably requested by the Board (including, without limitation, a Joinder) to effect such Transfer and to confirm the agreement of the Assignee to be bound by the provisions of this Agreement; and (ii) the Transferring Member and the Assignee provide to the Board the Assignee's taxpayer identification number and any other information reasonably necessary to permit the Company to file all required federal, state and local tax returns and other legally required information statements or returns.

12.6 Admission of Assignee as Member. Subject to the other provisions of this ARTICLE XII, an Assignee may be admitted to the Company as a Member only if: (x) the Board gives prior written consent regarding the admission (which consent may be given or withheld at the Board's sole discretion), provided that the Board shall automatically be deemed to have consented to the admission of any Permitted Transferee; and (y) the Assignee becomes a party to this Agreement as a Member by executing a Joinder and executing such other documents and instruments as the Board may reasonably request as necessary or appropriate to confirm such Assignee as a Member in the Company and such Assignee's agreement to be bound by the terms and conditions of this Agreement. Upon admission as a Member, the Assignee shall, to the extent assigned, have the rights and powers, and be subject to the restrictions and liabilities, of a Member under the Act and this Agreement and shall further be liable for any obligations of the Transferring Member to make future Capital Contributions (if any). Upon the admission of an Assignee as a Member, the Board or an authorized officer of the Company shall amend Schedule A without the further vote, act or consent of any other Person to reflect the change in status of such Assignee to a Member.

12.7 Effect of Admission of Member on Assignor and Company. Notwithstanding the admission of an Assignee as a Member and except as otherwise expressly approved by the Board, the Assignor shall not be released from any obligations to the Company existing as of the date of the Transfer (other than obligations of the Assignor to make future Capital Contributions, if any), including without limitation those obligations set forth in Sections 5.1, 8.14, 8.15, and 14.11.

12.8 Distributions and Allocations Regarding Transferred Units. Upon any Transfer during any Fiscal Year of the Company made in compliance with the provisions of this ARTICLE XII, Profits, Losses and all other items attributable to such interest for such Fiscal Year shall be divided and allocated between the Assignor and the Assignee by taking into account their varying interests during such Fiscal Year, using any conventions permitted by law and selected by the Board. All Distributions on or before the date of such Transfer shall be made to the Assignor, and all Distributions thereafter shall be made to the Assignee, provided that the Company has received notice of such Transfer prior to the date of any such Distribution. Solely for purposes of making such allocations and Distributions, the Company shall recognize such Transfer not later than the end of the calendar month during which it is given notice of such Transfer; provided that, if the Company is given notice of a Transfer at least 10 Business Days prior to the Transfer, the Company shall recognize such Transfer as the date of such Transfer, and provided further that, if the Company does not receive a notice stating the date such interest was Transferred and such other information as the Board may reasonably require within 30 days after the end of the Fiscal Year during which the Transfer occurs, then all such items shall be allocated, and all Distributions shall be made, to the Member that, according to the books and records of the Company, was the owner of the interest on the last day of the Fiscal Year during which the Transfer occurs. Neither the Company nor the Board shall incur any liability for making allocations and Distributions in accordance with the provisions of this Section 12.9, whether or not the Company or the Board has knowledge of any Transfer of any interest.

12.9 Legend. If certificates representing the Units or other interests in the Company are issued ("Certificated Units"), such certificates will bear the following legend:

"THE UNITS OR OTHER INTERESTS REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR APPLICABLE STATE SECURITIES LAWS (" STATE ACTS") AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR STATE ACTS OR AN EXEMPTION FROM REGISTRATION THEREUNDER. THE TRANSFER OF THE UNITS REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE CONDITIONS SPECIFIED IN THE LIMITED LIABILITY COMPANY AGREEMENT OF THE ISSUER, AS IT MAY BE AMENDED AND RESTATED FROM TIME TO TIME. A COPY OF SUCH AGREEMENT SHALL BE FURNISHED BY THE COMPANY TO THE HOLDER HEREOF UPON WRITTEN REQUEST."

12.10 Transfer Fees and Expenses. The Assignee and Assignor of any Units or other interest in the Company shall be jointly and severally obligated to reimburse the Company for all reasonable expenses (including attorneys' fees and expenses) of any Transfer or proposed Transfer, whether or not consummated.

12.11 Taxes Arising from Sale of Units. Any Member that Transfers some or all of its Units shall report any gain arising from such sale as required by applicable law, and such Member shall pay any taxes payable as a result of such sale. Any Member that Transfers some or all of its Units shall indemnify the Company for any expenses or damages that the Company incurs as a result of a breach of such Member's obligations pursuant to this Section 12.11. The Company may collect from the Transferring Member amounts payable by the Transferring Member pursuant to this Section 12.11 by retaining for the Company's benefit any amounts otherwise payable to the Transferring Member with respect to any Units in the Company then owned by the Transferring Member (other than any Tax Distributions), and the Company may pursue any other remedy at law or in equity to collect amounts payable to the Company pursuant to this Section 12.11. The obligations of the Transferring Member pursuant to this Section 12.11 shall continue after a Transferring Member has transferred some or all of its Units in the Company.

12.12 Transfers in Violation of Permits and Licenses. Notwithstanding any provisions of this Agreement to the contrary, in no event shall a Transfer occur to a Person that would cause the Company or its Affiliates to violate any law or any permits or licenses held by the Company or its Affiliates.

ARTICLE XIII
DISSOLUTION, LIQUIDATION AND TERMINATION

13.1 Dissolution. The Company shall be dissolved and its affairs shall be wound up upon the first to occur of the following:

(a) the vote or written consent of the Members holding a majority of the outstanding Common Units, voting together as a single class; or

(b) the entry of a decree of judicial dissolution of the Company under Section 18-802 of the Act.

The death, retirement, resignation, expulsion, withdrawal, bankruptcy or dissolution of any Member shall not cause the dissolution of the Company and thereafter the Company shall continue its existence.

13.2 Effectiveness of Dissolution. Dissolution of the Company shall be effective on the day on which the event described in Section 13.1 occurs, but the Company shall not terminate until the winding up of the Company has been completed, the assets of the Company have been distributed as provided in Section 13.3 and the Certificate shall have been cancelled as provided in Section 13.4.

13.1 Liquidation and Termination. If the Company is dissolved pursuant to Section 13.1, the Company shall be liquidated and its business and affairs wound up in accordance with the Act and the following provisions:

(a) Liquidator. The Board or its designee shall act as liquidator to wind up the Company (the "Liquidator"). The Liquidator shall have full power and authority to sell, assign, and encumber any or all of the Company's assets and to wind up and liquidate the affairs of the Company in an orderly and business-like manner.

(b) Accounting. As promptly as possible after dissolution and again after final liquidation, the Liquidator shall cause a proper accounting to be made by a recognized firm of certified public accountants of the Company's assets, liabilities and operations through the last day of the calendar month in which the dissolution occurs or the final liquidation is completed, as applicable.

(c) Distribution of Proceeds. The Liquidator shall liquidate the assets of the Company and make Distributions of the proceeds of such liquidation in the manner set forth in Section 5.1(a)(ii), unless otherwise required by mandatory provisions of applicable law.

(d) Discretion of Liquidator. Notwithstanding the provisions of Section 13.3(c) that require the liquidation of the assets of the Company, but subject to the order of priorities set forth in Section 13.3(c), if, upon dissolution of the Company, the Liquidator reasonably determines that an immediate sale of part or all of the Company's assets would be impractical or could cause undue loss to the Members, the Liquidator may defer the liquidation of any assets except those necessary to satisfy Company liabilities and reserves, and may, upon unanimous consent of the Common Members, distribute to the Members, in lieu of cash, as tenants in common and in accordance with the provisions of Section 13.3(c), undivided interests in such Company assets as the Liquidator deems not suitable for liquidation. Any such Distribution in kind shall be subject to such conditions relating to the disposition and management of such properties as the Liquidator deems reasonable and equitable and to any agreements governing the operating of such properties at such time. For purposes of any such Distribution, any property to be distributed will be valued at its Fair Market Value.

13.2 Cancellation of Certificate. On completion of the liquidating distribution of Company assets as provided in Section 13.3(c), the Company shall be deemed to have terminated and the Members (or such other Person or Persons as the Act may require or permit) shall file a certificate of cancellation with the Secretary of State of the State of Delaware, as required by law, cancel any other filings made with the State of Delaware and take such other actions as may be necessary to terminate the Company.

13.3 Survival of Rights, Duties and Obligations. Dissolution, liquidation, winding up or termination of the Company for any reason shall not release any party from any losses that at the time of such dissolution, liquidation, winding up or termination already had accrued to any other party or thereafter may accrue in respect of any act or omission prior to such dissolution, liquidation, winding up or termination. For the avoidance of doubt, none of the foregoing shall replace, diminish or otherwise adversely affect any Member's right to indemnification pursuant to ARTICLE IX.

ARTICLE XIV
GENERAL PROVISIONS

14.1 Offset. Whenever the Company is to make any Distribution to any Member (other than a Tax Distribution), any amounts that such Member owes to the Company or any of its Affiliates may be deducted from that Distribution before payment.

14.2 Power of Attorney. Each Member hereby constitutes and appoints the Board and the Liquidator, with full power of substitution, as his, her or its true and lawful agent and attorney-in-fact, with full power and authority in his, her or its name, place and stead, to execute, swear to, acknowledge, deliver, file and record in the appropriate public offices: (a) this Agreement, all certificates and other instruments and all amendments thereof in accordance with the terms hereof that the Board deems appropriate or necessary to form, qualify, or continue the qualification of, the Company as a limited liability company in the State of Delaware and in all other jurisdictions in which the Company may conduct business or own property; (b) subject to Section 14.6, all instruments that the Board deems appropriate or necessary to reflect any amendment, change, modification or restatement of this Agreement in accordance with its terms; (c) all conveyances and other instruments or documents that the Board and/or the Liquidator deems appropriate or necessary to reflect the dissolution and liquidation of the Company pursuant to the terms of this Agreement, including a certificate of cancellation; and (d) all instruments relating to the admission, withdrawal or substitution of any Member as set forth under and pursuant to this Agreement. The foregoing power of attorney is irrevocable and coupled with an interest, and shall survive the death, disability, incapacity, dissolution, bankruptcy, insolvency or termination of any Member and the Transfer of all or any portion of his, her or its Units and shall extend to such Member's heirs, successors, assigns and personal representatives.

14.3 Notices. Except as expressly set forth to the contrary in this Agreement, all notices, requests or consents provided for or permitted to be given under this Agreement must be in writing and must be given either by depositing that writing in the United States mail, addressed to the recipient, postage paid, and registered or certified with return receipt requested or by delivering that writing to the recipient in person, by reputable overnight courier, or by e-mail transmission; and a notice, request, or consent given under this Agreement is effective upon receipt by the Person to whom it was sent. All notices, requests and consents to be sent to a Member must be sent to or made at the address given for that Member on Schedule A, or such other address as that Member may specify by notice to the other Members and the Company. Any notice, request or consent to the Company or the Board must be given to the Company or the Board at the following address:

PRIORITY HOSPITALITY TECHNOLOGY, LLC
c/o Priority Integrated Partner Holdings, LLC
2001 Westside Parkway, Suite 155
Alpharetta, Georgia 30004
Attn: Thomas C. Priore, Chairman of the Board
Email: tpriore@pps.io

With a copy (which shall not constitute notice) to:

PRIORITY HOSPITALITY TECHNOLOGY, LLC
c/o Priority Integrated Partner Holdings, LLC
2001 Westside Parkway, Suite 155
Alpharetta, Georgia 30004
Attn: General Counsel
Email: chris@pps.io

Whenever any notice is required to be given by law, the Certificate or this Agreement, a written waiver thereof, signed by the Person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

14.4 Entire Agreement. This Agreement, each Member's respective subscription(s) and Award Agreement(s), if any (and including those certain asset contribution agreements entered into by the Prior Owners and the other parties thereto in conjunction with this Agreement), constitute the entire agreement of the Members and the Company relating to the Company and supersede all prior contracts or agreements with respect to the Company, whether oral or written.

14.5 Effect of Waiver or Consent. A waiver or consent, express or implied, to or of any breach or default by any Person in the performance by that Person of its obligations with respect to the Company is not a consent or waiver to or of any other breach or default in the performance by that Person of the same or any other obligations of that Person with respect to the Company. Failure on the part of a Person to complain of any act of any Person or to declare any Person in default with respect to the Company, irrespective of how long that failure continues, does not constitute a waiver by that Person of its rights with respect to that default until the applicable statute-of-limitations period has run.

14.6 Amendment, Modification or Waiver. Except as otherwise expressly provided herein, this Agreement may be amended, modified or waived from time to time only by a written instrument adopted by the Board and executed and agreed to by the Members holding a majority of the Common Units; provided, however, that the Board may amend and modify the provisions of this Agreement and Schedule A from time to time to the extent necessary to reflect (a) the issuance of new Units or other interests in the Company, (b) the admission of new Members and substituted Members or (c) the cancellation or repurchase of Units in compliance with the terms of this Agreement. Notwithstanding anything to the contrary herein, any amendment, modification or waiver that adversely and disproportionately affects the rights of the holders of Preferred Units or PI Units, as applicable, expressly granted in this Agreement as a class of Units shall require the vote or consent of the Preferred Members holding a majority of the Preferred

Units or the PI Members holding a majority of the PI Units, as applicable, to be effective.

14.7 Binding Effect. Subject to the restrictions on Transfers set forth in this Agreement, this Agreement is binding on and shall inure to the benefit of the Members and their respective heirs, legal representatives, successors and assigns.

14.8 Governing Law; Severability. The internal laws of the State of Delaware, without giving effect to any choice of law or conflict of law, rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware, shall govern all issues and questions concerning the relative rights of the Company and its Members. All other issues and questions concerning the construction, validity, enforcement and interpretation of this Agreement shall also be governed by, and construed in accordance with, the internal laws of the State of Delaware, without giving effect to any choice of law or conflict of law, rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware. In the event that any provision of this Agreement shall be declared to be invalid, illegal or unenforceable, such provision shall survive to the extent it is not so declared, and the validity, legality and enforceability of the other provisions hereof shall not in any way be affected or impaired thereby, unless such action would substantially impair the benefits to any party of the remaining provisions of this Agreement.

14.9 Further Assurances. In connection with this Agreement and the transactions contemplated hereby, each Member shall promptly execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Agreement and the transactions contemplated hereby.

14.10 Waiver of Certain Rights. Each Member irrevocably waives any right such Member may have to (a) demand any Distributions or withdrawal of property from the Company (whether upon resignation, withdrawal or otherwise) or (b) maintain any action for dissolution of the Company or for partition of the property of the Company (including under Section 18-604 of the Act), except upon dissolution of the Company pursuant to ARTICLE XIII hereof. In addition, the assets and liabilities of the Company shall not be separated or segmented pursuant to the provisions of Section 18-215 of the Act.

14.11 Indemnification and Reimbursement for Certain Payments. If the Company is obligated under applicable law to withhold, deduct and/or pay any amount to a governmental agency because of the status of a Member as a Member of the Company or for federal or state withholding taxes on payments made to a Member or income allocated to a Member, including but not limited to personal property replacement taxes and personal property taxes (notwithstanding anything to the contrary contained herein), then such Member (the "Indemnifying Person") shall indemnify the Company in full for the entire amount paid (including, without limitation, any interest, penalties and expenses associated with such payments). A Member's obligations to comply with the requirements of this Section 14.11 shall survive such Member's ceasing to be a Member of the Company and/or the termination, dissolution, liquidation and winding up of the Company, and, for purposes of this Section 14.11, the Company shall be treated as continuing in existence. The amount to be indemnified shall, at the option of the Board, either: (a) promptly upon notification of an obligation to indemnify the Company, be made by the Indemnifying Person via a cash payment to the Company equal to the full amount to be indemnified (which shall not be treated as a Capital Contribution), or (b) be effected via the Company, at its option, reducing Distributions or other payments that would otherwise be made to the Indemnifying Person, until the Company has recovered the amount to be indemnified (and the amount withheld shall not be treated as a Capital Contribution).

14.12 Notice to Members of Provisions. By executing this Agreement, each Member acknowledges that he, she or it has actual notice of (a) all of the provisions hereof (including, without limitation, the restrictions on transfer set forth in ARTICLE XII) and (b) all of the provisions of the Certificate.

14.13 Fair Market Value. The "Fair Market Value" of any assets or Units to be valued under this Agreement shall be determined in accordance with this Section 14.13. The Fair Market Value of any asset constituting cash or cash equivalents shall be equal to the amount of such cash or cash equivalents. The Fair Market Value of Units or any assets other than cash, cash equivalents, or publicly traded securities shall be the fair value of such assets, as mutually agreed by the Board and the Member whose Units are subject to purchase or transfer (or, if pursuant to Section 13.2, the liquidators), which determination shall not take into account minority interest or illiquidity. In the event the parties are unable to mutually agree on such value, the determination of the Fair Market Value of Units shall be determined by an appraiser or other expert of recognized standing reasonably acceptable (such acceptance not to be unreasonably withheld, conditioned or delayed) to the Board and the transferring Member (which determination shall not take into account minority interest or illiquidity), and the costs of such determination shall be divided equally between the transferring Member and the Company. The Fair Market Value of any asset constituting publicly traded securities shall be the average, over a period of 21 days consisting of the date of valuation and the 20 consecutive Business Days prior to that date, of the closing prices of the sales of such securities on the primary securities exchange on which such securities may at that time be listed, or, if there have been no sales on such exchange on any day, the average of the highest bid and lowest asked prices on such exchanges at the end of such day, or, if on any day such securities are not so listed, the average of the representative bid and asked prices quoted in the Nasdaq System as of 4:00 P.M., New York time, or, if on any day such securities are not quoted in the Nasdaq System, the average of the highest bid and lowest asked prices on such day in the domestic over the counter market as reported by the National Quotation Bureau Incorporated, or any similar successor organization.

14.14 WAIVER OF JURY TRIAL . BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON AND THE MEMBERS WISH APPLICABLE STATE AND FEDERAL LAWS TO APPLY (RATHER THAN ARBITRATION RULES), THE COMPANY AND THE MEMBERS DESIRE THAT THEIR DISPUTES BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM AND OF ARBITRATION, THE COMPANY AND EACH MEMBER TO THIS AGREEMENT HEREBY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE BETWEEN OR AMONG ANY OF THE PARTIES HERETO, WHETHER ARISING IN CONTRACT, TORT, OR OTHERWISE, ARISING OUT OF, CONNECTED WITH, RELATED OR INCIDENTAL TO THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREBY AND/OR THE RELATIONSHIP ESTABLISHED AMONG THE PARTIES HEREUNDER. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

14.15 Creditors. None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditors of the Company or any of its Affiliates.

14.16 Spousal Consent. Each Person that becomes a Member and who is an individual and who is married shall cause his or her spouse to execute and deliver to the Company a consent of spouse in substantially the form of Schedule C hereto (a "Spousal Consent"). If any Member should marry following the date of this Agreement, such Member shall cause his or her spouse to execute and deliver to the Company a Spousal Consent within 30 days thereof.

14.17 Certain Matters Regarding Credit and Guaranty Agreements. Notwithstanding anything herein to the contrary, in no event shall the Company have any obligation to make any distribution, redeem, purchase or repurchase any Units if such distribution, redemption, purchase or repurchase would violate or constitute a default, event of default or other event of similar import under (a) the Credit and Guaranty Agreement, dated as of January 3, 2017 (as amended, extended, renewed, restated, amended and restated, supplemented, restructured, refinanced or otherwise modified from time to time), among Priority Payment Systems Holdings LLC, Pipeline Cynergy Holdings, LLC and Priority Institutional Partner Services LLC, the other Credit Parties (as defined therein) party thereto from time to time, the lenders party thereto from time to time, and SunTrust Bank, as Administrative Agent, as Collateral Agent, an Issuing Bank and the Swing Line Lender, or (b) the Credit and Guaranty Agreement, dated as of January 3, 2017 (as amended, extended, renewed, restated, amended and restated, supplemented, restructured, refinanced or otherwise modified from time to time), among Priority Holdings, LLC, the other Credit Parties (as defined therein) party thereto from time to time, the lenders party thereto from time to time, and Goldman Sachs Specialty Lending Group, L.P., as Administrative Agent.

14.18 Title to Company Assets. The Company's assets shall be deemed to be owned by the Company as an entity, and no Member, individually or collectively, shall have any ownership interest in such Company assets or any portion thereof. Legal title to any or all Company assets may be held in the name of the Company, the Board or one or more nominees, as the Board may determine. The Board hereby declares and warrants that any Company assets for which legal title is held in its name or the name of any nominee shall be held in trust by the Board or such nominee for the use and benefit of the Company in accordance with the provisions of this Agreement. All Company assets shall be recorded as the property of the Company on its books and records, irrespective of the name in which legal title to such Company assets is held.

14.19 Parties in Interest. Except as expressly provided in the Act or this Agreement, nothing in this Agreement shall confer any rights or remedies under or by reason of this Agreement on any Persons other than the parties hereto, the Managers and their respective successors and assigns nor shall anything in this Agreement relieve or discharge the obligation or liability of any other Person to any party to this Agreement, nor shall any provision give any other Person any right of subrogation or action over or against any party to this Agreement.

14.20 Adjustment of Numbers. Subject to Section 14.6, all numbers set forth herein that refer to Unit prices or amounts shall be appropriately adjusted by the Board in good faith to reflect Unit splits, Unit dividends, combinations of Units and other recapitalizations affecting the subject class of equity.

14.21 Counterparts. This Agreement may be executed and delivered in one or more counterparts, each of which when executed and delivered shall be an original, and all of which when executed shall constitute one and the same instrument. The exchange of copies of this Agreement and of signature pages by electronic image scan transmission in .pdf shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of this Agreement for all purposes. Signatures of the parties transmitted by electronic image scan transmission in .pdf shall be deemed to be their original signatures for all purposes.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Limited Liability Company Agreement as of the date first set forth above.

MEMBERS:

Priority Integrated Partner Holdings, LLC

Signature: /s/ Michael Vollkommer

Name: Michael Vollkommer

Title: Chief Financial Officer

/s/ Thomas C. Priore
Thomas C. Priore

Stein Ltd.

/s/ Jeffrey Michael Stein
Jeffrey Michael Stein, its President

COMPANY:

Priority Hospitality Technology, LLC

By: /s/ Michael Vollkommer

Name: Michael Vollkommer

Title: Chief Financial Officer

Annex I

Certain Definitions

As used in this Agreement, the following terms have the following meanings:

"Acceptance Date" has the meaning set forth in Section 12.3(b).

"Act" means the Delaware Limited Liability Company Act, 6 Del. L. § 18-101, et seq., as it may be amended from time to time, and including any successor statute to the Act.

"Additional Capital Contribution" has the meaning set forth in Section 3.4(b).

"Additional Common Unit" has the meaning set forth in Section 3.4(b).

"Additional Common Unit Yield" means, with respect to any Additional Common Unit, the cumulative amount accruing at the rate of 6% per annum, compounded on each anniversary of the date on which such Additional Common Unit was issued to the applicable Member, on the Unreturned Capital of such Additional Common Unit. In calculating the amount of any Distribution to be made during a period, an Additional Common Unit's Additional Common Unit Yield for the portion of such period elapsing before such Distribution is made shall be included as part of such Additional Common Unit's Additional Common Unit Yield.

"Additional Officers" has the meaning set forth in Section 7.4.

"Affiliate" means, with respect to a Person, another Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person, where "control" means the possession, directly or indirectly, of the power to direct the management and policies of a Person whether through the ownership of voting securities, by contract or otherwise.

"Affiliate Transaction" means all transactions between the Company or any Subsidiary, and any Member, Manager or their respective Affiliates, and any material amendment or modification thereto.

"Aggregate" means, for purposes of making allocations of Profits and Losses (and items of income, gain, expense, deduction, or loss allocated hereunder that are not included in the computation of Profits or Losses) and Distributions as of a particular time, the total of all applicable Capital Contributions (which shall include the Invested Capital with respect to the Preferred Units), allocations or Distributions, as the case may be, made at or before that time.

"Agreement" has the meaning set forth in the introductory paragraph of this Agreement.

"Approved Sale" has the meaning set forth in Section 12.2(a).

"Assignee" has the meaning set forth in Section 12.4(b).

"Assignor" has the meaning set forth in Section 12.4(a).

"Award Agreement" has the meaning set forth in Section 3.4(a)(iii).

"Bankruptcy Event" has the meaning set forth in Section 3.7(a)(ii).

"Board" means the Board of the Company, composed of the individual(s) designated pursuant to Section 6.2.

"Book Value" means, with respect to any Company property (including, without limitation, any property or asset that is treated as property of the Company for federal income tax purposes), the Company's adjusted basis for federal income tax purposes, adjusted from time to time to reflect the adjustments required or permitted (to the extent the Board chooses to make such permitted adjustments) by Treasury Regulations Section 1.704-l(b)(2)(iv)(*d*)-(*g*); provided that the initial Book Value of any asset contributed to the Company shall be equal to its Fair Market Value; provided, further, that the Book Value of assets contributed to the Company as part of a Member's initial Capital Contribution shall be reflected in the opening Capital Accounts as set forth in the books and records of the Company.

"Breach" has the meaning set forth in Section 3.7(a)(i).

"Breaching Member" has the meaning set forth in Section 12.2(a).

"Business Day" means any day other than Saturday, Sunday or a United States federal holiday on which federally chartered banking and financial institutions are not open for the transaction of business.

"Capital Account" has the meaning set forth in Section 4.1.

"Capital Contribution" means a contribution made (or deemed made under Treasury Regulations Section 1.704-1 (b)(2)(iv)(*d*)) by a holder to the capital of the Company, whether in cash, in other property or otherwise, pursuant to ARTICLE III, as shown opposite such Member's name on Schedule A, as the same may be amended from time to time in accordance with ARTICLE III. The amount of any Capital Contribution shall be the amount of cash and the Fair Market Value of any other property so contributed, in each case net of any liabilities assumed by the Company from such holder in connection with such contribution and net of any liabilities to which assets contributed by such holder in respect thereof are subject.

"Cash Receipts" means all cash received by the Company, excluding Capital Contributions, loan proceeds, prepayment of rent, security deposits, insurance proceeds (other than proceeds from business interruption insurance), condemnation awards, Net Cash from Capital Events, and any other funds not generated from current business operations of the Company.

"Certificate" has the meaning set forth in Section 2.1.

"Certificated Units" has the meaning set forth in Section 12.9.

"Code" means the United States Internal Revenue Code of 1986, as amended, and any successor statute.

"Common Member" means a Member holding Common Units.

"Common Unit" means a unit of membership interest in the Company, including any Additional Common Unit, owned by a Member, including all preferences, rights, liabilities and obligations with respect to such interest as are set forth in this Agreement or the Act.

"Company" has the meaning set forth in the introductory paragraph of this Agreement.

"Company Entity" means any of the Company or any Affiliate of the Company that holds substantially all of the assets of the Company and its Subsidiaries, taken as a whole, or any successor thereto.

"Company Indemnities" has the meaning set forth in Section 12.2(a).

"Company Minimum Gain" has the meaning set forth for "partnership minimum gain" in Treasury Regulations Sections 1.704-2(b)(2) and 1.704-2(d).

"Confidential Information" has the meaning set forth in Section 8.14.

"Cumulus" has the meaning set forth in the recitals.

"Deferral Condition" has the meaning set forth in Section 3.7(b)(ii).

"Departing Incentive Unit Holder" has the meaning set forth in Section 3.7(a)(iv).

"Departing Incentive Unit Holder Purchase Option" has the meaning set forth in Section 3.7(a)(iv).

"Departing Incentive Unit Holder Repurchase Notice" has the meaning set forth in Section 3.7(b)(i)(2).

"Disparaging" has the meaning set forth in Section 8.15(c)

"Distribution" means each distribution made by the Company to a Member, whether in cash or property of the Company and whether by liquidating distribution or otherwise; provided, however, that none of the following shall be a Distribution: (a) any redemption or repurchase by the Company of any Units for any reason (after which such Unit shall cease to be outstanding); (b) any recapitalization or exchange of any Units (including, without limitation, pursuant to Section 3.7(d) hereof); (c) any subdivision (by Unit split or otherwise) or any combination (by reverse Unit split or otherwise) of any outstanding Units; or (d) any reasonable fees or remuneration paid to any Member in such Member's capacity as an employee, officer, consultant or other provider of services to the Company. For purposes of this Agreement, the amount of a Distribution of property or securities shall equal the Fair Market Value of such property or securities.

"Distribution Threshold" has the meaning set forth in Section 3.4(a)(iii).

"Divorce" has the meaning set forth in Section 3.7(a)(iii).

"Divorce Purchase Option" has the meaning set forth in Section 3.7(a)(iii).

"Economic Interest" means a Member's share of the Company's net Profits, net Losses and interest in Distributions pursuant to this Agreement, but shall not include any right to participate in the management or affairs of the Company, including the right to vote on, consent to or otherwise participate in any decision of the Members, or any right to receive information concerning the business and affairs of the Company, in each case to the extent provided for herein or otherwise required by the Act.

"Effective Date" has the meaning set forth in the introductory paragraph of this Agreement.

"Eligible Incentive Members" means any employees, officers, managers, directors, consultants or independent contractors of the Company or any Subsidiary.

"eTab" has the meaning set forth in the recitals.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Fair Market Value" has the meaning set forth in Section 14.13.

"Family or Estate-Planning Transfer" means a Transfer of any Units by any Eligible Incentive Member (a) to a trust under which the distribution of such Units may be made only to such Eligible Incentive Member and/or family members of such Eligible Incentive Member, (b) to a charitable remainder trust, the income from which will be paid to such Eligible Incentive Member during his or her life, or (c) by will or by the laws of intestate succession, to such Eligible Incentive Member's executors, administrators, testamentary trustees, legatees or beneficiaries; provided that, in the case of the foregoing clauses (a) and (b), such Eligible Incentive Member has sole control of the referenced entity.

"Financing Agreement" has the meaning set forth in Section 3.7(b)(ii).

"Fiscal Year" of the Company means the Company's annual accounting period ending on December 31 of each year or such other date as may be required by the Code or determined by the Board.

"General Repurchase Notice" has the meaning set forth in Section 3.7(b)(i)(1).

"Incentive Unit Holder" has the meaning set forth in Section 3.7(a)(i).

"Incentive Units" has the meaning set forth in Section 3.4(a)(iii).

"Indemnifying Person" has the meaning set forth in Section 14.11.

"Independent Third Party" means any Person who, immediately prior to a contemplated transaction, does not own in excess of 5% of the Company's Units on a fully-diluted basis (a "5% Owner"), who is not controlling, controlled by or under common control with any 5% Owner and who is not the spouse, parent or descendant (by birth or adoption) of any 5% Owner or a trust for the benefit of any 5% Owner and/or such other Persons.

"Insolvency Purchase Option" has the meaning set forth in Section 3.7(a)(ii).

"Invested Capital" has the meaning set forth in Section 3.4(c)

"Joinder" means a joinder agreement to this Agreement in substantially the same form and substance as the joinder agreement set forth as Schedule B attached hereto or such other form of joinder as may be approved by the Board from time to time.

"Liquidator" has the meaning set for in Section 13.3.

"Losses" for any period means all items of Company loss, deduction and expense for such period determined in accordance with Section 4.2.

"Manager" has the meaning set forth in Section 6.1.

"Maximum Tax Rate" means the maximum marginal federal, state and local income tax rate (taking into account the character of income) as determined by the Board in its sole discretion.

"Member" means each member of the Company and each other Person who is hereafter admitted as a member of the Company in accordance with the terms of this Agreement and the Act. As of the date of this Agreement, the Members are set forth on Schedule A. Each Member shall continue to be a Member until such Person ceases to own any Units.

"Member Nonrecourse Debt Minimum Gain" has the meaning set forth for "partner nonrecourse debt minimum gain" in Treasury Regulations Section 1.704-2(i).

"Member Nonrecourse Deductions" has the meaning set forth for "partner nonrecourse deductions" in Treasury Regulations Section 1.704-2(i).

"Net Cash from Capital Events" means, with respect to any period, an amount equal to the cash proceeds or distributions received by the Company from sales, refinancings or recapitalizations with respect to assets of the Company for such period, reduced by the portion thereof used to, in the discretion of the Board, (i) pay principal or interest on any Indebtedness of the Company, (ii) establish Reserves, and (iii) pay all expenses of the Company. Net Cash from Capital Events shall not be reduced by depreciation, amortization, cost recovery deductions or other non-cash allowances and expenses.

"Net Cash from Operations" means, all Cash Receipts of the Company, plus any amounts received from Reserves, reduced by the portion thereof used to, in the discretion of the Board, (i) pay principal or interest on any Indebtedness of the Company, (ii) establish Reserves, and (iii) pay all expenses of the Company. Net Cash from Operations shall not be reduced by depreciation, amortization, cost recovery deductions or other non-cash allowances and expenses.

"Nonrecourse Deductions" has the meaning set forth in Treasury Regulations Section 1.704-2(b)(1).

"Offer Notice" has the meaning set forth in Section 12.3(a).

"Officer" has the meaning set forth in Section 7.2.

"Original Agreement" has the meaning set forth in the recitals.

"Permanent Disability" means an individual's inability due to mental or physical illness or accident to perform, with or without reasonable accommodation in accordance with federal law, substantially all of the essential duties customarily performed by such individual for the Company or any Subsidiary on a full-time basis for more than 60 consecutive days during any period of 365 days or 90 days in the aggregate during any period of 365 days. The determination of whether and when a Permanent Disability has occurred shall be made by a medical professional selected by the Board with reasonable input by such individual.

"Permitted Transferee" means any Transferee of Units received pursuant to a Family or Estate-Planning Transfer, provided that such Transferee expressly agrees in writing in a form reasonably acceptable to the Board to remain subject to the repurchase and redemption provisions set forth in

Section 3.7, an entity or trust solely for estate planning purposes or any other Transferee that is permitted by the prior written consent of the Board, which consent may be withheld in the Board's sole discretion.

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

"PIPH" has the meaning set forth in the recitals.

"PI Member" means a Member holding PI Units.

"PI Unit" means a non-voting (except as otherwise expressly provided in this Agreement) unit of membership interest in the Company owned by an Eligible Incentive Member, including all preferences, rights, liabilities and obligations with respect to such interest as are set forth in this Agreement or the Act. Any PI Units issued by the Company to one or more Eligible Incentive Member(s) shall be considered "profits interests" within the meaning of IRS Revenue Procedures 93-27 and 2001-43.

"Preferred Member" means a Member holding Preferred Units.

"Preferred Unit" means a redeemable, non-voting (except as otherwise expressly provided in this Agreement) unit of membership interest in the Company owned by a Preferred Member, including all preferences, rights, liabilities and obligations with respect to such interest as are set forth in this Agreement or the Act.

"Preferred Yield" means, with respect to the Preferred Units, the cumulative amount accruing at the rate of 6% per annum, compounded on each anniversary of the date on which such Preferred Units were issued to the Preferred Member, on the Unreturned Capital of such Preferred Unit. In calculating the amount of any Distribution to be made during a period, a Preferred Unit's Preferred Yield for the portion of such period elapsing before such Distribution is made shall be included as part of such Preferred Unit's Preferred Yield.

"Priore" has the meaning set forth in the recitals.

"Prior Owner" or "Prior Owners" has the meaning set forth in the recitals.

"Proceeding" has the meaning set forth in Section 9.2.

"Profits" for any period means all items of Company income and gain for such period determined in accordance with Section 4.2.

"Proposed Rules" has the meaning set forth in Section 10.3(a).

"Public Offering" means the sale in an underwritten public offering registered under the Securities Act of shares of the Company's or any other Company Entity's equity securities, or the equity securities of any successor corporation of any of the foregoing.

"Regulatory Allocations" has the meaning set forth in Section 5.4(f).

"Repurchase Interest Rate" has the meaning set forth in Section 3.7(b)(ii).

"Repurchase Option" has the meaning set forth in Section 3.7(a)(iii).

"Repurchase Option Closing" has the meaning set forth in Section 3.7(b)(ii).

"Repurchase Price" has the meaning set forth in Section 3.7(c).

"Repurchase Triggering Event" has the meaning set forth in Section 3.7(a)(iii).

"Requisite Members" has the meaning set forth in Section 12.2(a).

"Reserve Amount" has the meaning set forth in Section 5.1(d).

"Reserves" means reasonable reserves established by the Company, in the exercise of reasonable business judgment by the Board, for all expenses, debt payments, capital improvements, replacements and contingencies, including, but not limited to, loss and liquidity reserves, of the Company.

"Restricted Period" has the meaning set forth in Section 8.15(a).

"ROFR Share" has the meaning set forth in Section 12.3(b).

"Safe Harbor Election" has the meaning set forth in Section 10.3(a).

"Sale of the Company" means the sale of the Company (or any Company Entity) to an Independent Third Party or group of Independent Third Parties pursuant to which such party or parties acquire, whether in a single transaction or a series of related transactions, (i) equity securities of the Company (or any Company Entity) possessing the voting power to elect a majority of the Board (or the board of directors of such Company Entity, as applicable) (whether by merger, reorganization, combination, consolidation or sale or transfer of the Company's or any applicable Company Entity's equity securities) or (ii) all or substantially all of the Company's and, if any, its Subsidiaries (or any Company Entity's) assets, determined on a consolidated basis, whether by sale, transfer, lease or otherwise; provided that the term "Sale of the Company" shall not include a Public Offering.

"Securities Act" has the meaning set forth in Section 12.9.

"Separation" has the meaning set forth in Section 3.7(a)(i).

"Separation/Breach/Termination Purchase Option" has the meaning set forth in Section 3.7(a)(i).

"Spousal Consent" has the meaning set forth in Section 14.16.

"State Acts" has the meaning set forth in Section 12.9.

"Stein" has the meaning set forth in the recitals.

"Subsidiary" means (a) any corporation, partnership, limited liability company or other entity a majority of the capital stock or other equity interests of which having ordinary voting power to elect a majority of the board of directors, managers or other Persons performing similar functions is at the time owned, directly or indirectly, with power to vote, by the Company or any direct or indirect Subsidiary of the Company, (b) a partnership in which the Company or any direct or indirect Subsidiary is a general partner or (c) a limited liability company in which the Company or any direct or indirect Subsidiary is a managing member or manager.

"Tax Distribution" has the meaning set forth in Section 5.2.

"Taxing Authority" means any federal, state, local or foreign taxing authority.

"Tax Matters Partner" has the meaning set forth in Section 10.2(a).

"Tax Representative" has the meaning set forth in Section 10.2(a).

"Termination" has the meaning set forth in Section 3.7(a)(i).

"Transactions" has the meaning set forth in the recitals.

"Transfer" means any sale, transfer, assignment, pledge of Units or right to Distributions or Tax Distributions, mortgage, exchange, hypothecation, grant of a security interest or other direct or indirect disposition or encumbrance of an interest (including, without limitation, by operation of law) or the acts thereof. For purposes of the preceding sentence, an indirect disposition of an interest includes any sale, transfer, assignment, pledge, exchange or any other arrangement on account of which a Person is treated for income tax purposes as a "nominee" within the meaning of the temporary Treasury Regulations under Section 6031 of the Code. The terms "Transferee," "Transferred," and other forms of the word "Transfer" shall have correlative meanings.

"Transferring Member" has the meaning set forth in Section 12.3(a).

"Treasury Regulations" means the United States income tax regulations promulgated under the Code and effective as of the Effective Date. Such term shall be deemed to include any future amendments to such regulations and any corresponding provisions of succeeding regulations (whether or not such amendments and corresponding provisions are mandatory or discretionary).

"Unit" means a unit of membership interest in the Company, including the Common Units, Preferred Units and the Incentive Units, and any and all Incentive Units.

"Unreturned Capital" means (a) with respect to any Preferred Unit an amount, as of any date of determination, equal to the excess, if any, of (i) the Capital Contribution (which shall include the Invested Capital with respect to such Preferred Unit), over (ii) all Distributions made by the Company with respect to such Capital Contribution under Section 5.1(a)(i)(C)–(D) and Section 5.2(a)(ii)(E)–(F); and (b) with respect to any Additional Common Unit, an amount, as of any date of determination, equal to the excess, if any, of (i) the Additional Capital Contribution over (ii) all Distributions made by the Company under Section 5.1(a)(i)(A)–(B) and Section 5.1(a)(ii)(C)–(D).

"Unvested" means, with respect to any outstanding Incentive Units, that such Incentive Units are subject to further vesting provisions under an Award Agreement or otherwise.

"Vested" means, with respect to any outstanding Incentive Units, that such Incentive Units are not subject to further vesting provisions under any Award Agreement or otherwise.

Dated as of the Effective Date

SCHEDULE A

Members

Members	Units
Priority Integrated Partner Holdings, LLC 2001 Westside Parkway, Suite 155 Alpharetta, Georgia 30004 Attn: Thomas C. Priore Email: tpriore@pps.io	95,000 Common Units

Thomas C. Priore _____ _____ Email: tpriore@pps.io	833 and 1/3 Preferred Units
Stein, Ltd. 6803 Waterman Avenue St. Louis, Missouri 63130 Attn: Jeffrey Michael Stein, President Email: theboss@jeffstein.com	166 and 2/3 Preferred Units

*In addition to the issued and outstanding Units set forth above, the Company is authorized to issue up to 5,000 PI Units to one or more Eligible Incentive Member(s) in accordance with the terms of this Agreement.

SCHEDULE B

JOINDER TO LIMITED LIABILITY COMPANY AGREEMENT

This Joinder (this "Joinder") is made as of the date written below by the undersigned (the "Joining Party") in favor of and for the benefit of Priority Hospitality Technology, LLC, a Delaware limited liability company, and the other parties to the Amended and Restated Limited Liability Company Agreement, dated as of February 1, 2019 (as such agreement may be amended, restated, supplemented and/or joined to from time to time, the "LLC Agreement"). Capitalized terms used but not defined herein have the meanings given such terms in the LLC Agreement.

The Joining Party hereby acknowledges, agrees and confirms that, by his, her or its execution of this Joinder, the Joining Party will be deemed to be a party to the LLC Agreement and shall have all of the obligations under the LLC Agreement as a Member as if he, she or it had executed the LLC Agreement. The Joining Party hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions contained in the LLC Agreement, including, without limitation, making each of the representations and warrants set forth in Section 3.2 of the LLC Agreement to the Company effective as of the date of this Joinder.

If the Joining Party is an individual who is married on the date of this Joinder, the Joining Party shall cause the Joining Party's spouse to execute and deliver to the Company a consent of spouse in the form of Schedule C to the LLC Agreement (a "Spousal Consent"). If Joining Party is an individual who should marry following the date of this Joinder, the Joining Party shall cause his or her spouse to execute and deliver to the Company a Spousal Consent within 30 days thereof.

IN WITNESS WHEREOF, the undersigned has executed this Joinder as of the date written below.

Date: _____, 20____ Signature:_____

Print Name:_____

Agreed to and Accepted by:

Priority Hospitality Technology, LLC

By:_____

Name:_____

Title:_____

Exhibit 10.19

EXECUTION VERSION

DIRECTOR AGREEMENT

This Director Agreement (this "Agreement") is entered into as of this [___] day of [_____], by and among Priority Technology Holdings, Inc., a Delaware corporation (the "Company"), and **[_____]** (the "Director").

W I T N E S S E T H :

WHEREAS, the Company desires for Director to provide Services (as defined herein below) as the Director of the Board of Directors of the Company (the "Board").

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained herein, and intending to be legally bound hereby, the parties hereby agree as follows:

1. Director. In accordance with the Certificate of Incorporation and the Bylaws of the Company, as amended, and pursuant to your appointment to the Board you agree to serve as a member of the Board of Directors of the Company on the terms set forth herein.

2. Board of Directors Supervision. The activities of the Director to be performed under this Agreement shall be subject to the supervision of the Board to the extent required by applicable law or regulation and subject to reasonable policies not inconsistent with the terms of this Agreement adopted by the Board and in effect from time to time.

3. Services. Subject to Section 2, during the term hereof, the Director shall endeavor to serve as a member of the Board.

4. Standard of Care. The Director (including any person or entity acting for or on behalf of the Director) shall not be liable for any mistakes of fact, errors of judgment, for losses sustained by the Company or any of their Subsidiaries or for any acts or omissions of any kind (including acts or omissions of the Director), unless caused by fraud, gross negligence or intentional misconduct of the Director as finally determined by a court of competent jurisdiction. The Director does not make any warranty, express or implied, with respect to the services to be provided hereunder.

5. Fees and Reimbursement of Costs.

(a) Annual Fee. In consideration of his service as a Director, commencing on the date hereof and for the term hereof, the Company shall pay the Director an annual fee equal to [$___](the "Annual Fee"), commencing with the Director's initial date of service to the Company commencing as of [_____]. The Company shall pay the Annual Fee in monthly installments, within ten (10) business days following the end of each applicable month during the term hereof. The payment by the Company of the Annual Fee hereunder is subject to the applicable restrictions contained in the Company' and their Subsidiaries' debt and equity financing agreements, or as set

forth in the Bylaws, Certificate of Incorporation, or other policies and procedures of the Board and/or the Company. If any such restrictions prohibit the payment of any installment of the Annual Fee, such unpaid Annual Fee installment shall accrue simple interest at a rate of 6% per annum and the Company shall make such installment payment plus accrued interest as soon as they are permitted to do so under such restrictions. If the Company or their Subsidiaries acquire or enter into any additional business operations after the date of this Agreement, the Board and the Director will, prior to the acquisition or prior to entering into the business operations, in good faith, determine whether and to what extent the Annual Fee should be increased as a result thereof. Any increase will be evidenced by a written supplement to this Agreement signed by the Company and the Director.

(b) Reimbursement of Costs. All reasonable and documented out-of-pocket expenses incurred by the Director in the performance of his duties under this Agreement shall be for the account of, on behalf of, and at the expense of the Company. The Director shall not be obligated to make any advance to or for the account of the Company or to pay any sums, except out of funds held in accounts maintained by the Company. The Director shall be reimbursed for all reasonable and documented out-of-pocket fees and expenses incurred by him in connection with the performance by the Director of his duties hereunder. Subject to and in accordance with the foregoing, the Company shall, within 30 days of receipt of appropriate documentation evidencing such fees and expenses, reimburse the Director by wire transfer of immediately available funds for any such amount paid by the Director, which shall be in addition to any other amount payable to the Director under this Agreement.

6. Other Interests. The Company acknowledges and agrees that the Director shall not be required to devote his full time and business efforts to his activities as a director, but instead shall devote only so much of such time and efforts as is usual and customary for an independent director of a public company.

7. Term and Termination.

(a) Term. This Agreement shall commence as of the date hereof and shall continue for so long as the Director is providing Services as the Director.

(b) Termination. This Agreement may be terminated at any time, upon the mutual written agreement of the parties hereto. Furthermore, this Agreement may be terminated, and the Director removed as a Director of the Company (or any committee or subcommittee thereof), in accordance with the terms of the Certificate of Incorporation and/or Bylaws of the Company, as amended. In addition, either party may terminate this Agreement for cause in the event the other party materially breaches its duties and obligations under the terms of this Agreement or is in default of any of its obligations hereunder, which breach or default is incapable of cure, or if capable of being cured, has not been cured within thirty (30) days after receipt of written notice from the non-defaulting party or within such additional period of time as the non-defaulting party may authorize in writing.

(c) Fees and Reimbursement of Costs. No termination of this Agreement shall affect the Company's obligations hereunder with respect to (i) fees owed to the Director and not paid by the Company as of the effective date of such termination or (ii) fees, costs and expenses

incurred by the Director and not reimbursed by the Company in accordance with the terms hereof as of the effective date of such termination.

8. Indemnification of the Director; Limitation of Liability. The Company and their Subsidiaries hereby agree to jointly and severally indemnify and hold harmless the Director ("Indemnified Party"), whether in connection with serving as officer, director or manager of the Company or otherwise, from and against all losses, claims, liabilities, suits, costs, damages, judgments, amounts incurred or paid, amounts paid in settlement, fines, penalties and other liabilities and expenses (including reasonable attorneys' fees) ("Losses") directly or indirectly arising from or relating to their performance of their duties as a director of the Company, except for any such Losses resulting from the gross negligence or intentional misconduct of an Indemnified Party, or conduct of an Indemnified Party which constituted fraud. The Company further agrees to reimburse the Indemnified Parties monthly for any cost of defending any action or investigation (including reasonable attorneys' fees and expenses), subject to an undertaking from such Indemnified Party to repay the Company if such party is determined not to be entitled to such indemnity. Notwithstanding anything to the contrary set forth herein, in no event shall the Director be liable to the Company and/or their Subsidiaries in connection herewith for any amount in excess of fees actually received by the Director under Section 5(a) and Section 5(b); except for any amount arising out of or relating to the gross negligence, intentional misconduct, or fraud of the Director. The Company shall pay the amounts described herein within ten (10) days after written demand therefore is delivered to the Company. If and to the extent that the foregoing indemnification undertaking may be unavailable or unenforceable for any reason, the Company hereby agrees to make the maximum contribution to the payment and satisfaction of each of the otherwise indemnifiable losses, claims, liabilities, suits, costs, damages, judgments, amounts incurred or paid, amounts paid in settlement, fines, penalties and other liabilities and expenses (including reasonable attorneys' fees), to the maximum extent permissible under applicable law. The rights of any Indemnified Party to indemnification hereunder will be in addition to, but without duplication to, any other rights any such person or entity may have under any other agreement or instrument to which such person or entity is or becomes a party or is otherwise a beneficiary or under any applicable law or regulation. The provisions of Section 4 and Section 9 shall survive any termination of this Agreement.

9. Miscellaneous.

(a) The Company shall include Director as an insured under a director's and officer's insurance policy, with coverage determined annually by the Board.

(b) Entire Agreement; Amendments and Waivers. This Agreement (including the schedules and exhibits hereto, if any) represents the entire understanding and agreement between the parties with respect to the subject matter hereof; provided however that notwithstanding the foregoing or anything in this Agreement to the contrary, this Agreement, and the Director's Services to be performed hereunder, shall at all time be subject to the Bylaws, Certificate of Incorporation, policies and procedures of the Board and the Company, and applicable law (collectively, "Applicable Law"). In the event of a conflict between this Agreement and Applicable Law, then Applicable Law shall prevail. The waiver by any party of a breach of any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other

or subsequent breach. No failure on the part of any party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such party preclude any other or further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies provided by law.

(c) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without regard to conflicts of law principles thereof.

(d) Section Headings. The section headings of this Agreement are for reference purposes only and are to be given no effect in the construction or interpretation of this Agreement.

(e) Notices. All notices and other communications under this Agreement shall be in writing and shall be given by personal delivery, nationally recognized overnight courier or certified mail at the following addresses (or to such other address as a party may have specified by notice given to the other party pursuant to this provision):

If to the Company, to:

Priority Technology Holdings, Inc.
Attn: Board of Directors
2001 Westside Parkway, Suite 155
Alpharetta, Georgia 30004

With a copy (which shall not constitute notice) to:
Priority Technology Holdings, Inc.
Attn: General Counsel
2001 Westside Parkway, Suite 155
Alpharetta, Georgia 30004

With a copy (which shall not constitute notice) to:
Schulte Roth & Zabel LLP:
Attn: John Mahon
919 Third Avenue
New York, New York 10022

If to Director, to:

[_____]
[_____]
[_____]

Any such notice or communication shall be deemed to have been received (i) when delivered, if personally delivered, (ii) on the next business day after dispatch, if sent postage pre- paid by nationally recognized, overnight courier guaranteeing next business day delivery, and (iii) on the 5th business day following the date on which the piece of mail containing such communication is posted, if sent by certified mail, postage prepaid, return receipt requested.

(f) Severability. If any provision of this Agreement is invalid, illegal or unenforceable, the balance of this Agreement shall remain in effect. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties shall negotiate in good faith to modify this Agreement so as to effect, the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

(g) No Assignment. This Agreement is for personal Services to be provided by the Director and shall not be assigned by the Director without the consent of the Company.

(h) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile, .pdf or other electronic means shall be effective as delivery of a manually executed counterpart to the Agreement.

(i) Remedies Cumulative. Except as otherwise provided herein, no remedy herein conferred upon a party hereto is intended to be exclusive of any other remedy. No single or partial exercise by a party hereto of any right, power or remedy hereunder shall preclude any other or further exercise thereof. All remedies under this Agreement or otherwise afforded to any party, shall be cumulative and not alternative.

(j) Interpretation. When a reference is made in this Agreement to an article, section, paragraph, clause, schedule or exhibit, such reference shall be deemed to be to this Agreement unless otherwise indicated. The text of all schedules is incorporated herein by reference. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." As used herein, words in the singular will be held to include the plural and vice versa (unless the context otherwise requires), words of one gender shall be held to include the other gender (or the neuter) as the context requires, and the terms "hereof", "herein", and "herewith" and words of similar import
will, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement.

(k) Arm's Length Negotiations. Each party herein expressly represents and warrants to all other parties hereto that (a) before executing this Agreement, said party has fully informed itself of the terms, contents, conditions and effects of this Agreement; (b) said party has relied solely and completely upon its own judgment in executing this Agreement; (c) said party has had the opportunity to seek and has obtained the advice of its own legal, tax and business advisors before executing this Agreement; (d) said party has acted voluntarily and of its own free will in executing this Agreement; and (e) this Agreement is the result of arm's length negotiations conducted by and among the parties and their respective counsel.

(l) Construction. The parties agree and acknowledge that they have jointly participated in the negotiation and drafting of this Agreement. In the event of an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumptions or burdens of proof shall arise favoring any party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise.

(m) Waiver of Jury Trial. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY TRANSACTION DOCUMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED IN CONNECTION HEREWITH OR THEREWITH, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES OR ANY OF THEM IN RESPECT OF THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) EACH SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) EACH SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (iv) EACH SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE WAIVERS AND CERTIFICATIONS IN THIS SECTION. EACH PARTY AGREES THAT THE OTHER MAY FILE A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

(n) Further Instruments and Actions. The parties agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

(o) Attorney's Fees. In the event that any dispute between the parties to this Agreement should result in litigation, the prevailing party in such dispute shall be entitled to recover from the losing party all fees, costs and expenses of enforcing any right of such prevailing party under or with respect to this Agreement, including without limitation, such reasonable fees and expenses of attorneys and accountants, which shall include, without limitation, all fees, costs and expenses of appeals.

* * * *

IN WITNESS WHEREOF, and intending to be legally bound, the parties have duly executed this Agreement by signing below as of the Effective Date.

PRIORITY TECHNOLOGY HOLDINGS, INC.

BY: _____
Name: Thomas C. Priore
Title: Executive Chairman of the Board of Directors

DIRECTOR

BY: _____
Name: [_____]
Title: Director

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (No. 333-226713) on Form S-3 of Priority Technology Holdings, Inc. of our report dated March 29, 2019, relating to the consolidated financial statements of Priority Technology Holdings, Inc. and Subsidiaries (as successor to Priority Holdings, LLC and Subsidiaries), appearing in this Annual Report on Form 10-K of Priority Technology Holdings, Inc. for the year ended December 31, 2018.

/s/ RSM US LLP

Atlanta, Georgia
March 29, 2019

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO EXCHANGE ACT RULE 13a-14(a) AS ADOPTED PURSUANT TO SECTION 303 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas C. Priore, certify that:

1. I have reviewed this Annual Report on Form 10-K of Priority Technology Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 29, 2019

/s/ Thomas C. Priore

Thomas C. Priore

President, Chief Executive Officer and Chairman

(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO EXCHANGE ACT RULE 13a-14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael Vollkommer, certify that:

1. I have reviewed this Annual Report on Form 10-K of Priority Technology Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 29, 2019

/s/ Michael Vollkommer

Michael Vollkommer

Chief Financial Officer

(Principal Accounting and Financial Officer)

Exhibit 32

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Priority Technology Holdings, Inc. (the "Company") for the year ended December 31, 2018 as filed with the Securities and Exchange Commission (the "Report"), each of the undersigned, on the dates indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

March 29, 2019

/s/ Thomas C. Priore

Thomas C. Priore
President, Chief Executive Officer and Chairman
(Principal Executive Officer)

March 29, 2019

/s/ Michael Vollkommer

Michael Vollkommer
Chief Financial Officer
(Principal Accounting and Financial Officer)

The foregoing certifications are being furnished solely pursuant to 18 U.S.C. § 1350 and are not being filed as part of the Report on Form 10-K or as a separate disclosure document.