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

FORM 10-K

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

For the fiscal year ended December 31, 2020

☐ **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	Trading symbol(s)	Name of each exchange on which registered
Common stock, $0.001 par value	**PRTH**	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 ☒

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 ☒

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 ☒ 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 ☒ No ☐

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	☒	Smaller reporting company	☒
		Emerging growth company	☒

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

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

As of June 30, 2020, 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 $30.0 million (based upon the closing sale price of the common stock on that date on The Nasdaq Capital Market).

As of March 24, 2021, 68,088,732 shares of common stock, par value $0.001 per share, were issued and 67,637,508 shares were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A relating to the Annual Meeting of shareholders of Priority Technology Holdings, Inc., scheduled to be held on June 9, 2021, will be incorporated by reference in Part III of this Form 10-K. Priority Technology Holdings, Inc.

intends to file such proxy statement with the Securities and Exchange Commission not later than 120 days after its fiscal year ended December 31, 2020.

Priority Technology Holdings, Inc.
Annual Report on Form 10-K
For the Year Ended December 31, 2020

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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:

- the impact of the COVID-19 pandemic;
- 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 dispositions or any risks associated with completed acquisitions or dispositions; 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 18 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

Overview of the Company

We are a leading provider of payment infrastructure for merchant acquiring, integrated payment software and automated payable solutions. We offer a single technology platform for integrated payments, low friction merchant boarding, underwriting, risk management and compliance monitoring to businesses, enterprises and distribution partners such as retail independent sales organizations ("ISOs"), financial institutions ("FIs"), wholesale ISOs, and independent software vendors ("ISVs"). 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 small and medium-size business clients ("SMBs"), enterprise clients, and distribution partners.

Since 2013, we have grown from the 38th largest U.S. merchant acquirer to become the 12th largest and the 5th largest non-bank merchant acquirer as of the end of 2020 according to the Nilson Report issued in March 2021. In 2020 and 2019, we processed 457 million and 513 million transactions, respectively, and $42.3 billion and $43.0 billion, respectively, in bankcard payment volume across approximately 223,000 and 203,000, respectively, merchants. Headquartered in Alpharetta, Georgia near Atlanta, we had 479 employees as of December 31, 2020 and are led by an experienced group of payments executives.

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

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 greater than 99% 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.

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, 2020, we generated revenue of $404.3 million, net income attributable to the stockholders of Priority Technology Holdings, Inc. of $25.7 million and Consolidated Adjusted EBITDA (a non-GAAP liquidity measure) of $63.8 million, compared to revenue of $371.9 million, net loss of $33.6 million, and Consolidated Adjusted EBITDA of

$72.1 million for the year ended December 31, 2019. For a discussion of Consolidated 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— Liquidity and Capital Resources" in Part II of 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. 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.

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.

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.

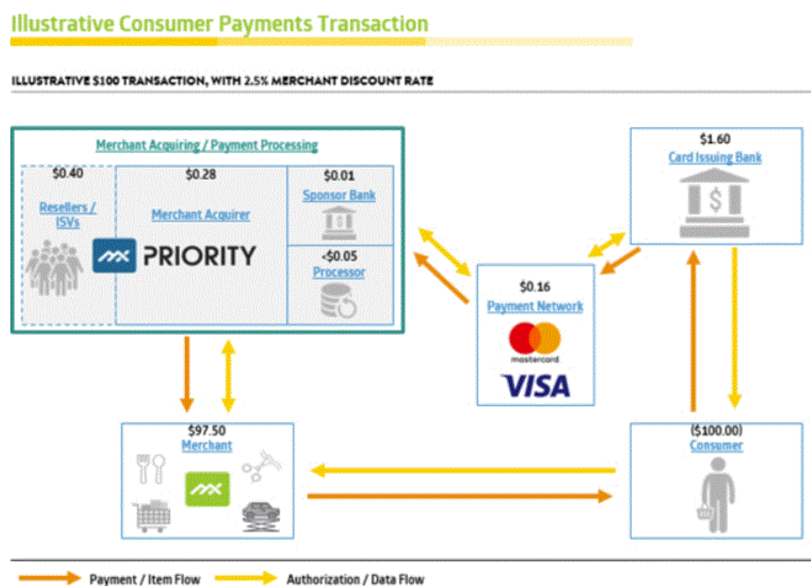
The industry also includes other third-party providers, including service, software and hardware companies that provide products and services designed to improve the experience for issuers, merchants and merchant acquirers. This category includes mobile payment enablers, terminal manufacturers, and ISV's.

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 1,300 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 maintain a strong position within the reseller community, with approximately 1,300 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, health care 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. The Commercial payments market 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.

Sales and Distribution

We reach our consumer payment merchants through three primary sales channels: 1) Retail ISOs/Agents and Financial Institutions, 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 group of sales agents, individual sales agents, or financial institutions (mostly community banks) 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 group of sales agents operating 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. Only one single reseller relationship contributes more than 10% of total bankcard processing volume, and that one relationship represents approximately 17.1% of our total bankcard processing volume.

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 assist us in providing payment processing services to 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 enter into processing agreements with payment processors, such as First Data or TSYS, to assist us in providing front-end and back-end transaction processing services for our merchants. These third parties are compensated for their services. 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 like Priority 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 Wells Fargo, Synovus Bank, Pueblo Bank, Sutton Bank, and Axiom Bank. For ACH payments, the Company's ACH network (ACH.com) is sponsored by Atlantic Capital Bank and Fifth Third 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 background 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 chargebacks, 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.

Acquisitions and Dispositions of Businesses

Merger with Finxera Holdings, Inc.

On March 5, 2021, the Company entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Finxera Holdings, Inc. (“Finxera”), Prime Warrior Acquisition Corp., an indirect wholly owned subsidiary of the Company (“Merger Sub”) and, solely in its capacity as the representative of the stockholders or optionholders of Finxera (the “Equityholder Representative”), Stone Point Capital LLC. Priority will acquire, through a merger of Merger Sub with and into Finxera, the Finxera business. Finxera is a provider of deposit account management payment processing services to the debt settlement industry in the United States.

The Merger Agreement provides that, among other things and on the terms and subject to the conditions of the Merger Agreement, (a) Merger Sub will merge with and into Finxera (the “Merger”), with the separate existence of Merger Sub ceasing and Finxera continuing as the surviving entity of the Merger (the “Surviving Entity”); (b) at the effective time of the Merger (the “Effective Time”) each share of common stock, par value $0.01 per share, of Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted into one validly issued, fully paid and non-assessable share of common stock, par value $0.01 per share, of the Surviving Entity; and (c) the shares of common stock of Finxera designated as “Class A Common Stock”, “Class B Common Stock” and preferred stock “Series C Participating Preferred Stock” issued and outstanding immediately prior to the closing of the transactions contemplated by the Merger Agreement (the “Closing”) will be converted into rights to receive certain cash and stock consideration and a contingent right to receive a portion of any payments made following the determination of the purchase price adjustments (a “Deferred Payment”).

Consideration for the Merger will consist of a combination of cash and stock, with the purchase price comprising of: (a) $425,000,000, plus (b) the aggregate value of the current assets of the Finxera and each of its subsidiaries (the “Group Companies”) less the aggregate value of the current liabilities of the Group Companies, in each case, determined on a consolidated basis without duplication, as of the close of business on the business day immediately preceding the date of the Closing (which may be a positive or negative number), plus (c) the sum of all cash and cash equivalents of the Group Companies as of the close of business on the business day immediately preceding the date of the Closing, minus (d) the amount of indebtedness of the Group Companies as of the close of the business day immediately prior to the date of the Closing, minus (e) the amount of unpaid transaction expenses, minus (f) 25% of the earnings of the Group Companies during the period between the signing of the Merger Agreement and the Closing.

Each option to purchase one or more shares of Class B Common Stock of Finxera issued pursuant to the Finxera Holdings, Inc. 2018 Equity Incentive Plan (the “Company Options”), vested as of immediately prior to the Closing (the “Vested Company Option”), that is issued and outstanding immediately prior to the Closing will be deemed to be exercised and converted into the right to receive a cash payment with respect to such Vested Company Option and a contingent right to receive a portion of any Deferred Payments.

Support Agreement

In accordance with the terms of the Merger Agreement, Thomas C. Priore, the Thomas Priore 2019 GRAT, the Thomas C. Priore Irrevocable Insurance Trust U/A/D 1/8/2010 (the “Stockholders”) and Finxera have entered into that certain Support Agreement, dated as of March 5, 2021 (the “Support Agreement”), pursuant to which each of the Stockholder (a) agrees to execute and deliver the Stockholders’ Agreement and the Registration Rights Agreement on the date of the Closing and (b) after the date of the Support Agreement and prior to the date of the Closing, shall not sell, assign, transfer or otherwise dispose of any of such Stockholder’s Company Common Shares, unless as a condition to such sale, assignment, transfer or other disposition, each such transferee executes and delivers a joinder agreement to the Support Agreement in a form reasonably acceptable to Finxera, provided, that such Stockholder shall be permitted to sell up to an aggregate of 5% of such Stockholder’s Company Common Shares upon written notice to Finxera.

Debt Commitment Letter

On March 5, 2021, Priority Holdings, LLC ("Holdings") entered into that certain debt commitment letter (the "Debt Commitment Letter") with Truist Bank and Truist Securities, Inc. (collectively, the "Debt Commitment Parties"), pursuant to which, among other things, the Debt Commitment Parties have committed to provide Holdings with (a) $300,000,000 of term loan commitments (the "Initial Term Loan Facility"); (b) $290,000,000 of delayed draw term loan commitments (the "Delayed Draw Term Loan Facility"); and (c) a $40,000,000 revolving credit facility (the "Revolving Credit Facility" and together with the Initial Term Loan Facility and the Delayed Draw Term Loan Facility, collectively, the "Debt Financing"), in each case on the terms and subject to the conditions set forth in the Debt Commitment Letter. The proceeds of the Initial Term Loan Facility and the Revolving Credit Facility will be used, among other things, to refinance certain of Holdings' existing indebtedness, to pay fees and expenses in connection with such refinancing and for working capital and general corporate requirements. The proceeds of the Delayed Draw Term Loan Facility will be used to finance a portion of the cash consideration in connection with the Merger and to pay fees and expenses in connection therewith.

Equity Commitment Letter

On March 5, 2021, the Company entered into that certain preferred stock commitment letter (the "Equity Commitment Letter") with Ares Capital Management LLC ("ACM") and Ares Alternative Credit Management LLC ("AACM" and together with ACM, the "Equity Commitment Parties"), pursuant to which, among other things, the Equity Commitment Parties have agreed to purchase perpetual senior preferred equity securities (the "Preferred Stock") of the Company (a) to be issued in connection with the refinancing and repayment in full of certain Credit and Guaranty Agreements as described in the Equity Commitment Letter (the "Closing Date Refinancing") (the "Initial Preferred Stock" and the issuance and sale thereof and certain warrants representing 2.50% of the fully diluted Company Common Shares at the Closing, the "Initial Preferred Stock Financing") in an amount equal to (i) in the case of ACM, $90.0 million and (ii) in the case of AACM, $60.0 million, (b) to be issued in connection with the Merger (the "Acquisition Preferred Stock" and the issuance and sale thereof, the "Acquisition Preferred Stock Financing") in an amount equal to (i) in the case of ACM, $30.0 million and (ii) in the case of AACM, $20.0 million and (c) available to be issued in connection with one or more acquisitions by the Company or its subsidiaries as permitted by the Equity Commitment Letter (the "Delayed Preferred Stock" and the issuance and sale thereof, the "Delayed Preferred Stock Financing" and together with the Initial Preferred Stock Financing and the Acquisition Preferred Stock Financing, the "Preferred Stock Financing") an amount equal to (i) in the case of ACM, $30.0 million and (ii) in the case of AACM, $20.0 million.

The Company has also agreed to issue to the Equity Commitment Parties warrants to purchase shares of common stock of the Company equal to an aggregate of 2.5% of the outstanding shares of common stock at a nominal exercise price.

The Preferred Stock will require quarterly dividend payments initially equal to a LIBOR rate plus 12% per annum of the liquidation preference, of which at least LIBOR plus 5% is to be payable in cash and the remainder paid in kind. In certain circumstances, including if the Company does not pay the minimum cash dividend, the required dividend may be increased.

The Preferred Stock will be redeemable beginning two years after the first issuance of Preferred Stock at a price equal to 102% of the liquidation preference of the Preferred Stock plus any accrued and unpaid dividends or, beginning three years after the first issuance of Preferred Stock, at a price equal to the liquidation preference plus any accrued and unpaid dividends. Prior to two years after the first issuance, the Preferred Stock is redeemable at a make-whole rate. In the event of a change of control or liquidation event, the Company will be required to redeem the outstanding Preferred Stock.

The Preferred Stock will not have any voting rights except as required under Delaware law, but certain actions by the Company will require the consent of holders of a majority of the Preferred Stock. In addition, the Preferred Stock will include certain covenants restricting, among other things, restricted payments, the incurrence of indebtedness, acquisitions and investments.

For information regarding our business and asset acquisitions, seeNote 4, *Asset Acquisitions, Asset Contributions, and Business Combinations*, to our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K. For information regarding our business disposal, see Note 2, *Disposal of Business*.

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 5th among U.S. merchant acquiring as of 2020, according to the 2020 Nilson Report issued in March 2021. When comparing top non-bank U.S. merchant acquirers by volume, FIS (which now includes Worldpay) held the leadership position at the end of 2020 followed by Global Payments (which now includes TSYS), and Fiserv (which now includes First Data).

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 the SMB Group, a markets insight firm for small and medium-sized businesses, the majority of small and medium-sized businesses 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 of 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 created the Consumer Financial Protection Bureau (“CFPB”), which has assumed responsibility for enforcing federal consumer protection laws, and 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.

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, certain health care technology laws, including HIPAA and the Health Information Technology for Economic and Clinical Act, and the California Consumer Protection Act ("CCPA"), which establishes a new privacy framework for covered businesses by creating an expanded definition of personal information, establishing new data privacy rights for consumers in the State of California, imposing special rules on the collection of consumer data from minors, and creating a new and potentially severe statutory damages framework for violations of the CCPA and for businesses that fail to implement reasonable security procedures and practices to prevent data breaches. 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. 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.

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.

Escheat Laws

We are subject to U.S. federal and state unclaimed or abandoned property state laws in the United States that requires us to transfer to certain government authorities the unclaimed property of other that we hold when that property has been unclaimed for a certain period of time. Moreover, we are subject to audit by state and foreign regulatory authorities with regard to our escheatment practices.

Other Regulation

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, workflows 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.

Human Capital Management

As of December 31, 2020, we employed 479 employees, of which 472 were employed full-time. We have employees residing in 30 states across the country. None of our employees are represented by a labor union or covered by a collective bargaining agreement.

Growth and Development

Our strategy to develop and retain the best talent includes an emphasis on employee training and development. We promote our core values of ownership, innovation, camaraderie, service, authenticity and trust as an organization and offer awards to colleagues who exemplify these qualities. We require a mandatory online training curriculum for our employees that includes annual anti-harassment and anti-discrimination training.

Well-being and Safety during COVID-19 Pandemic

The success of our business is connected to the well-being of our employees. Accordingly, we are committed to the health, safety and wellness of our employees. In response to the COVID-19 pandemic, we implemented significant changes that we determined were in the best interest of our employees and the communities in which we operate. This included enabling all of our employees to seamlessly shift to work from home. Over the past few years, we have made investments in our operating environments and technology that support day-to-day execution by employees working from home which allowed for the smooth transition. Additional health and safety measures have been implemented for employees who have elected to work within office locations.

Inclusion and Diversity

Our inclusion and diversity program focuses on our employees, workplace and community. We believe that our business is strengthened by a diverse workforce that reflects the communities in which we operate. We believe all of our employees should be treated with respect and equality, regardless of gender, ethnicity, sexual orientation, gender identity, religious beliefs, or other characteristics. As part of this goal, we launched a Diversity and Inclusion roundtable series for all employees to participate. Inclusion and diversity remains a common thread in all of our human resource practices so that we can attract, develop, and retain the best talent for our workforce.

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

An investment in our common stock and our financial results are subject to a number of risks. You should carefully consider the risks described below and all other information contained in this Annual Report on Form 10-K and the documents incorporated by reference. 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. Additional risks and uncertainties, including those generally affecting the industry in which we operate and risks that management currently deems immaterial, may arise or become material in the future and affect our business.

Risk Factors Related to Our Business

Our business has been and is likely to continue to be negatively affected by the recent COVID-19 outbreak.

The outbreak of COVID-19 in the United States, which was declared a pandemic by the World Health Organization on March 11, 2020, continues to adversely affect commercial activity and has contributed to significant declines in economic activity. In particular, the COVID-19 pandemic has affected a number of operational factors, including:

- merchant temporary closures and failures;
- continued and/or worsening unemployment which may negatively influence consumer spending;
- third-party disruptions, including potential outages at network providers, and other suppliers; and
- increased cyber and payment fraud risk.

These factors may remain prevalent for a significant period of time and may continue to adversely affect our business, results of operations and financial condition even after the COVID-19 pandemic has subsided. The full effects of the COVID-19 pandemic on our business, results of operations, financial condition and cash flows will depend on future developments, which are highly uncertain and difficult to predict at this time, including, but not limited to, the duration and spread of the pandemic, its severity, the restrictive actions taken to contain the virus or treat its effects, its effects on our customers and how quickly and to what extent normal economic and operating conditions, operations and demand for our services can resume. Accordingly, while the COVID-19 pandemic could have an adverse effect on our revenues and financial results for reporting periods after 2020, the ultimate effects on our operations, financial condition and cash flows cannot be determined at this time.

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.

Our services include the processing, transmission and storing of sensitive business and personal information about our merchants, merchants' customers, vendors, partners, and other third parties. This information may include credit and debit card numbers, bank account numbers, personal identification numbers, names and addresses or other sensitive business information. This information may also be stored by third parties to whom we outsource certain functions or other agents ("associated third parties").We may have responsibility to the card networks, financial institutions, and in some instances, our merchants, and/or ISOs, for our failure or the failure of our associated third parties to protect this information. .

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. The techniques used 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. Threats may derive from human error, fraud or malice on the part of employees or third parties, or may result from accidental technological failure. Computer viruses can be distributed and spread rapidly over the internet and could infiltrate our systems or those of our associated third parties. Additionally, 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. Our defensive measures may not prevent down-time, unauthorized access or use of sensitive data. While we maintain insurance coverage that will cover certain aspects of cyber risks, such insurance coverage may be insufficient to cover all losses. Furthermore, we do not control the actions of our third-party partners and customers in their systems. These third parties may experience security breaches and any future problems experienced by these third parties, including those resulting

from cyber attacks or other breakdowns or disruptions in services, could adversely affect our ability to conduct our business or expose us to liability.Further, 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 such actions, attacks or failure to adequately comply with these protective measures 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, or subject us to fees, penalties, sanctions, litigation or termination of our bank sponsor agreements or our third-party payment processor agreements.

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.

Our systems or our third-party providers' systems may fail, which could interrupt our service, cause us to lose business, increase our costs and expose us to liability.

We depend on the efficient and uninterrupted operation of our computer systems, software, data centers and telecommunications networks, as well as the systems and services of third parties. A system outage or data loss could have a material adverse effect on our business, financial condition, results of operations and cash flows. Not only could we suffer damage to our reputation in the event of a system outage or data loss, but we may also be liable to third parties. Many of our contractual agreements with financial institutions and certain other customers require the payment of penalties if we do not meet certain operating standards. Our systems and operations or those of our third-party providers could be exposed to damage or interruption from, among other things, fire, natural disaster, power loss, or telecommunications failure.

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 small to medium-size ("SMB") merchant industry. We compete with, financial institutions and their affiliates, independent payment processing companies, and ISOs. We also compete with many of these same entities for production through distribution partners. 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.

Additionally, many financial institutions and their subsidiaries 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. Our current and future competitors may also develop or offer services that have price or other advantages over the services we provide.

We also face 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.

Increased merchant, referral partner or ISO attrition could cause our financial results to decline.

We experience attrition in merchant credit and debit card processing volume resulting from several factors, including business closures, transfers of merchant accounts to our competitors, unsuccessful contract renewal negotiations and account closures that we initiate for various reasons such as heightened credit risks or contract breaches by merchants. Our referral partners are

a significant source of new business. If a referral partner or an ISO switches to another processor, terminates our services, internalizes payment processing that we perform, merges with or is acquired by one of our competitors, or shuts down or becomes insolvent, we may no longer receive new merchant referrals from such referral partner, and we risk losing existing merchants that were originally enrolled by the referral partner or ISO. We cannot predict the level of attrition in the future and it could increase. Higher than expected attrition could negatively affect our results, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

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.

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.

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. 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.

Acquisitions create certain risks and may adversely affect our business, financial condition, or results of operations.

We have actively acquired businesses and expect to continue to make acquisitions of businesses and assets in the future. The acquisition and integration of businesses and assets involve a number of risks. These risks include valuation (negotiating a fair price for the business and assets), integration (managing the process of integrating the acquired business' people, products, technology, and other assets to realize the projected value and synergies), regulatory (obtaining any applicable regulatory or other government approvals), and due diligence (identifying risks to the prospects of the business, including undisclosed or unknown liabilities or restrictions). 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 can subject us to a variety of other risks:

- If we are unable to successfully integrate the benefits plans, duties and responsibilities, and other factors of interest to management of employees of the acquired business, we could lose employees to our competitors in the region, which could significantly affect our ability to operate the business and complete the integration;

- If the integration process causes any delays with the delivery of our services, or the quality of those services, we could lose customers to our competitors;

- Any acquisition may otherwise cause disruption to the acquired company's business and operations and relationships with financial institution sponsors, customers, merchants, employees and other partners;

- Any acquisition and the related integration could divert the attention of our management from other strategic matters including possible acquisitions and alliances and planning for new product development or expansion into new markets for payments technology and software solutions; and

- The costs related to the integration of an acquired company's business and operations into ours may be greater than anticipated.

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.

Worldwide financial market conditions, 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.

We rely on financial institutions and 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 various financial institutions to provide clearing services in connection with our settlement activities. If such financial institutions should stop providing clearing services, we must find other financial institutions to provide those services. If we are unable to find a replacement financial institution, we may no longer be able to provide processing services to certain customers, which could negatively affect our revenues, earnings and cash flows.

We also 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 us.

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 have potential liability for fraudulent electronic payment transactions or credits initiated by merchants or others. Examples of merchant fraud include when a merchant or other party knowingly uses a stolen or counterfeit credit or debit card, card number, or other credentials to record a false sales or credit transaction, processes an invalid card, or intentionally fails to deliver the merchandise or services sold in an otherwise valid transaction. Criminals are using increasingly sophisticated methods to engage in illegal activities such as counterfeiting and fraud. Failure to effectively manage risk and prevent fraud could increase in the future. Increases in chargebacks or other liabilities could have a material adverse effect on our financial condition, results of operations and cash flows.

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.

If we fail to comply with the applicable requirements of the card networks, they could seek to fine us, suspend us or terminate our registrations for membership. If we incur fines or penalties for which our merchants or ISOs are responsible that we cannot collect, we may have to bear the cost of such fines or penalties.

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. The rules of the card networks are set by the card networks themselves and may be influenced by card issuers, some of which are our competitors with respect to processing services. Many banks directly or indirectly sell processing services to merchants in direct competition with us. These banks could attempt, by virtue of their influence on the networks, to alter the networks' rules or policies to the detriment of non-members, including us. The termination of our registrations or our membership status as a service provider or merchant processor, or any changes in a card association or other network rules or standards, including interpretation and implementation of the rules or standards, that increase the cost of doing business or limit our ability to provide transaction processing services to our customers, could have a material adverse effect on our business, financial condition, results of operations and cash flows. If a merchant or an ISO fails to comply with the applicable requirements of the card associations and networks, we or the merchant or ISO could be subject to a variety of fines or penalties that may be levied by the card associations or networks. If we cannot collect or pursue collection of such amounts from the applicable merchant or ISO, we may have to bear the cost of such fines or penalties, resulting in lower earnings for us. The termination of our registration, or any changes in the Visa or Mastercard rules that would impair our registration, could require us to stop providing Visa and Mastercard payment processing services, which would make it impossible for us to conduct our business on its current scale.

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.

Legal, Regulatory Compliance and Tax Risks

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.

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.

Our business is affected by laws and regulations and examinations that affect us and our industries., Regulation and proposed regulation of the payments industry has increased significantly in recent years. Failure to comply with regulations or guidelines may result in the suspension or revocation of a license or registration, the limitation, suspension or termination of service, and

the imposition of civil and criminal penalties, including fines, or may cause customers or potential customers to be reluctant to do business with us, any of which could have an adverse effect on our financial condition.

Interchange fees are subject to intense legal, regulatory, and legislative scrutiny. In particular, the Dodd-Frank Act limits the amount of 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. These types of restrictions could negatively affect the number of debit transactions, which would adversely affect our business. The Dodd-Frank Act also created the CFPB, which has assumed responsibility for enforcing 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 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 may be 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.

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.

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

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 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.

Risk Related to Our Capital Structure

We face risks related to our substantial indebtedness.

We have a substantial amount of indebtedness and may incur other debt in the future. Our level of debt and the covenant to which we agreed could have negative consequences on us, including, among other things, (1) requiring us to dedicate a large portion of our cash flow from operations to servicing and repayment of the debt; (2) limiting funds available for strategic initiatives and opportunities, working capital and other general corporate needs and (3) limiting our ability to incur certain kinds or amounts of additional indebtedness, which could restrict our ability to react to changes in our business, our industry and economic conditions.

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.

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, the credit agreements governing our Senior Credit Facilities contain a total net leverage ratio financial covenant.See Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” A breach of any of these covenants (or any other covenant in the documents governing our Senior Credit Agreement) could result in a default or event of default under our Senior Credit Agreement. If an event of default occurred, the applicable lenders or agents could elect to terminate borrowing commitments and declare all borrowings and loans outstanding thereunder, together with accrued and unpaid interest and any fees and other obligations, to be immediately due and payable. In addition, or in the alternative, the applicable lenders or agents could exercise their rights under the security documents entered into in connection with our Senior Credit Agreement. Any acceleration of amounts due under the Senior Credit Agreement would likely have a material adverse effect on us.

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.

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 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 have been 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.

Financial Risks

Changes in the method for determining the London Interbank Offered Rate ("LIBOR") and the potential replacement of the LIBOR benchmark interest rate could adversely affect our business, financial condition, results of operations and cash flows.

The majority of our current indebtedness bears interest at a variable rate based on LIBOR, and we may incur additional indebtedness based on LIBOR. In July 2017, the United Kingdom’s Financial Conduct Authority ("FCA"), a regulator of

financial services firms and financial markets in the United Kingdom, stated that they will plan for a phase out of regulatory oversight of LIBOR interest rates indices. The FCA has indicated they will support the LIBOR indices through 2021, to allow for an orderly transition to an alternative reference rate. The ICE Benchmark Administration Limited recently announced that it will consult on its intention to extend the publication of most tenors LIBOR to June 30, 2023. The Alternative Reference Rates Committee has proposed the Secured Overnight Financing Rate ("SOFR") as its recommended alternative to LIBOR, and the Federal Reserve Bank of New York began publishing SOFR rates in April 2018. SOFR is intended to be a broad measure of the cost of borrowing cash overnight collateralized by U.S. Treasury securities. At this time, it is not possible to predict when LIBOR will be replaced as the reference rate in the agreements governing the Company’s indebtedness or the effect any discontinuance, modification or other reforms to LIBOR, or the establishment of alternative reference rates such as SOFR, or any other reference rate, will have on the Company. If LIBOR ceases to exist or the methods of calculating LIBOR change from their current form, however, the Company’s borrowing costs may be adversely affected.

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;
- administrative office in Hicksville, NY; and
- administrative office in New York, NY.

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.

ITEM 3. LEGAL PROCEEDINGS

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 24, 2021, we had 32 holders of record of our common stock. This figure does not include the number of persons whose securities are held in nominee or "street" name accounts through brokers. With the exception of one holder, all of our outstanding warrants and units were 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

None.

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. 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.

	Year Ended December 31,		
(in thousands, except per share amounts)	**2020**	**2019**	**2018**
Statement of operations data:			
Revenues	$ 404,342	$ 371,854	$ 375,822
Operating expenses	383,481	364,670	359,429
Income from operations	20,861	7,184	16,393
Interest expense	(44,839)	(40,653)	(29,935)
Gain on sale of business, net	107,239	—	—
Debt extinguishment and modification expenses	(1,899)	—	(2,043)
Other income (expenses), net	596	710	(4,741)
Income (loss) before income taxes	81,958	(32,759)	(20,326)
Income tax expense (benefit)	10,899	830	(2,490)
Net income (loss)	71,059	(33,589)	(17,836)
Less earnings attributable to redeemable and redeemed non-controlling interests	(45,398)	—	—
Net income (loss) attributable to stockholders of Priority Technology Holdings, Inc.	**$ 25,661**	**$ (33,589)**	**$ (17,836)**
Common stockholders of Priority Technology Holdings, Inc.:			
Basic earnings (loss) per common share	$ 0.38	$ (0.50)	$ (0.29)
Diluted earnings (loss) per common share	$ 0.38	$ (0.50)	$ (0.29)

	Year Ended December 31,		
	2020	**2019**	**2018**
Statement of cash flows data:			
Net cash provided by (used in):			
Operating activities	$ 47,072	$ 39,364	$ 31,348
Investing activities	$ 166,396	$ (97,747)	$ (108,928)
Financing activities	$ (175,813)	$ 75,017	$ 67,252

	As of December 31,	
	2020	**2019**
Balance sheet data:		
Cash and restricted cash	$ 88,120	$ 50,465
Total assets	$ 417,829	$ 464,505
Total liabilities	$ 516,393	$ 585,194
Total stockholders' deficit	$ (98,564)	$ (120,689)
Shares of common stock outstanding	67,391	67,061

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 add mathematically due to rounding.

For a description and additional information about our three reportable segments, see Note 18, *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 discussion of our results of operations for (i) the year ended December 31, 2020 (or "2020") compared to the year ended December 31, 2019 (or "2019") and (ii) the year ended December 31, 2019 (or "2019") compared to the year ended December 31, 2018 (or "2018"). 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.

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

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

(dollars in thousands)	Year Ended December 31, 2020	Year Ended December 31, 2019	$ Change	% Change
REVENUES	$ 404,342	$ 371,854	$ 32,488	8.7 %
OPERATING EXPENSES:				
Costs of services	277,374	252,569	24,805	9.8 %
Salary and employee benefits	39,507	42,214	(2,707)	(6.4)%
Depreciation and amortization	40,775	39,092	1,683	4.3 %
Selling, general and administrative	25,825	30,795	(4,970)	(16.1)%
Total operating expenses	383,481	364,670	18,811	5.2 %
Income from operations	20,861	7,184	13,677	190.4 %
Operating margin	5.2 %	1.9 %		
OTHER INCOME (EXPENSES):				
Interest expense	(44,839)	(40,653)	(4,186)	10.3 %
Debt extinguishment and modification expenses	(1,899)	—	(1,899)	nm
Gain on sale of business, net	107,239	—	107,239	nm
Other income, net	596	710	(114)	(16.1)%
Total other income (expenses), net	61,097	(39,943)	101,040	253.0 %
Income (loss) before income taxes	81,958	(32,759)	114,717	350.2 %
Income tax expense	10,899	830	10,069	nm
Net income (loss)	71,059	(33,589)	104,648	311.6 %
Less income attributable to redeemable and redeemed non-controlling interests	(45,398)	—	(45,398)	nm
Net income (loss) attributable to stockholders of Priority Technology Holdings, Inc.	**$ 25,661**	**$ (33,589)**	**$ 59,250**	176.4 %

nm = not meaningful

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

(dollars and volume amounts in thousands)	Year Ended December 31, 2020	2019	$ Change	% Change
Consumer Payments:				
Revenue	$ 367,816	$ 330,599	$ 37,217	11.3 %
Operating expenses	329,424	298,362	31,062	10.4 %
Income from operations	$ 38,392	$ 32,237	$ 6,155	19.1 %
Operating margin	10.4 %	9.8 %		
Depreciation and amortization	$ 35,002	$ 32,842	$ 2,160	6.6 %
Key Indicators:				
Merchant bankcard processing dollar value	$ 41,703,661	$ 42,303,880	$ (600,219)	(1.4)%
Merchant bankcard transaction volume	455,240	511,852	(56,612)	(11.1)%
Commercial Payments:				
Revenue	$ 20,922	$ 25,980	$ (5,058)	(19.5)%
Operating expenses	19,999	26,871	(6,872)	(25.6)%
Income (loss) from operations	$ 923	$ (891)	$ 1,814	203.6 %
Operating margin	4.4 %	(3.4)%		
Depreciation and amortization	$ 306	$ 323	$ (17)	(5.3)%
Key Indicators:				
Merchant bankcard processing dollar value	$ 249,004	$ 312,342	$ (63,338)	(20.3)%
Merchant bankcard transaction volume	99	109	(10)	(9.2)%
Integrated Partners:				
Revenue	$ 15,604	$ 15,275	$ 329	2.2 %
Operating expenses	14,200	14,550	(350)	(2.4)%
Income from operations	$ 1,404	$ 725	$ 679	93.7 %
Operating margin	9.0 %	4.7 %		
Depreciation and amortization	$ 4,299	$ 4,398	$ (99)	(2.3)%
Key Indicators:				
Merchant bankcard processing dollar value	$ 364,084	$ 386,101	$ (22,017)	(5.7)%
Merchant bankcard transaction volume	1,316	1,380	(64)	(4.6)%
Income from operations of reportable segments	$ 40,719	$ 32,071	$ 8,648	27.0 %
Corporate expenses	19,858	24,887	(5,029)	(20.2)%
Consolidated income from operations	$ 20,861	$ 7,184	$ 13,677	190.4 %
Corporate depreciation and amortization	$ 1,168	$ 1,529	$ (361)	(23.6)%
Key Indicators:				
Merchant bankcard processing dollar value	$ 42,316,749	$ 43,002,323	$ (685,574)	(1.6)%
Merchant bankcard transaction volume	456,655	513,341	(56,686)	(11.0)%

Impact of COVID-19 on Results and Trends

The outbreak of COVID-19 in the United States, which was declared a pandemic by the World Health Organization on March 11, 2020, continues to adversely affect consumer activity and has contributed to a decline in many aspects of macroeconomic activity in 2020 compared to 2019. The largest impact we experienced was within our Consumer Payments reportable segment ("Consumer Payments"), which is described below.

Our results of operations for most of the first quarter of 2020 were not significantly impacted by the COVID-19 pandemic since the economic consequences of the pandemic did not begin to materially impact consumer payment transactions in the United States until the last half of March 2020. Beginning in mid-March, the pandemic began to negatively impact our daily merchant bankcard processing dollar values ("processing dollars") as the pandemic spread across the United States and restrictive shelter in place requirements were instituted. From mid-March 2020 through the end of April 2020, we experienced a significant decline of approximately 35% in processing dollars as compared with the comparable weeks in 2019. As a result, our processing dollars grew only 1.7% in the first quarter of 2020 compared with the first quarter of 2019. In the second quarter of 2020 we experienced a 16.4% decline in processing dollars compared with the second quarter of 2019. However, within the second quarter of 2020, the decline in processing dollars was greatest in April. In May and June of 2020, as shelter in place restrictions began to be lifted, we experienced a rebound in processing dollars that continued through the third quarter. With increased economic activity in the third quarter of 2020, we experienced growth in processing dollars of 6.3% as compared with the third quarter of 2019.

The level of new COVID-19 cases began to increase significantly throughout the United States during the fourth quarter of 2020, with certain states impacted more than others, and pandemic related economic factors impacted the growth rate of our processing dollars. In the fourth quarter of 2020, we experienced growth in processing dollars of 3.0% as compared with the fourth quarter of 2019. For the year ended December 31, 2020, processing dollars in Consumer Payments of $41.7 billion declined 1.4% from $42.3 billion in the year ended December 31, 2019.

Revenue growth in Consumer Payments was 11.3% for the year ended December 31, 2020 compared with the year ended December 31, 2019. In the first, second, third and fourth quarters of 2020, revenue growth was 8.9%, 0.3%, 20.0% and 15.3%, respectively, compared with the comparable quarters in 2019. During 2020, we benefited from our specialized merchant acquiring program. This program, which complies with the recently issued card association rules, helped mitigate the negative effects of the pandemic on overall revenue growth by adding $28.8 million to the Consumer Payments revenue in 2020, compared with $7.4 million in 2019.

In the first quarter of 2021, the distribution of COVID-19 vaccines in the United States began to accelerate.While this may be a positive development, the future impact of the pandemic on the overall economy and our results are beyond our ability to predict or control.

Revenue

Consolidated revenue

For the year ended December 31, 2020, our consolidated revenue increased by $32.5 million, or 8.7%, from the year ended December 31, 2019 to $404.3 million. This overall increase was driven by a $37.2 million, or 11.3%, increase in revenue from our Consumer Payments segment and a $0.3 million, or 2.2%, increase in revenue from our Integrated Partners segment, partially offset by a $5.1 million, or 19.5%, decrease in revenue in our Commercial Payments segment.

Revenue in Consumer Payments segment

Consumer Payments revenue for the year ended December 31, 2020 increased by $37.2 million, or 11.3%, compared to revenue for the year ended December 31, 2019 of $330.6 million. This increase was driven by $21.4 million, or 290.0%, revenue growth from our specialized merchant acquiring program.

Merchant bankcard processing dollar value for the year ended December 31, 2020 of $41.7 billion decreased by $0.6 billion, or 1.4%, compared to $42.3 billion for the year ended December 31, 2019. However, our merchant volume mix drove a 10.8% higher average ticket of $91.61 in 2020 compared to $82.65 in 2019. Current economic factors have impacted the merchant volume mix, including shifts in payment transaction activity among certain vertical industries, spending trends related to the COVID-19 pandemic that appear to have resulted in consumers conducting fewer payment transactions at higher average transaction values, and an increase in card-not-present transactions. Card-not-present volume generally offers more favorable pricing to us than other types of transactions. The trend of new merchant boarding remains within our historical range of 4,500 to 5,000 new merchants per month. During 2020, our monthly average of new merchants boarded was 4,669 compared with 4,612 in 2019.

Revenue in Commercial Payments segment

Commercial Payments revenue for the year ended December 31, 2020 of $20.9 million decreased by $5.1 million, or 19.5%, compared to revenue for the year ended December 31, 2019 of $26.0 million. The increase in revenue from our accounts payable automated solutions services was offset by a decrease in revenues from our curated managed services programs.

Revenue from our accounts payable automated solutions business in 2020 of $6.0 million increased $0.5 million, or 8.8%, compared to revenue in 2019 of $5.5 million. This increase was driven by increased business from existing customers. Revenue from our curated managed services business in 2020 of $14.9 million decreased by $5.5 million, or 27.1%, compared to revenue in 2019 of $20.5 million. This decrease was driven by a decline and curtailment in 2020 of a customer's merchant financing program in response to the COVID related economic conditions and the changes in the customer's business model.

Revenue in Integrated Partners segment

Integrated Partners revenue for the year ended December 31, 2020 of $15.6 million increased by $0.3 million, or 2.2%, compared to revenue for the year ended December 31, 2019 of $15.3 million. Priority Real Estate Technology, LLC ("PRET") comprised $13.4 million and $13.2 million of this segment's revenue in 2020 and 2019, respectively. PRET's RentPayment business, which was formed with a March 2019 asset acquisition, generated revenue of $12.0 million in 2020 and $11.7 million in 2019, respectively. Revenue from PRET's RadPad and Landlord Station businesses, Priority PayRight Health Solutions ("PayRight") and Priority Hospitality Technology ("PHOT") comprised the remainder of this segment's revenue.

The sale of the RentPayment business in September 2020 as disclosed in Note 2,*Disposal of Business,* to the consolidated financial statements impacted our results after the third quarter of 2020 and will also impact the trend of future results of the Integrated Partners segment.

Consolidated Operating Expenses

Our consolidated operating expenses for the year ended December 31, 2020 of $383.5 million increased by $18.8, or 5.2%, compared to consolidated operating expenses for the year ended December 31, 2019 of $364.7 million. This overall increase was driven by higher costs of services and depreciation and amortization expense in 2020 compared to 2019. Costs of services of $277.4 million grew $24.8 million, or 9.8%, in 2020 resulting from higher revenues in the Consumer Payments segment. Consolidated depreciation and amortization expense of $40.8 million increased by $1.7 million, or 4.3%, in 2020, which was driven by additions to property, equipment and software, as well as intangible assets.

While costs of services and depreciation and amortization expense increased in 2020, we experienced decreases in salary and employee benefits and selling, general and administrative expenses compared to 2019. Consolidated salary and employee benefits expenses of $39.5 million decreased $2.7 million, or 6.4%, in 2020, which was driven by lower headcount and a $1.2 million decline in non-cash stock-based compensation. Consolidated selling, general and administrative expenses of $25.8 million decreased $5.0 million, or 16.1%, in 2020 driven by decreases in certain expenses management considers to be non-recurring in nature, lower office and travel-related costs due to the COVID-19 pandemic, decreased use of outside professionals due to in-sourcing of certain services, and an overall focus on cost containment.

Income (Loss) from Operations

Consolidated income from operations

For the year ended December 31, 2020, our consolidated income from operations increased by $13.7 million, or 190.4%, from the year ended December 31, 2019 to $20.9 million. This overall increase was driven by a $6.2 million, or 19.1%, increase income from operations in our Consumer Payments segment, a $1.8 million, or 203.6%, increase in income from operations in our Commercial Payments segment, and a $0.7 million, or 93.7%, increase in income from operations in our Integrated Partners segment. Corporate expense of $19.9 million in 2020 decreased by $5.0 million, or 20.2%, as compared to the year ended December 31, 2019.

Income from operations in Consumer Payments segment

Our Consumer Payments segment contributed $38.4 million of income from operations for the year ended December 31, 2020, an increase of $6.2 million, or 19.1%, from the $32.2 million for the year ended December 31, 2019. This increase was the result of higher revenue, net of costs of services, of $9.0 million, and lower salary and employee benefit expenses of $1.8 million driven by lower headcount and a $1.1 million decline in non-cash stock-based compensation. While these factors drove growth in income from operations, they were partially offset by a $2.2 million increase in depreciation and amortization expense and a $2.5 million increase in selling, general and administrative expenses. The increase in depreciation and amortization expense was attributable to additions to intangible assets and property, equipment and software, while the growth in selling, general and administrative expenses was due to a $2.5 million increase in certain expenses management considers to be non-recurring in nature. Such expenses in 2020 totaled $1.9 million and are comprised of: $1.8 million for an impairment charge for an intangible asset and a $0.5 million allowance provision for a note receivable, partially offset by a non-cash reduction in expense of $0.4 million for a change in the fair value of accrued contingent consideration related to two 2018 business acquisitions. Selling, general and administrative expenses in 2019 included a non-cash reduction in expense of $0.6 million for a change in the fair value of accrued contingent consideration related to the same two 2018 business combinations.

Income (loss) from operations in Commercial Payments segment

Our Commercial Payments segment contributed $0.9 million of income from operations for the year ended December 31, 2020 compared to a loss from operations of $0.9 million for the year ended December 31, 2019. This improvement was driven by a $1.9 million decrease in selling, general and administrative expenses and a $0.8 million decrease in salaries and employee benefits expenses due to lower headcount and a $0.5 million decline in non-cash stock-based compensation. The decrease in selling, general and administrative expenses was driven by reduced travel and trade show expenses due to the COVID-19 pandemic. Also, selling, general and administrative expenses for 2019 included a $0.5 million allowance for uncollectible receivables which were substantially recovered in 2020. While these factors drove growth in income from operations, they were partially offset by the decline in revenue attributable to our curated managed services programs.

Income from operations in Integrated Partners segment

Our Integrated Partners segment contributed $1.4 million of income from operations for the year ended December 31, 2020, an increase of $0.7 million compared to $0.7 million of income from operations for the year ended December 31, 2019. This increase was driven by lower operating expenses attributable to a $0.8 million decrease in salary and employee benefit expenses, a $0.3 million decrease in selling, general and administrative expenses, and a $0.1 million decrease in depreciation and amortization expense. Included in selling, general and administrative expenses for 2020 and 2019 are expenses related to transition services provided by YapStone, Inc. in connection with the assets acquired in March 2019 and sold in September 2020. These transition services were approximately $2.6 million in 2020 and $2.9 million in 2019. These operating expense decreases more than offset the increase in costs of services experienced in 2020, due in part to our new payment infrastructure as a service arrangement with the buyer of the RentPayment business.

Corporate Expense

Corporate expenses were $19.9 million for the year ended December 31, 2020, a decrease of $5.0 million, or 20.2%, from expenses of $24.9 million for the year ended December 31, 2019. This decrease in 2020 was driven by a $5.3 million decrease in selling, general and administrative expenses and a $0.4 million decrease in depreciation and amortization expense, partially

offset by a $0.6 million increase in salary and employee benefits expense largely attributable to a $0.4 million increase in non-cash stock-based compensation. Included in selling, general and administrative expenses in 2020 are certain legal and professional expenses management considers to be non-recurring in nature of $1.9 million, offset by litigation settlement income of $0.7 million. Such expenses in 2019 totaled of $6.4 million, offset by litigation settlement income of $0.4 million.

Interest Expense

The amortization of deferred financing costs and debt discounts, as well as certain administrative fees, increased our reported consolidated interest expense and the effective interest rates under our Senior and Subordinated Credit Agreements.

For the year ended December 31, 2020, consolidated interest expense increased by $4.2 million, or 10.3%, to $44.8 million from $40.7 million for the year ended December 31, 2019. The additional expense in 2020 was due to increases in the applicable margins on the Senior and Subordinated Credit Agreements that resulted from the Sixth Amendment in March 2020 and increased borrowings under the revolving credit portion of our Senior Credit Agreement, partially offset by a $106.5 million principal prepayment in late September 2020 of the term portion of our Senior Credit Agreement. For 2020, the effective interest rates on the term facility of our Senior and Subordinated Credit Agreements averaged 8.5% and 13.0%, respectively, compared to 7.2% and 10.8%, respectively, for 2019. Based on applicable margins and the LIBOR rate in effect on December 31, 2020, we expect the effective interest rates on the term facility of our Senior and Subordinated Credit Agreements to be approximately 8.2% and 12.8%, respectively, in 2021.

Debt Extinguishment and Modification Expenses

During September 2020, we wrote off unamortized deferred debt costs and discounts of $1.5 million associated with the $106.5 million principal prepayment for the term facility under our Senior Credit Agreements. In the first quarter of 2020, we expensed $0.4 million of third-party costs incurred in connection with the Sixth Amendment to the Senior and Subordinated Credit Agreements.

Gain on Sale of Business

As disclosed in Note 2, *Disposal of Business*, to the consolidated financial statements, during late September 2020 our consolidated PRET subsidiary sold the RentPayment business, which is substantially all of the assets acquired from YapStone, Inc. in March 2019. Based on efforts and changes made by us since the March 2019 acquisition of these assets, the assets constituted a business, as defined by GAAP, when sold in September 2020 for $179.4 million, net of a working capital adjustment. After removing the carrying values of the disposed business and incurring costs related to the transaction, PRET recognized a pre-tax gain of $107.2 million. PRET had non-controlling interests ("NCIs"), and based on the cash waterfall provisions in PRET's governing agreement, the NCIs were entitled to $45.1 million of the $107.2 million pre-tax gain, which is included in Net Income Attributable to Non-Controlling Interests on our consolidated statement of operations for the year ended December 31, 2020. The $45.1 million was distributed in cash to the NCIs, and the $45.1 million of payments along with the $5.7 million redemption payment made to one of the NCIs, resulted in the redemption of all NCIs of PRET. The working capital adjustment and the allocation of net proceeds described above remain subject to final adjustment with the buyer and PRET members, respectively. Any remaining payments made or received by the Company will be recorded in the period in which such amounts are finalized.

Other, net

For the years ended December 31, 2020 and 2019, Other, net was composed primarily of interest income earned on notes receivable from certain independent sales organizations and another entity.

Income Tax Expense

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' 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.

We assess all available positive and negative evidence to estimate whether sufficient taxable income will be generated in the future to permit use of the existing deferred tax assets. ASC 740, Income Taxes ("ASC 740"), requires that all sources of future taxable income be considered in making this determination. The Tax Cuts and Jobs Act of 2017 amended section 163(j) of the Internal Revenue Code. Section 163(j), as amended, limits the business interest deduction to 30% of adjusted taxable income ("ATI"). For taxable years through 2021, the calculation of ATI closely aligns with earnings before interest, taxes, depreciation and amortization ("EBITDA"). Commencing in 2022, the ATI limitation more closely aligns with earnings before interest and taxes ("EBIT"), without adjusting for depreciation and amortization. Any business interest in excess of the annual limitation is carried forward indefinitely. In March 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was enacted, which among other provisions, provides for the increase of the 163(j) ATI limitation from 30% to 50% for tax years 2019 and 2020.

With respect to recording a deferred tax benefit for the carryforward of business interest expense, GAAP applies a "more likely than not" threshold for assessing recoverability. Adjustments to the valuation allowance are a component of income tax expense (benefit) in our statements of operations. An increase in the valuation allowance for deferred income taxes will increase income tax expense (or reduce an otherwise income tax benefit), and a decrease in the valuation allowance will decrease income tax expense (or increase an otherwise income tax benefit).

On the basis of our assessment, for the years ended December 31, 2020 and 2019, we decreased and increased the valuation allowance for deferred income taxes by $2.9 million and $9.3 million, respectively, associated with excess business interest for the then-current reporting periods. Changes to the valuation allowance for 2018 were not material. We will continue to evaluate the realizability of the net deferred tax asset on a quarterly basis and, as a result, the valuation allowance may change in future periods.

For the year ended December 31, 2020, our consolidated income tax expense was $10.9 million, resulting in a consolidated effective income tax rate of 13.3%. Approximately $12.3 million of consolidated income tax expense for the year ended December 31, 2020 was attributable to the gain on the business sale (see Note 2, *Disposal of Business*). For the year ended December 31, 2019, our consolidated income tax expense was $0.8 million, resulting in an effective consolidated income tax benefit rate of 2.5%. See Note 11, *Income Taxes*, to our consolidated financial statements in Part II, Item 8 of the Annual Report on Form 10-K.

Our consolidated effective income tax rates differ from the statutory rate due to timing and permanent differences between amounts calculated under GAAP and the tax code. The consolidated effective income tax rate for 2020 may not be indicative of our effective tax rate for future periods.

Earnings Attributable to Non-Controlling Interests (NCIs)

In addition to the $45.1 million discussed above for the NCIs of PRET, we attributed and paid $250 thousand to the NCIs of PHOT for the year ended December 31, 2020. No amounts were attributable or paid to any NCIs in prior years. See Note 4, *Asset Acquisitions, Asset Contributions, and Business Combinations*, to the consolidated financial statements.

Net Income (Loss)

Consolidated net income attributable to the stockholders of Priority Technology Holdings, Inc. for the year ended December 31, 2020 was $25.7 million compared to a net loss of $33.6 million for the year ended December 31, 2019 for the aforementioned reasons.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

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

(dollars in thousands)	Year Ended December 31, 2019	Year Ended December 31, 2018	$ Change	% Change
REVENUES	$ 371,854	$ 375,822	$ (3,968)	(1.1)%
OPERATING EXPENSES:				
Costs of services	252,569	269,284	(16,715)	(6.2)%
Salary and employee benefits	42,214	38,324	3,890	10.2 %
Depreciation and amortization	39,092	19,740	19,352	98.0 %
Selling, general and administrative	30,795	32,081	(1,286)	(4.0)%
Total operating expenses	364,670	359,429	5,241	1.5 %
Income from operations	7,184	16,393	(9,209)	(56.2)%
Operating margin	1.9 %	4.4 %		
OTHER (EXPENSES) INCOME:				
Interest expense	(40,653)	(29,935)	(10,718)	35.8 %
Other, net	710	(6,784)	7,494	110.5 %
Total other expenses, net	(39,943)	(36,719)	(3,224)	8.8 %
Loss before income taxes	(32,759)	(20,326)	(12,433)	61.2 %
Income tax expense (benefit)	830	(2,490)	3,320	nm
Net loss	$ (33,589)	$ (17,836)	$ (15,753)	88.3 %

nm = not meaningful

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

(dollars and volume amounts in thousands)	Years Ended December 31, 2019	2018	$ Change	% Change
Consumer Payments:				
Revenue	$ 330,599	$ 347,013	$ (16,414)	(4.7)%
Operating expenses	298,362	300,011	(1,649)	(0.5)%
Income from operations	$ 32,237	$ 47,002	$ (14,765)	(31.4)%
Operating margin	9.8 %	13.5 %		
Depreciation and amortization	$ 32,842	$ 17,945	$ 14,897	83.0 %
Key Indicators:				
Merchant bankcard processing dollar value	$ 42,303,880	$ 37,892,474	$ 4,411,406	11.6 %
Merchant bankcard transaction volume	511,852	465,584	46,268	9.9 %
Commercial Payments:				
Revenue	$ 25,980	$ 27,056	$ (1,076)	(4.0)%
Operating expenses	26,871	28,008	(1,137)	(4.1)%
Loss from operations	$ (891)	$ (952)	$ 61	(6.4)%
Operating margin	(3.4)%	(3.5)%		
Depreciation and amortization	$ 323	$ 557	$ (234)	(42.0)%
Key Indicators:				
Merchant bankcard processing dollar value	$ 312,342	$ 257,308	$ 55,034	21.4 %
Merchant bankcard transaction volume	109	118	(9)	(7.6)%
Integrated Partners:				
Revenue	$ 15,275	$ 1,753	$ 13,522	nm
Operating expenses	14,550	3,722	10,828	nm
Income (loss) from operations	$ 725	$ (1,969)	$ 2,694	nm
Operating margin	4.7 %	(112.3)%		
Depreciation and amortization	$ 4,398	$ 145	$ 4,253	nm
Key Indicators:				
Merchant bankcard processing dollar value	$ 386,101	$ 5,516	$ 380,585	nm
Merchant bankcard transaction volume	1,380	55	1,325	nm
Income from operations of reportable segments	$ 32,071	$ 44,081	$ (12,010)	(27.2)%
Corporate expenses	24,887	27,688	(2,801)	(10.1)%
Consolidated income from operations	$ 7,184	$ 16,393	$ (9,209)	(56.2)%
Corporate depreciation and amortization	$ 1,529	$ 1,093	$ 436	39.9 %
Key Indicators:				
Merchant bankcard processing dollar value	$ 43,002,323	$ 38,155,298	$ 4,847,025	12.7 %
Merchant bankcard transaction volume	513,341	465,757	47,584	10.2 %

nm = not meaningful

Revenue

Consolidated revenue

For the year ended December 31, 2019, our consolidated revenue decreased by $4.0 million, or 1.1%, from the year ended December 31, 2018 to $371.9 million. This decrease was driven by a $16.4 million, or 4.7%, decrease in revenue from our Consumer Payments segment and a $1.1 million, or 4.0%, decrease in revenue from our Commercial Payments segment, partially offset by a $13.5 million increase in revenue from our Integrated Partners segment. Consolidated merchant bankcard processing dollar value and merchant bankcard transactions increased 12.7% and 10.2%, respectively.

Revenue in Consumer Payments segment

For the year ended December 31, 2019, the $16.4 million decrease in Consumer Payments revenue was primarily attributable to a decrease in revenue of $51.9 million from certain subscription-billing e-commerce merchants, largely offset by revenue resulting from the overall increases in merchant bankcard processing dollar value and merchant bankcard transactions of 11.6% and 9.9%, respectively, compared to the year ended December 31, 2018. The higher merchant bankcard processing dollar value and transaction volume in 2019 were mainly due to the continuation of higher consumer spending trends in 2019 and positive net onboarding of new merchants. Additionally, the average dollar amount per bankcard transaction increased to $82.65, or 1.5%, in 2019 from $81.39 in 2018.

Our revenue in the Consumer Payments segment for the year ended December 31, 2019 was 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 was $7.4 million and $59.3 million for the years ended December 31, 2019 and 2018, respectively.

Revenue in Commercial Payments segment

For the year ended December 31, 2019, the $1.1 million decrease in Commercial Payments revenue was attributable to a $2.3 million decrease in revenue from our curated managed services program, partially offset by a $1.2 million increase in revenue from our accounts payable automated solutions. The managed services decline was largely driven by lower incentive revenue and the accounts payable automated solutions increase was driven by customer additions and higher merchant bankcard processing dollar value.

Revenue in Integrated Partners segment
For the year ended December 31, 2019, the $13.5 million increase in our Integrated Partners revenue was due primarily to a $12.3 million increase in revenue from PRET. PRET's revenue growth included $11.7 million from a March 2019 asset acquisition. Revenue from PayRight and PHOT, which commenced operations in April 2018 and February 2019, respectively, comprised the remainder of this reportable segment’s $1.2 million revenue growth.

Consolidated Operating Expenses

Our consolidated operating expenses for the year ended December 31, 2019 of $364.7 million increased by $5.2 million, or 1.5%, from consolidated operating expenses for the year ended December 31, 2018 of $359.4 million. This overall increase was driven primarily by a $19.4 million, or 98.0%, increase in amortization and depreciation expense related to asset acquisitions that occurred in late 2018 and 2019. Consolidated salary and employee benefits increased $3.9 million, or 10.2%, related to increases in corporate and operations headcount and higher headcount from business and asset acquisitions in 2019 and 2018, as well as a $2.0 million increase in non-cash stock-based compensation in 2019 compared to 2018. These increases were partially offset by a $16.7 million, or 6.2%, decrease in consolidated costs of services in correlation with lower revenues in 2019 and due to lower residual expenses in 2019 resulting from buyouts of residual commission rights in 2019 and 2018. Consolidated selling, general, and administrative expenses decreased by $1.3 million, or 4.0%, driven by a decrease in certain

expenses management considers to be non-recurring in nature 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. These expenses were $8.3 million and $12.4 million for the years ended December 31, 2019 and 2018, respectively.

Income (Loss) from Operations

Consolidated income from operations

Consolidated income from operations decreased $9.2 million, or 56.2%, for the year ended December 31, 2019 compared to the year ended December 31, 2018. Our consolidated operating margin for year ended December 31, 2019 was 1.9% compared to 4.4% for the year ended December 31, 2018. The consolidated margin decrease was the result of higher depreciation and amortization expense of $19.4 million and a $3.9 million increase in salaries and employee benefits, partially offset by lower costs of services of $16.7 million and a $1.3 million decrease in selling, general and administrative expenses.

Income from operations in Consumer Payments segment

Our Consumer Payments reportable segment earned $32.2 million in income from operations for the year ended December 31, 2019, a decrease of $14.8 million, or 31.4%, from $47.0 million for the year ended December 31, 2018. This decrease largely reflected the increase in depreciation and amortization expense of $14.9 million in 2019 related to asset acquisitions that occurred in late 2018 and 2019. The loss of certain subscription-billing e-commerce merchants in 2019 due to industry-wide changes for enhanced card association compliance, which contributed $3.5 million and $21.3 million of income from operations in the years ended December 31, 2019 and 2018, respectively, was largely offset by income resulting from the growth in merchant bankcard processing dollar value and transaction volume.

Loss from operations in Commercial Payments segment

Our Commercial Payments reportable segment incurred a $0.9 million loss from operations for the year ended December 31, 2019, compared to a $1.0 million loss from operations for the year ended December 31, 2018. This improvement was driven by a $0.6 million increase in revenue, net of costs of services, partially offset by increases in salaries and employee benefits and selling, general and administrative expenses, which included a $0.5 million allowance for uncollectible receivables in 2019 which were substantially recovered in 2020.

Income (loss) from operations in Integrated Partners segment

Our Integrated Partners segment earned income from operations of $0.7 million for the year ended December 31, 2019 compared to a loss from operations of $2.0 million for the year ended December 31, 2018. This increase in income from operations in 2019 was due primarily to a 2019 asset acquisition, which included $4.0 million of increased depreciation expense and $2.9 million of transitional acquisition integration costs.

Corporate Expense

Corporate expenses were $24.9 million for the year ended December 31, 2019, a decrease of $2.8 million, or 10.1%, over expenses of $27.7 million for the year ended December 31, 2018. This decrease was driven primarily by a $6.4 million decrease in certain expenses management considers to be non-recurring in nature that were associated with our Business Combination, conversion to a public company, and certain legal matters. These expenses were $6.0 million and $12.4 million for the years ended December 31, 2019 and 2018, respectively.

Interest Expense

Consolidated interest expense, including amortization of deferred debt issuance costs and discounts, increased by $10.7 million, or 35.8%, to $40.7 million in 2019 from $29.9 million in 2018. This increase was primarily due to higher debt obligations in 2019 driven by acquisition-related borrowings.

Other, net

Other, net increased $7.5 million from a net expense of $6.8 million in the year ended December 31, 2018 to net income of $0.7 million in the year ended December 31, 2019. The 2018 amount included $3.5 million expense from the change in fair value of a prior warrant liability and $3.3 million of debt modification and other net costs.

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' 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, 2019, our consolidated income tax expense was $0.8 million, resulting in an effective consolidated income tax benefit rate of 2.5%. See Note 11, *Income Taxes*, to our consolidated financial statements in Part II, Item 8 of the Annual Report on Form 10-K.

For the year ended December 31, 2018, our consolidated income tax benefit was $2.5 million, resulting in an effective consolidated income tax rate of 12.5%. This income tax benefit was based on the pre-tax loss incurred after July 25, 2018. On a pro-forma basis assuming C-Corporation status for the full year 2018, our income tax benefit would have been $3.2 million, resulting in a pro-forma effective income tax rate of 15.6%. Our annualized pro-forma effective income tax rate for 2018 was less than the statutory rate due to timing and permanent differences between amounts calculated under GAAP and the tax code.

Net loss

Our consolidated net loss for the year ended December 31, 2019 was $33.6 million compared to a net loss of $17.8 million for the year ended December 31, 2018 for the aforementioned reasons.

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 a negative $13.0 million at December 31, 2020 and a positive $1.2 million at December 31, 2019. As of December 31, 2020, we had cash totaling $9.2 million compared to $3.2 million at December 31, 2019. These cash balances do not include restricted cash of $78.9 million and $47.2 million at December 31, 2020 and 2019, respectively, which reflects cash accounts holding customer settlement funds and cash reserves for potential losses at December 31, 2020 and December 31, 2019. The current portion of long-term debt included in current liabilities was $19.4 million at December 31, 2020 compared with $4.0 million at December 31, 2019.

At December 31, 2020, we had availability of approximately $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, 2020 Compared to Year Ended December 31, 2019

(in thousands)	Year Ended December 31, 2020	2019
Net cash provided by (used in):		
Operating activities	$ 47,072	$ 39,364
Investing activities	166,396	(97,747)
Financing activities	(175,813)	75,017
Net increase in cash and restricted cash	$ 37,655	$ 16,634

Cash Provided by Operating Activities

Net cash provided by operating activities, which includes restricted cash, was $47.1 million and $39.4 million for the years ended December 31, 2020 and 2019, respectively. The $7.7 million, or 19.6%, increase in 2020 was principally the result of an increase in restricted cash balances, as well as an increase in cash generated from operations, partially offset by changes in assets and liabilities and the payment of $5.4 million of transaction costs related to the sale of the RentPayment business in 2020.

Cash Provided by (Used in) Investing Activities

Net cash provided by investing activities was $166.4 million compared to cash used of $97.7 million for the years ended December 31, 2020 and 2019, respectively. Cash used in investing activities includes cash for the acquisitions of merchant portfolios, residual buyouts, and purchases of property, equipment and software. For the years ended December 31, 2020 and 2019, we invested $5.6 million and $82.9 million, respectively, in merchant portfolios and residual buyouts. Cash used for purchases of property, equipment, and software for the year ended December 31, 2020 was $7.5 million compared to $11.1 million for the year ended December 31, 2019. For 2020, cash used for investing activities was offset by cash received of $179.4 million from the sale of the RentPayment business. See Note 2, *Disposal of Business*, in Item 8 of the Annual report on Form 10-K.

Cash (Used in) Provided by Financing Activities

Net cash used in financing activities was $175.8 million for the year ended December 31, 2020, compared to cash provided of $75.0 million in the year ended December 31, 2019. The amount for 2020 included $110.5 million in principal repayments on the term facility for our Senior Credit Agreement, $51.1 million of cash payments to the non-controlling interests of PRET and PHOT, and repayment of the revolving facility under our Senior Credit Agreement. The amount for 2019 included net borrowings under our Senior Credit Agreement consisting of $11.5 million under the revolving facility and a $69.7 million delayed draw under the term facility that was used to acquire certain assets from YapStone, Inc. in March 2019.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

(in thousands)	Year Ended December 31, 2019	2018
Net cash provided by (used in):		
Operating activities	$ 39,364	$ 31,348
Investing activities	(97,747)	(108,928)
Financing activities	75,017	67,252
Net increase (decrease) in cash and restricted cash	$ 16,634	$ (10,328)

Cash Provided by Operating Activities

Net cash provided by operating activities was $39.4 million and $31.3 million for the years ended December 31, 2019 and 2018, respectively. The $8.0 million, or 25.6%, increase in 2019 was principally the result of increases in restricted cash balances and cash generated from operations, partially offset by changes in assets and liabilities in 2019.

Cash Used in Investing Activities

Net cash used in investing activities was $97.7 million and $108.9 million for the years ended December 31, 2019 and 2018, respectively. Cash flow used in investing activities includes the acquisitions of merchant portfolios, residual buyouts, purchases of property, equipment and software, and acquisitions of businesses. For the years ended December 31, 2019 and 2018, we invested $82.9 million and $90.9 million, respectively, in merchant portfolios and residual buyouts. We used $0.2 million for business acquisitions for the year ended December 31, 2019, compared to $7.5 million in 2018. Cash used for purchases of property, equipment, and software for the year ended December 31, 2019 was $11.1 million, an increase of $0.6 million from the year ended December 31, 2018. The increase in purchases was driven primarily by capitalization of internally developed software.

Cash Provided by Financing Activities

Net cash provided by financing activities was $75.0 million in the year ended December 31, 2019 compared to $67.3 million in 2018. Cash flows from financing activities for the years ended December 31, 2019 and 2018 resulted primarily from proceeds received from additional borrowings under our term debt in and revolving credit facility. Proceeds received in 2018 also included cash received from the Business Combination and equity recapitalization.

Long-Term Debt

As of December 31, 2020, we had outstanding long-term debt, excluding amounts outstanding under the revolving credit facility, of $382.0 million compared to $484.0 million at December 31, 2019, a decrease of $101.9 million. The debt balance consisted of outstanding term debt of $279.4 million under the Senior Credit Facility and $102.6 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, 2020. Additionally, under the Senior Credit Facility, we have a $25.0 million revolving credit facility, which had $11.5 million drawn and outstanding as of December 31, 2019. There were no such amounts outstanding as of December 31, 2020. 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.

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.

On March 18, 2020, we modified the Senior Credit Agreement and the GS Credit Amendment (collectively, the "Sixth Amendment"). As of December 31, 2020, financial covenants, as amended, under the Senior Credit Facility required the Total Net Leverage Ratio, as defined in the agreement, not to exceed 7.75:1.00 at December 31, 2020. The Total Net Leverage Ratio steps down thereafter.

As of December 31, 2020, we were in compliance with our financial covenants. Noncompliance in the future could have a material adverse impact on our financial condition, including giving the lenders the right to accelerate the debt repayment schedule and restricting access to the revolving credit facility. Based upon current projections, the Company expects to be in compliance with its debt covenants for at least the foreseeable future. For additional information about the risks associated with our debt agreements and related covenants, refer to the "Risk Factors Related to Our Indebtedness" in Item 1A, Risk Factors, in Part I of this Annual Report on Form 10-K.

Total Net Leverage Ratio, Consolidated Total Debt, and Consolidated Adjusted EBITDA are defined in Section 1.01 of Exhibit A to the Sixth Amendment (incorporated Exhibits 10.3.4 and 10.4.4 to this Annual Report on Form 10-K) and summarized below:

- The Total Net Leverage Ratio means, at any date of determination, the ratio of Consolidated Total Debt for such date, to Consolidated Adjusted EBITDA.

- Consolidated Total Debt is the aggregate principal amount of indebtedness minus the aggregate amount of unrestricted cash at the balance sheet date.

- Consolidated Adjusted EBITDA is consolidated net income plus any applicable items determined in accordance with clauses (i)(b) through (i)(v) of the Consolidated Adjusted EBITDA definition, minus any applicable items determined in accordance with clauses (ii)(a) through (ii)(g) of the Consolidated Adjusted EBITDA definition in Section 1.01 of the Sixth Amendment ("Applicable Adjustments").

Under the provisions of the Sixth Amendment, calculation of Consolidated Adjusted EBITDA at each interim quarterly measurement period in 2020 is determined as the current year-to-date Consolidated Adjusted EBITDA annualized. For interim quarterly and full year measurement periods commencing in January 2021, calculation of Consolidated Adjusted EBITDA is determined on a last twelve months basis.

Consolidated Adjusted EBITDA is a non-GAAP liquidity measure. For determining the Total Net Leverage Ratio at December 31, 2020, Consolidated Adjusted EBITDA was calculated as follows in accordance with the referenced clause definitions from Section 1.01 of the Sixth Amendment:

(in thousands)	
Year Ended December 31, 2020	
Consolidated Net Income Attributable to Stockholders of Priority Technology Holdings, Inc. (GAAP)	$ 25,661
Applicable Adjustments:	
Gain on sale of business, less amounts attributable and paid to NCIs (clause (ii)(c))	(62,091)
Interest expense (clause (i)(b))	44,839
Depreciation and amortization (clause (i)(d) and (i)(e))	40,775
Income tax expense (clause (i)(c))	10,899
Non-cash share-based compensation (clause (i)(j))	2,430
Acquisition transition services (clause (i)(k))	2,628
Debt extinguishment and modification expenses (clause (i)(f) and (i)(h))	1,899
Impairment of intangible asset (clause (i)(f))	1,753
Provision for allowance for note receivable (clause (i)(f))	467
Change in fair value of contingent consideration for business combinations (clause (ii)(a))	(360)
Write-off of equity-method investment (clause (i)(f))	211
Certain legal fees and expenses (clause (i)(m))	1,796
Litigation recoveries (clause (i)(k))	(719)
Professional, accounting and consulting fees (clause (i)(k))	145
Other professional and consulting fees (clause (i)(h))	1,500
Other adjustments (clause (i)(k))	161
Pro forma impact of disposal	(8,221)
Consolidated Adjusted EBITDA (non-GAAP)	**$ 63,773**

At December 31, 2020, the Total Net Leverage Ratio was 5.85:1.00, calculated as follows:

(in thousands, except ratio)	
	December 31, 2020
Consolidated Total Debt:	
Current portion of long-term debt	$ 19,442
Long-term debt, net of discounts and deferred financing costs	357,873
Unamortized debt discounts and deferred financing costs	4,725
	382,040
Less unrestricted cash	(9,241)
Consolidated Net Debt	$ 372,799
Total Net Leverage Ratio	**5.85 x**

Contractual Obligations

The following table sets forth our contractual obligations and commitments for the periods indicated as of December 31, 2020.

(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**
Operating leases	$ 9,168	$ 1,356	$ 2,663	$ 2,761	$ 2,388
Debt principal (a)	382,040	19,442	362,598	—	—
Interest on debt (b)	74,026	25,683	48,343	—	—
Contingent consideration (c)	2,133	2,133	—	—	—
Processing minimums (d)	7,000	7,000	—	—	—
	$ 474,367	$ 55,614	$ 413,604	$ 2,761	$ 2,388

(a) Reflects contractual principal payments on term debt outstanding at December 31, 2020 and excludes any amount for the revolving credit facility which had no outstanding balance at December 31, 2020. Does not include future "payment-in-kind" ("PIK") interest that will be added to the principal outstanding for the GS Credit Facility as this interest is included in Interest on debt in (b). See Note 10, *Long-Term Debt and Warrant Liability*.

(b) Reflects interest payable and future PIK interest on term debt under the Senior Credit Facility and the subordinated GS Credit Facility. Amounts based on outstanding balances and interest rates as of December 31, 2020. Does not include any interest that may be payable in the future for the revolving credit facility which had no outstanding borrowings at December 31, 2020. See Note 10, *Long-Term Debt and Warrant Liability*.

(c) Reflects amount accrued for earned contingent consideration for asset acquisition. See Note 4, *Asset Acquisitions, Asset Contributions, and Business Combinations*

(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. See Note 12, *Commitments and Contingencies*.

Based on outstanding principal balances, including PIK interest, at December 31, 2020 approximately 73% of the Borrowers' $382 million of term debt matures in January 2023 and approximately 27% matures in July 2023. Based on current market conditions and the financial conditions and forecasts of the entities and guarantors that compose the Borrowers, we currently believe the term debt can be refinanced on or before the maturity dates at amounts and terms that are similar or favorable to those existing at December 31, 2020.

On March 5, 2021, we entered into a debt commitment letter with Truist Bank and Truist Securities, Inc., pursuant to which Truist has committed to provide Priority with a new Term Loan Facility and Revolving Credit Facility, which will replace existing Senior Loan facilities. Also, on March 5, 2021, the Company entered into a preferred stock commitment letter with Ares Capital Management LLC and Ares Alternative Credit Management LLC to issue preferred stock, the proceeds of which will be partially used to repay our Subordinated Debt Facility. See Note 21, *Subsequent Events,* to the consolidated financial statements, for additional information.

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

We adopted the provisions of ASC 606, *Revenue from Contracts with Customers*, effective for the annual reporting period ended December 31, 2019. We used the full retrospective adoption and transition method, and accordingly, all periods presented in this Form 10-K reflect the provisions of ASC 606.

Under the provisions of ASC 606, we recognize revenue when we satisfy a performance obligation by transferring a service or good to the customer in an amount to which we expect to be entitled (i.e., transaction price) allocated to the distinct or services or goods.

At contract inception, we assess the services and goods promised in our contracts with customers and identify the performance obligation for each promise to transfer to the customer a service or good that is distinct. For substantially all of our services, the nature of our promise to the customer is to stand ready to accept and process the transactions that customers request on a daily basis over the contract term. Since the timing and quantity of transactions to be processed is not determinable, the services comprise an obligation to stand ready to process as many transactions as the customer requires. Under a stand-ready obligation, the evaluation of the nature of our performance obligation is focused on each time increment rather than the underlying activities. Therefore, we have determined that our services comprise a series of distinct days of service that are substantially the same and have the same pattern of transfer to the customer. Accordingly, the promise to stand ready is accounted for as a single-series performance obligation.

When third parties are involved in the transfer of services or goods to the customer, we consider the nature of each specific promised service or good and applies judgment to determine whether we control the service or good before it is transferred to the customer or whether we are acting as an agent of the third party. We follow the requirements of ASC 606-10, *Principal Agent Considerations*, which states that the determination of whether an entity 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. To determine whether or not we control the service or good, we assess indicators including: 1) whether we or the third party is primarily responsible for fulfillment; 2) if we or the third party provides a significant service of integrating two or more services or goods into a combined item that is a service or good that the customer contracted to receive; 3) which party has discretion in determining pricing for the service or good; and 4) other considerations deemed to be applicable to the specific situation.

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 may be below its carrying value. We may perform a quantitative assessment that uses market data and discounted cash flow analysis, which involve estimates of future revenues and operating cash flows. Where deemed appropriate, we may perform the annual assessment using the optional qualitative method. Effective for the annual reporting period ending December 31, 2020, we voluntarily changed the date for our annual goodwill impairment assessment from November 30 to October 1. Both dates occur in our fourth quarter. We believe this prospective change does not represent a material change to a method of applying an accounting principle, even though the carrying value of goodwill is material to our consolidated financial statements. This change had no effect on our results of operations, financial condition, or cash flows for any reporting period. By using the October 1 annual assessment date, we believe that we will be able to utilize more readily available data from both internal and external sources and have additional time to evaluate the data prior to finalizing our year-end consolidated financial statements and disclosures. This change in the date for the annual impairment assessment for goodwill does not change our requirements to assess goodwill on an interim date between scheduled annual testing dates if triggering events are present.

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.

We amortize the cost of our acquired intangible assets 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 variable rate based on LIBOR (with a LIBOR "floor" of 1.0% beginning March 8, 2020) plus a fixed margin. As of December 31, 2020, we had $279.4 million in outstanding borrowings under our Senior Credit Facility. Ignoring the 1.0% LIBOR floor, 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 $2.8 million per annum.

We do not currently hedge against interest rate risk.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

PRIORITY TECHNOLOGY HOLDINGS, INC.
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Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Priority Technology Holdings, Inc. (“the Company”) as of December 31, 2020, the related consolidated statements of operations, stockholders' deficit and cash flows for the year ended December 31, 2020, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020, and the results of its operations and its cash flows for the year ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

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 audit. 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 the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit 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 audit 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 audit 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 audit 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 audit provides a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company’s auditor since 2020.

Atlanta, Georgia
March 31, 2021

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 sheet of Priority Technology Holdings, Inc. and Subsidiaries (the "Company") as of December 31, 2019, the related consolidated statements of operations, changes in stockholders' deficit and cash flows for each of the two years in the period ended December 31, 2019, 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, 2019, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

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. 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 served as the Company's auditor from November 20, 2014 to June 5, 2020.

Atlanta, Georgia
March 30, 2020

Priority Technology Holdings, Inc.

Consolidated Balance Sheets
As of December 31, 2020 and 2019

(in thousands, except share and per share amounts)	December 31, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash	$ 9,241	$ 3,234
Restricted cash	78,879	47,231
Accounts receivable, net of allowances of $574 and $803, respectively	41,321	37,993
Prepaid expenses and other current assets	3,500	3,897
Current portion of notes receivable, net of allowances of $467 and $0, respectively	2,190	1,326
Settlement assets	753	533
Total current assets	135,884	94,214
Notes receivable, less current portion	5,527	4,395
Property, equipment and software, net	22,875	23,518
Goodwill	106,832	109,515
Intangible assets, net	98,057	182,826
Deferred income tax assets, net	46,697	49,657
Other non-current assets	1,957	380
Total assets	**$ 417,829**	**$ 464,505**
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued expenses	$ 29,821	$ 26,965
Accrued residual commissions	23,824	19,315
Customer deposits and advance payments	2,883	4,928
Current portion of long-term debt	19,442	4,007
Settlement obligations	72,878	37,789
Total current liabilities	148,848	93,004
Long-term debt, net of current portion, discounts and deferred financing costs	357,873	485,578
Other non-current liabilities	9,672	6,612
Total non-current liabilities	367,545	492,190
Total liabilities	516,393	585,194
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, par value $0.001 per share; 100,000,000 authorized; zero shares issued and outstanding at December 31, 2020 and 2019.	—	—
Common stock, par value of $0.001 per share; 1.0 billion shares authorized; 67,842,204 shares issued and 67,390,980 shares outstanding at December 31, 2020; and 67,512,167 shares issued and 67,060,943 shares outstanding at December 31, 2019.	68	68
Additional paid-in capital	5,769	3,651
Treasury stock, at cost (451,224 shares)	(2,388)	(2,388)
Accumulated deficit	(102,013)	(127,674)
Total deficit attributable to stockholders of Priority Technology Holdings, Inc.	(98,564)	(126,343)
Non-controlling interest	—	5,654
Total stockholders' deficit	(98,564)	(120,689)
Total liabilities and stockholders' deficit	**$ 417,829**	**$ 464,505**

See Notes to Consolidated Financial Statements

Priority Technology Holdings, Inc.

Consolidated Statements of Operations
For the Years Ended December 31, 2020, 2019, and 2018

(in thousands, except per share amounts)	Year Ended December 31,		
	2020	2019	2018
REVENUES	$ 404,342	$ 371,854	$ 375,822
OPERATING EXPENSES:			
Costs of services	277,374	252,569	269,284
Salary and employee benefits	39,507	42,214	38,324
Depreciation and amortization	40,775	39,092	19,740
Selling, general and administrative	25,825	30,795	32,081
Total operating expenses	383,481	364,670	359,429
Income from operations	20,861	7,184	16,393
OTHER INCOME (EXPENSE):			
Interest expense	(44,839)	(40,653)	(29,935)
Debt extinguishment and modification expenses	(1,899)	—	(2,043)
Gain on sale of business, net	107,239	—	—
Other income (expense), net	596	710	(4,741)
Total other income (expenses), net	61,097	(39,943)	(36,719)
Income (loss) before income taxes	81,958	(32,759)	(20,326)
Income tax expense (benefit)	10,899	830	(2,490)
Net income (loss)	71,059	(33,589)	(17,836)
Less income attributable to redeemable and redeemed non-controlling interests	(45,398)	—	—
Net income (loss) attributable to stockholders of Priority Technology Holdings, Inc.	**$ 25,661**	**$ (33,589)**	**$ (17,836)**
Income (loss) per common share for stockholders of Priority Technology Holdings, Inc.:			
Basic	$ 0.38	$ (0.50)	$ (0.29)
Diluted	$ 0.38	$ (0.50)	$ (0.29)
Weighted-average common shares outstanding:			
Basic	67,158	67,086	61,607
Diluted	67,263	67,086	61,607
PRO FORMA (C-corporation basis):			
Pro forma income tax benefit (unaudited)			$ (3,169)
Pro forma net loss (unaudited)			$ (17,157)
Loss per common share: basic and diluted (unaudited)			$ (0.28)

See Notes to Consolidated Financial Statements

Priority Technology Holdings, Inc.

Consolidated Statements of Changes in Stockholders' Deficit
For the Years Ended December 31, 2020, 2019, and 2018

	Year Ended December 31,		
(in thousands)	**2020**	**2019**	**2018**
Preferred Stock shares	—	—	—
Preferred Stock amount	$ —	$ —	$ —
Common Stock shares outstanding:			
Beginning balance	67,061	67,038	73,110
Member redemptions	—	—	(12,565)
Pro-rata adjustments and forfeitures	—	—	(724)
Conversion of MI Acquisitions, Inc. shares	—	—	6,667
Founders' Shares	—	—	(175)
Vesting of share-based compensation	330	54	250
Common stock issued for business combinations	—	—	475
Warrant redemptions	—	420	—
Shares repurchased	—	(451)	—
Ending balance	**67,391**	**67,061**	**67,038**
Common Stock amounts outstanding:			
Beginning balance	$ 68	$ 67	$ 73
Member redemptions	—	—	(13)
Conversion of MI Acquisitions, Inc. shares	—	—	7
Vesting of share-based compensation	(a)	1	(a)
Warrant redemptions	—	(a)	—
Ending balance	**$ 68**	**$ 68**	**$ 67**
Treasury Stock shares:			
Beginning balance	451	—	—
Repurchases of common stock	—	451	—
Ending balance	**451**	**451**	—
Treasury Stock amounts:			
Beginning balance	$ (2,388)	$ —	$ —
Repurchases of common stock	—	(2,388)	—
Ending balance	**$ (2,388)**	**$ (2,388)**	**$ —**
Additional Paid-In Capital:			
Beginning balance	$ 3,651	$ —	$ —
Distributions to members	—	—	(7,075)
Member redemptions	—	—	(36,548)
Equity-classified share-based compensation	2,118	3,652	1,063
Vesting of share-based compensation	(a)	(1)	—
Conversion of MI Acquisitions, Inc. shares	—	—	49,382
Founders' Shares	—	—	(2,118)
Recapitalization costs	—	—	(9,704)
Common stock issued for business combinations	—	—	5,000
Ending balance	**$ 5,769**	**$ 3,651**	**$ —**

Priority Technology Holdings, Inc.

Consolidated Statements of Changes in Stockholders' Deficit, continued
For the Years Ended December 31, 2020, 2019, and 2018

	Year Ended December 31,		
(in thousands)	2020	2019	2018
Accumulated Deficit:			
Beginning balance	$ (127,674)	$ (94,085)	$ (95,978)
Member redemptions	—	—	(28,342)
Net deferred income tax asset related to loss of partnership status	—	—	47,485
Equity-classified shared-based compensation	—	—	586
Net income (loss) attributable to stockholders of Priority Technology Holdings, Inc.	25,661	(33,589)	(17,836)
Ending balance	**$ (102,013)**	**$ (127,674)**	**$ (94,085)**
Non-Controlling Interests (NCIs):			
Beginning balance	$ 5,654	$ —	$ —
Issuance of NCI in subsidiary	—	5,654	—
Redemption of NCI in subsidiary	(5,654)	—	—
Earnings attributable to redeemable and redeemed NCIs	45,398	—	—
Earnings distributed to redeemable and redeemed NCIs	(45,398)	—	—
Ending balance	**$ —**	**$ 5,654**	**$ —**
Deficit attributable to stockholders of Priority Technology Holdings, Inc.	**$ (98,564)**	**$ (126,343)**	**$ (94,018)**
NCIs	—	5,654	—
Total stockholders' deficit balance	**$ (98,564)**	**$ (120,689)**	**$ (94,018)**

(a) Rounds to less than one thousand dollars.

See Notes to Consolidated Financial Statements

Priority Technology Holdings, Inc.

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2020, 2019, and 2018

	Year Ended December 31,		
(in thousands)	2020	2019	2018
Cash flows from operating activities:			
Net income (loss)	$ 71,059	$ (33,589)	$ (17,836)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Gain recognized on sale of business	(107,239)	—	—
Transaction costs for sale of business	(5,383)	—	—
Depreciation and amortization of assets	40,775	39,092	19,740
Equity-classified and liability-classified share-based compensation	2,430	3,652	1,649
Amortization of debt issuance costs and discounts	2,396	1,667	1,418
Equity in losses and impairment of unconsolidated entities	211	23	865
Deferred income tax expense (benefit)	5,905	(8,537)	(2,871)
Change in allowance for deferred tax assets	(2,945)	9,302	(66)
Change in fair value of warrant liability, net	—	—	3,458
Change in fair value of contingent consideration	(360)	(620)	—
Write-off of deferred loan costs and discount	1,523	—	—
Payment-in-kind interest	8,573	5,126	4,897
Impairment charges for intangible asset	1,753	—	—
Other non-cash items, net	233	(831)	211
Change in operating assets and liabilities (net of business combinations and disposal):			
Accounts receivable	(5,160)	(1,736)	8,180
Settlement assets and obligations, net	34,870	27,284	6,016
Prepaid expenses and other current assets	65	(1,230)	171
Notes receivable	(2,230)	(390)	4,862
Customer deposits and advance payments	(2,045)	1,646	(1,571)
Accounts payable and other accrued liabilities	1,343	(1,061)	1,531
Other assets and liabilities, net	1,298	(434)	694
Net cash provided by operating activities	**47,072**	**39,364**	**31,348**
Cash flows from investing activities:			
Sale of business	179,416	—	—
Acquisitions of businesses	—	—	(7,508)
Additions to property, equipment and software	(7,461)	(11,118)	(10,562)
Notes receivable loan funding	—	(3,500)	—
Acquisitions of intangible assets	(5,559)	(82,945)	(90,858)
Other investing activity	—	(184)	—
Net cash provided by (used in) investing activities	**166,396**	**(97,747)**	**(108,928)**

Priority Technology Holdings, Inc.

Consolidated Statements of Cash Flows, continued
For the Years Ended December 31, 2020, 2019, and 2018

	Year Ended December 31,		
(in thousands)	**2020**	**2019**	**2018**
Cash flows from financing activities:			
Proceeds from issuance of long-term debt, net of issue discount	—	69,650	126,813
Repayments of long-term debt	(110,507)	(3,828)	(2,834)
Profit distributions to non-controlling interests of subsidiaries	(45,398)	—	—
Redemption of non-controlling interest in subsidiary	(5,654)	—	—
Borrowings under revolving line of credit	7,000	14,000	8,000
Repayments of borrowings under revolving line of credit	(18,505)	(2,500)	(8,000)
Debt issuance and modification costs (paid) refunded	(2,749)	83	(425)
Repurchases of common stock	—	(2,388)	—
Distributions from equity	—	—	(7,075)
Redemptions of equity interests	—	—	(76,211)
Recapitalization proceeds	—	—	49,389
Redemption of warrants	—	—	(12,701)
Recapitalization costs	—	—	(9,704)
Net cash (used in) provided by financing activities	**(175,813)**	**75,017**	**67,252**
Net increase (decrease) in cash and restricted cash	37,655	16,634	(10,328)
Cash and restricted cash at beginning of year	50,465	33,831	44,159
Cash and restricted cash at end of year	**$ 88,120**	**$ 50,465**	**$ 33,831**
Reconciliation of cash and restricted cash:			
Cash	$ 9,241	$ 3,234	$ 15,631
Restricted cash	78,879	47,231	18,200
Total cash and restricted cash	**$ 88,120**	**$ 50,465**	**$ 33,831**
Supplemental cash flow information:			
Cash paid for interest	$ 33,433	$ 33,091	$ 23,350
Cash paid for income taxes, net of refunds	$ 8,370	$ —	$ —
Recognition of initial net deferred income tax asset	$ —	$ —	$ 47,478
Non-cash investing and financing activities:			
Payment-in-kind interest added to principal of debt obligations	$ 8,573	$ 5,126	$ 4,897
Purchases of property, equipment and software through accounts payable	$ —	$ 23	$ 50
Payment of accrued contingent consideration for asset acquisition from offset of accounts receivable from same entity	$ 1,686	$ —	$ —
Intangible assets acquired by issuing non-controlling interest in a subsidiary	$ —	$ 5,654	$ —
Accruals for asset acquisition contingent consideration	$ 8,332	$ 2,133	$ —
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

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 three reportable segments: (1) Consumer Payments, (2) Commercial Payments, and (3) Integrated Partners. For additional information about our reportable segments, see Note 18, *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

MI 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 revised 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").

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

See Note 3, *Revenue*, for information about our revenue.

Costs of Services

Costs of services primarily consist of residual payments to ISOs and other direct costs of providing payment services. The residual payments represent commissions paid to ISOs and are generally based upon a percentage of the net revenues generated from merchant transactions. Other costs of services consist of third-party costs related to the Company's commercial payment services, ACH processing services, salaries that are reimbursed under cost-plus business process outsourcing services, and the cost of equipment (point of sale terminals).

Selling, General and Administrative

Selling, general and administrative 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, 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 and another entity (see Note 6, *Notes Receivable*). 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. At December 31, 2020, the Company no longer has any investments that are accounted for under the equity method. Changes in fair value of warrant liability relates to a warrant that was fully redeemed in 2018.

Debt Extinguishment and Modification Expenses

Debt extinguishment expenses represents the write-offs of unamortized deferred financing costs and original issue discount relating to the extinguishment, including partial extinguishment, of debt. Debt modification expenses represents amounts paid to third parties to modify existing debt agreements when those amounts are not eligible for capitalization.

Earnings Attributable to Redeemable and Redeemed Non-Controlling Interests

Represents the earnings and gains that are attributable to the non-controlling equity interests of certain of the Company's consolidated subsidiaries based on the operating agreements of the subsidiaries. See the "Non-Controlling" section under the following header for "Significant Accounting Policies."

Net Income (Loss) Attributable to Stockholders of Priority Technology Holdings, Inc.

Represents the net income or loss attributable to the stockholders of Priority Technology Holdings, Inc. after subtracting earnings, gains, or losses of consolidated subsidiaries that are attributable to the non-controlling equity interests of the subsidiaries.

Comprehensive Income (Loss)

Comprehensive income (loss) represents the sum of net income (loss) and other amounts that are not included in the consolidated statement of operations as the amounts have not been realized. For the years ended December 31, 2020, 2019, and 2018, 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 it satisfies a performance obligation by transferring a service or good to the customer in an amount to which the Company expects to be entitled (i.e., transaction price) allocated to the distinct services or goods.

The Company uses the 5-step model in ASC 606 to determine when and how much revenue to recognize:

Step 1 - Identify the contract with the customer

Step 2 - Identify the performance obligation

Step 3 - Determine the transaction price

Step 4 - Allocate the transaction price to the performance obligation

Step 5 - Recognize revenue when (or as) the Company satisfies the performance obligation

Instead of evaluating each contract with a customer on an individual basis, the Company elects the permitted practical expedient that allows it to use the portfolio approach for many of its contracts since this approach’s impact on the financial statements, when applied to a group of contracts (or performance obligations) with similar characteristics, is not materially different from the impact of applying the revenue standard on an individual contract basis. Under the portfolio practical expedient, collectability is still assessed at the individual contract level when determining if a contract exists.

Deferred revenues are not material for any reporting period.

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

Consumer Payments - Revenue in this segment represents merchant card fee revenues, which involves promises to the customer for services related to the electronic authorization, acceptance, processing, and settlement of credit, debit and electronic benefit payment transactions through the payment networks. Merchants, who are the Company’s customers, 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 merchant contracts involve three parties: the Company, the merchant and the sponsoring bank. The Company's sponsoring banks collect the gross merchant discount from the card holder’s issuing bank, pay the interchange fees and assessments to the payment networks and credit card associations, retain their fees, and pay to the Company the remaining amount which represents the Company's revenue. The Company recognizes its revenue net of the amounts retained by these third parties. The

Company incurs internal costs and costs of other third parties related to processing services. 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.

Commercial Payments - This segment provides business-to-business ("B2B") automated payment services for customers, including virtual payments, purchase cards, electronic funds transfers, ACH payments, and check payments. Revenues are generally earned on a per-transaction basis and are recognized by the Company net of certain third-party costs for interchange fees, assessments to the payment networks, credit card associations, and sponsor bank fees. In this segment, a portion of the revenue is rebated to certain customers, and these rebates are reported as a reduction of revenue. Additionally, this segment provides outsourced business process services by providing a sales force to certain enterprise customers. Such business process 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. For most performance obligations associated with outsourced services that are satisfied over time, the Company applies the permitted practical expedient known as the "invoice practical expedient" that allows the Company to recognize revenue in the amount of consideration to which the Company has the right to invoice when that amount corresponds directly to the value transferred to the customer.

Integrated Partners - The Integrated Partners segment earns revenue by providing services for payment-adjacent technologies that facilitate the acceptance of electronic payments from customers who conduct business in the rental real estate, rental storage, medical, and hospitality industries. A substantial portion of this segment's revenues are earned as an agent of a third party, and therefore this earned revenue is reported as a net amount within revenue.

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 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 and Notes Receivable

The Company records an allowance for doubtful accounts and/or notes receivable when it is probable that the account receivable balance or the note receivable balance will not be collected, based upon loss trends and an analysis of individual accounts. Accounts receivable and notes receivable are written off when deemed uncollectible. Recoveries of accounts receivable and notes receivable, if any, previously written off are recognized when received. The allowance for doubtful accounts was $0.6 million and $0.8 million at December 31, 2020 and 2019, respectively. The allowance for doubtful notes receivable was $0.5 million and zero at December 31, 2020 and 2019, respectively.

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.

A vendor may make an upfront payment to the Company to offset costs that the Company incurs to integrate the vendor into the Company's operations. These upfront payments are deferred by the Company and are subsequently amortized against expense

in its statement of operations as the related costs are incurred by the Company in accordance with the agreement with the vendor.

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 generally 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 generally 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, 2020, 2019, and 2018, there was no impairment associated with internal use software. For the years ended December 31, 2020, 2019, and 2018, the Company capitalized software development costs of $7.1 million, $8.2 million, and $6.7 million, respectively. As of December 31, 2020 and 2019, capitalized software development costs, net of accumulated amortization, totaled $16.4 million and $14.9 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, 2020, 2019, and 2018 was $5.3 million, $4.1 million, and $2.6 million, respectively, and are included in depreciation and amortization in the accompanying consolidated statements of operations.

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 5, *Settlement Assets and Obligations*.

Debt Issuance and Modification 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 issued non-voting profit-sharing interests inthree of its subsidiaries that were formed in 2018 or 2019 to acquire the operating assets of certain businesses (see Note 4, *Asset Acquisitions, Asset Contributions, and Business Combinations*). The Company is 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 utilized future cash flow scenarios with focus on those cash flow scenarios that could result in future distributions to the NCIs. 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.

Based on the LLC agreements for these three subsidiaries, in certain instances the NCIs are entitled to certain earnings of the respective subsidiary. Prior to 2020, no earnings were attributable to any NCIs. All material earnings attributable to the NCIs for the year ended December 31, 2020 were simultaneously distributed to the NCIs.

As disclosed in Note 2, *Disposal of Business*, the NCIs of one of these subsidiaries, Priority Real Estate Technology, LLC, were fully redeemed during the year ended December 31, 2020. At December 31, 2020, the NCIs of one of the other subsidiaries, Priority PayRight Health Solutions, LLC, have also been fully redeemed and only one of the subsidiaries, Priority Hospitality Technology, LLC, has NCIs at December 31, 2020. See Note 4, *Asset Acquisitions, AssetContributions, and Business Combinations*.

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. See Note 7, *Goodwill and Other Intangible Assets*.

Other Intangible Assets

Other Intangible assets are initially recorded at cost upon acquisition by the Company. The carrying value of an intangible asset acquired in an asset acquisition may be subsequently increased for contingent consideration when due to the seller and such amounts can be estimated. The portion of any unpaid purchase price that is contingent on future activities is not initially recorded by the Company on the date of acquisition. Rather, the Company recognizes contingent consideration when it becomes probable and estimable. All of the Company's intangible assets, except Goodwill, have finite lives and are subject to amortization. Intangible assets consist of acquired merchant portfolios, customer relationships, ISO relationships, residual buyouts, trade names, technology, and non-compete agreements.

Merchant portfolios

Merchant portfolios consist of the acquired rights to a portfolio of merchants such as those acquired fromDirect Connect Merchant Services, LLC, and YapStone, Inc. The Company amortizes the cost of its acquired merchant portfolios over their estimated useful lives, which generally range from five years to six years using a straight-line amortization method.

Customer Relationships

Customer relationships represent the cost of the acquired customer relationship, which typically consists of a portfolio of merchants or contracted business relationships. The Company amortizes the cost of its acquired customer relationships over their estimated useful lives, which generally range from 10 years to 15 years, using either a straight-line or an accelerated amortization method that most accurately reflects the pattern in which the economic benefits of the respective asset is consumed.

ISO Relationships

ISO relationships represent the cost of acquired relationships with ISOs. The Company amortizes the cost of its acquired ISO relationships over their estimated useful lives, which generally range from 11 years to 25 years, using an accelerated amortization method that most accurately reflects the pattern in which the economic benefits of the respective asset is consumed.

Residual Buyouts

Most of the Company's merchant customers in its Consumer Payments reportable segment are associated with independent ISOs, and these ISOs typically have a right to receive commissions from the Company based on the revenue earned by the associated merchants. The Company may occasionally decide to pay an ISO an agreed-upon amount in exchange for the ISO's surrender of its right to receive future commissions from the Company. The amount that the Company pays for these residual buyouts is capitalized and subsequently amortized over the expected life of the underlying merchant relationships. These amortization periods generally range between 1 year and 9 years and the Company uses either a straight-line or an accelerated amortization method that most accurately reflects the pattern in which the economic benefits of the respective asset is consumed.

Technology

Technology intangible assets represent acquired technology, such as proprietary software and website domains. The Company amortizes the cost of acquired technology over their estimated useful lives, which generally range between 6 years and 7 years, using a straight-line amortization method that most accurately reflects the pattern in which the economic benefits of the respective asset is consumed.

Trade Names and Non-Compete Agreements

These intangible assets are amortized over their estimated useful lives, which generally ranging between5 years and 12 years, using a straight-line amortization method. All non-compete agreements were fully amortized at December 31, 2020 and 2019.

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, 2019 and 2018. For the year ended December 31, 2020, the Company recognized impairment charges of $1.8 million for a residual buyout intangible asset. SeeNote 7, *Goodwill and Other Intangible Assets*.

Accrued Residual Commissions

Accrued residual commissions consist of amounts due to independent sales organizations ("ISOs") and independent sales agents based on a percentage of the net revenues generated from the Company's merchant customers. Percentages vary based on the program type and transaction volume of each merchant. Residual commission expenses were $240.2 million, $213.8 million, and $230.2 million, respectively, for the years ended December 31, 2020, 2019 and 2018, and are included in costs of services 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.

Share-Based Compensation

The Company recognizes the cost resulting from all share-based payment transactions in the financial statements at grant date fair value. Share-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. Awards generally vest over two or three years and may not vest evenly over the vesting period. The effects of forfeitures are recognized as they occur.

The Company measures a liability award under a share-based payment arrangement based on the award's fair value remeasured at each reporting date until the date of settlement. Compensation cost for each period until settlement is based on the change (or a portion of the change, depending on the percentage of the requisite service that has been rendered at the reporting date) in the fair value of the instrument for each reporting period.

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 shared-based compensation expense over the vesting term of the awards based on the probability that the performance criteria will be achieved. The performance goals may be work-related goals for the individual recipient and/or based on certain corporate performance goals. The Company reassesses the probability of vesting at each reporting period and prospectively adjusts share-based compensation expense based on its probability assessment. Additionally, if performance goals are set or reset on an annual basis, compensation cost is recognized in any reporting period only for performance-based RSU awards in which the performance goals have been established and communicated to the award recipient.

Repurchased Stock

Pursuant to the provisions of ASC 505-30, *Treasury Stock*, the Company has elected to apply the cost method when accounting for treasury stock resulting from the repurchase of its common stock. Under the cost method, the gross cost of the shares reacquired is charged to a contra equity account labeled Treasury Stock. The equity accounts that were originally credited for the original share issuance, common stock and additional paid-in capital, remain intact. See Note 14, *Stockholders' Deficit*.

If the treasury shares are ever reissued in the future, proceeds in excess of repurchased cost will be credited to additional paid-in capital. Any deficiency will be charged to retained earnings (accumulated deficit), unless additional paid-in capital from previous treasury stock transactions exists, in which case the deficiency will be charged to that account, with any excess charged to retained earnings (accumulated deficit). If treasury stock is reissued in the future, a cost flow assumption (e.g., FIFO, LIFO, or specific identification) will be adopted to compute excesses and deficiencies upon subsequent share reissuance.

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 10, *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 income tax 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 contingent consideration 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.

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 2020

Disclosures for Fair Value Measurements (ASU 2018-13)

On January 1, 2020, the Company adopted Accounting Standards Update ("ASU") No. 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework — Changes to the Disclosure Requirements for Fair Value Measurement ("ASU 2018-13"). ASU 2018-13 eliminated, added, and modified certain disclosure requirements for fair value measurements as part of the Financial Accounting Standards Board's ("FASB") disclosure framework project. Certain amendments must be applied prospectively while others are applied on a retrospective basis to all periods presented. As disclosure guidance, the adoption of this ASU had no effect on the Company's results of operations, financial position, or cash flows for the year ended December 31, 2020. Note 17, *Fair Value*, reflects the disclosure provisions of ASU 2018-13.

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 was effective for the Company's annual reporting period that began on January 1, 2020 and will be effective for interim periods beginning first quarter of 2021. The adoption of ASU 2018-07 had no material effect on the Company's results of operations, financial position, or cash flows for the year ended December 31, 2020.

Share-Based Payments to Customers (ASU 2019-08)

In November 2019, the FASB issued ASU 2019-08, *Stock Compensation and Revenue from Contracts with Customers* ("ASU 2019-08"). ASU 2019-08 applies to share-based payments granted in conjunction with the sale of goods and services to a customer that are not in exchange for a distinct good or service. Entities apply ASC 718 to measure and classify share-based sales incentives, and reflect the measurement of such incentives, as a reduction of the transaction price and also recognize such incentives in accordance with the guidance in ASC 606 on consideration payable to a customer. Entities that receive distinct goods or services from a customer account for the share-based payment in the same manner as they account for other purchases from suppliers (i.e., by applying the guidance in ASC 718). Any excess of the fair-value-based measure of the share-based payment award over the fair value of the distinct goods or services received is reflected as a reduction to the transaction price and recognized in accordance with the guidance in ASC 606 on consideration payable to a customer. ASU 2019-08 was effective for the Company at the same time it adopted ASU 2018-07, which was for its annual reporting period that began January 1, 2020 and will be effective for interim periods beginning first quarter 2021. The adoption of ASU 2018-07 had no material effect on the Company's results of operations, financial position, or cash flows for the year ended December 31, 2020.

Accounting Standards Adopted in 2019

Revenue Recognition (ASC 606) and Related Costs to Obtain or Fulfill a Contracts with Customers (ASC 340-40)

For the annual reporting period that began on January 1, 2019, the Company adopted ASU 2014-09 and the other clarifications and technical guidance issued by the Financial Accounting Standards Board ("FASB") related to this new revenue standard that

have been collectively codified in ASC 606, *Revenue from Contracts with Customers,* and the related ASC Subtopic 340-40, *Other Assets and Deferred Costs - Contracts with Customers,* (together, "ASC 606"). As an emerging growth company, the Company adopted ASC 606 under the extended transition provisions available to a non-public business entity. Accordingly, the Company was not required to report under the new standards until the Company's annual reporting period for the year ended December 31, 2019.

In reporting the effects of the adoption of ASC 606 in its consolidated financial statements and related disclosures, the Company elected the full retrospective transition method. Under this method, all annual periods presented herein in these consolidated financial statements and related disclosures have been retrospectively recasted to reflect the provisions of ASC 606. In connection with the Company's evaluation and adoption of ASC 606, the classification of certain transactions previously presented in revenue at their gross amounts were re-evaluated under the principal-agent guidance were retrospectively recasted within the Company's statements of operations to a net presentation. There were no other adjustments as the result of the adoption of ASC 606 and, accordingly, no adjustment was required to the Company's beginning retained earnings (deficit) at January 1, 2017 to reflect the cumulative effect of initially applying the new standards. The adoption of ASC 606 resulted only in offsetting reclassifications between revenues and costs of services within the same reporting periods. Accordingly, these reclassifications did not have any impact on income from operations, income (loss) before income taxes, net income (loss), assets, liabilities, stockholders' deficit, or cash flows for any period.

Gains and Losses from Derecognition of Non-Financial Assets (ASU 2017-05)

Concurrent with the adoption of ASC 606, the Company was also required to adopt the provisions of ASU 2017-05,*Other Income-Gains and Losses from the Derecognition of Non-financial Assets* ("ASU 2017-05"). ASU 2017-05 clarifies that the guidance in ASC 610-20 on accounting for derecognition of a non-financial asset and an in-substance non-financial asset applies only when the asset or asset group does not meet the definition of a business or is not a non-for-profit entity. Non-financial assets include, but are not limited to, intangible assets, property and equipment. This ASU also clarifies that the provisions of ASC 606 apply if an entity transfers an asset to a customer. If an asset transfer in within the scope of ASU 2017-05, an entity measures its gain or loss on derecognition of each distinct asset as the difference between the amount of consideration received and the carrying amount of the distinct asset. The adoption of ASU 2017-05 had no impact on the Company's results of operations, financial position, or cash flows for the year ended December 31, 2019. However, the application of ASU 2017-05 to future transactions could be material.

Measurements of Certain Equity Investments (ASU 2016-01)

Under ASU 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities, entities have to measure equity investments (except those accounted for under the equity method, those that result in consolidation of the investee and certain other investments) at fair value and recognize any changes in fair value in net income. However, for equity investments that do not have readily determinable fair values and do not qualify for the existing practical expedient in ASC 820 to estimate fair value using the net asset value per share (or its equivalent) of the investment, the guidance provides a new measurement alternative. Entities may choose to measure those investments at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. The Company early adopted the provisions of ASU 2016-01 on April 1, 2019 and applied them to an acquired warrant to purchase equity of another entity, the same entity that borrowed $ 3.5 million from the Company during 2019 under a $10.0 million loan and loan commitment agreement. The carrying value, at cost, and fair value of the warrant were not material. See Note 13, Related Party Matters.

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 was effective for the Company's annual reporting period beginning in 2019 and was effective for interim periods beginning in 2020. The Company made no payments in 2020 or 2019 for contingent consideration related to business combinations.

Income Taxes for Intra-Entity Transfers of Assets Other Than Inventory (ASU 2016-16)

In October 2016, the FASB issued ASU 2016-16, *Intra-Entity Transfers of Assets Other Inventory* ("ASU 2016-16"). ASU 2016-16 removes the prohibition in ASC 740 against the immediate recognition of the current and deferred income tax effects of intra-entity transfers of assets other than inventory. The ASU is intended to reduce the complexity of U.S. GAAP and diversity in practice related to the tax consequences of certain types of intra-entity asset transfers, particularly those involving intellectual property. ASU 2016-16 was effective for the Company's annual reporting period ended December 31, 2019 and interim periods beginning in 2020. The adoption of ASU 2016-16 did not have a material effect on the Company's results of operations, financial position, or cash flows. However, any future inter-entity transfers of assets within scope of this ASU may be affected.

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 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 15, *Share-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 15, *Share-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' deficit.

Recently Issued Accounting Standards Pending Adoption

The following standards are pending adoption and will likely apply to the Company in future periods based on the Company's current business activities.

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 will be effective for the Company's annual reporting period beginning January 1, 2021, and will be effective for interim periods beginning in 2022. The amendments are applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption, and the Company has not yet made a determination to use the retrospective or prospective adoption method. Based on current operations of the Company, the adoption of ASU 2018-15 is not expected to have a material effect on the Company's results of operations, financial position, or cash flows.

Reference Rate Reform (ASU 2020-04)

On March 12, 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848), Facilitation of the Effects of Reference Rate Reform on Financial Reporting. This ASU provides temporary optional expedients and exceptions to the GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burdens of the expected market transition from the London Interbank Offered Rate ("LIBOR") and other interbank offered rates to alternative reference rates, such as the Secured Overnight Financial Rate. Entities can elect not to apply certain modification accounting requirements to contracts affected by what the guidance calls reference rate reform, if certain criteria are met. An entity that makes this election would not have to remeasure the contact at the modification date or reassess a previous accounting determination. ASU 2021-01 ASU 2020-04 can be adopted at any time before December 31, 2022. The provisions of ASU 2020-04 may impact the Company if future debt modifications or refinancings utilize one or more of the reference rates covered by the provisions of this ASU.

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 and interim reporting periods beginning 2022. 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. 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 and notes receivable. Since the Company was a smaller reporting company ("SRC") on November 15, 2019, the Company must adopt this new standard no later than the beginning of 2023 for annual and interim reporting periods.

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. Since the Company was a SRC on November 15, 2019, the Company must adopt this new standard no later than the beginning of 2023 for annual and interim reporting periods. 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.

Simplifying the Accounting for Income Taxes (ASU 2019-12)

In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes* ("ASU 2019-12"). ASU 2019-12 will affect several topics of income tax accounting, including: tax-basis step-up in goodwill obtained in a transaction that is not a business combination; intra-period tax allocation; ownership changes in investments when an equity method investment becomes a subsidiary of an entity; interim-period accounting for enacted changes in tax law; and year-to-date loss limitation in interim-period tax accounting. This ASU is effective for the Company on January 1, 2022. We are evaluating the effect of ASU 2019-12 on our consolidated financial statements.

Concentration of Risk

A substantial portion of the Company's revenues and receivables are attributable to merchants. For the years ended December 31, 2020, 2019, and 2018, no one merchant customer accounted for 10% or more of the Company's consolidated revenues. Most of the Company's merchant customers were referred to the Company by an ISO or other referral partners. If the Company's agreement with an ISO allows the ISO to have merchant portability rights, the ISO can move the underlying merchant relationships to another merchant acquirer upon notice to the Company and completion of a "wind down" period. For the years ended December 31, 2020, 2019, and 2018, merchants referred by one ISO organization with merchant portability rights generated revenue within the Company's Consumer Payments reportable segment that represented approximately 21%, 18%, and 14%, respectively, of the Company's consolidated revenues.

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.

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 income from operations, income (loss) before income tax expense (benefit), net income (loss), stockholders' deficit, or cash flows from operations, investing, or financing activities.

2. DISPOSAL OF BUSINESS

On September 1, 2020, PRET, a majority-owned and consolidated subsidiary of the Company, entered into an asset purchase agreement (the "Agreement") with MRI Payments LLC and MRI Software LLC (together, "MRI" or the buyer) to sell certain assets from PRET's real estate services business. The buyer also agreed to assume certain obligations associated with the assets. The transaction contemplated by the Agreement was completed on September 22, 2020 after receiving regulatory approval. Prior to execution of the Agreement, the buyer was not a related party of PRET or the Company.

The assets covered by the Agreement were substantially the same assets that PRET acquired in March 2019 from YapStone, Inc. and these assets constituted PRET's RentPayment component, which was part of the Integrated Partners reporting unit, operating segment and reportable segment. These assets consist of contracts with customers, an assembled workforce, technology-related assets, Internet domains, trade names and trademarks. The buyer also assumed obligations under an in-place and off-balance-sheet operating lease for office space. Since PRET's acquisition of these assets from YapStone, Inc. in March 2019, PRET and the Company have made operational changes that resulted in these assets becoming a business as defined by the provisions of ASU 2017-01, *Clarifying the Definition of a Business,* before their sale to MRI.

Proceeds received by PRET were $179.4 million, net of $0.6 million for a working capital adjustment. The gain amounted to $107.2 million as follows:

(in thousands)		
Gross cash consideration from buyer	$	180,000
Less working capital adjustment paid in cash		(584)
Net proceeds from buyer		179,416
Transaction costs incurred		(5,383)
Assets sold:		
Intangible assets		(62,158)
Other assets sold, net of obligations assumed		(716)
Goodwill assigned to business sale		(2,683)
Other intangible assets		(1,237)
Pre-tax gain on sale of business	**$**	**107,239**

PRET is a limited liability company and is a pass-through entity for income tax purposes. Income tax expenses associated with the gain attributable to the stockholders of the Company were estimated to be approximately $12.3 million.

Allocation of net proceeds, after transaction costs, to the PRET members included return of each member's invested capital in PRET and excess proceeds were distributed in accordance with the distribution provisions of the PRET LLC governing agreement. The Company's invested capital amounted to $71.8 million, which included the assets sold, goodwill and other intangible assets. The non-controlling interest's invested capital was $5.7 million. Approximately $51.4 million and $45.1 million of the excess proceeds were distributed to the Company and the non-controlling interests, respectively.

The working capital adjustment of $584 thousand and the allocation of net proceeds described above remain subject to final adjustment with the buyer and PRET members, respectively. Any remaining payments made or received by the Company will be recorded in the period in which such amounts are finalized.

As disclosed in Note 10, *Long-Term Debt and Warrant Liability*, $106.5 million of cash received by the Company was used on September 25, 2020 to reduce the outstanding balance of the term loan facility under the Company's Senior Credit Facility.

Operating Lease Obligation

The buyer assumed an in-place operating lease in Dallas, Texas which expires on November 1, 2024. The Company has not adopted ASC 842; therefore this lease obligation was not reflected in the Company's balance sheet prior to the assumption by the buyer. The Company was relieved of minimum lease payment obligations totaling $0.5 million for the remainder of the current lease term.

Continuing Operations

Based on historical financial results, the Company does not believe the sale of the RentPayment component represents a strategic shift. Therefore, in accordance with ASC 205-20, *Presentation of Financial Statements - Discontinued Operations*, the Company will not classify or report the business that was sold as discontinued operations in its consolidated financial statements for any reporting period. The Company will continue to serve the rental property market through its ongoing PRET operations.

Pro Forma Information

The following unaudited pro forma information is provided for the business (the RentPayment component) that was sold under the Agreement, excluding the gain recognized on the sale transaction:

	Year Ended December 31,	
(in thousands)	**2020**	**2019**
Revenues	$ 12,042	$ 11,694
Income from operations *(1)*	$ 1,825	$ 2,275
Net income *(2) (3)*	$ 1,725	$ 2,218
Net income attributable to the stockholders of Priority Technology Holdings, Inc. *(4)*	$ 1,725	$ 2,218
Income per common share for stockholders of Priority Technology Holdings, Inc. - Basic and Diluted *(4)*	$ 0.03	$ 0.03

(1) Historical financial results are not being reported as discontinued operations.
(2) Does not reflect interest expense on the borrowings used to acquire the YapStone assets in March 2019.
(3) Pro forma income tax expense based on the following consolidated effective tax rates of Priority Technology Holdings, Inc.: 5.5% and 2.5% for the years ended December 31, 2020 and 2019, respectively. These rates exclude the effect of the $107.2 million net gain on the sale recognized during the year ended December 31, 2020.
(4) Prior to the September 2020 sale transaction that resulted in the gain on the sale, no earnings or losses of the PRET LLC were attributable to the NCIs of PRET.

3. REVENUE

For all periods presented, most of the Company's revenues were recognized over time. Revenues and commissions earned from the sales of payment equipment are typically recognized at a point in time.

Nature of our Customer Arrangements

The Company's payment services customers contract with the Company for payment services, which the Company provides in exchange for consideration for completed transactions. Some of these payment services are performed by third parties.

The Company's consumer payment services enable the Company's customers to accept card, electronic, and digital-based payments at the point of sale. These services may include authorization services, settlement and funding services, customer support and help-desk functions, chargeback resolution, payment security services, consolidated billing and statements, and online reporting. The Company also earns revenue and commissions from resale of electronic point-of-sale ("POS") equipment.

The Company's commercial payment services enable the Company's customers to automate their accounts payable and other commercial payments functions with the Company's payment services that utilize physical and virtual payment cards as well as

ACH transactions. In addition, the Company provides cost-plus-fee turnkey business process outsourcing and assists commercial customers with programs that are designed to increase acceptance of electronic payments.

The Company's Integrated Partners segment uses payment-adjacent technologies to facilitate the acceptance of electronic payments from customers in the rental real estate, medical, and hospitality industries.

Revenue Recognition

At contract inception, the Company assesses the services and goods promised in its contracts with customers and identifies the performance obligation for each promise to transfer to the customer a service or good that is distinct. For substantially all of the Company's services, the nature of the Company’s promise to the customer is to stand ready to accept and process the transactions that customers request on a daily basis over the contract term. Since the timing and quantity of transactions to be processed is not determinable, the services comprise an obligation to stand ready to process as many transactions as the customer requires. Under a stand-ready obligation, the evaluation of the nature of the Company’s performance obligation is focused on each time increment rather than the underlying activities. Therefore, the Company has determined that its services comprise a series of distinct days of service that are substantially the same and have the same pattern of transfer to the customer. Accordingly, the promise to stand ready is accounted for as a single-series performance obligation.

When third parties are involved in the transfer of services or goods to the customer, the Company considers the nature of each specific promised service or good and applies judgment to determine whether the Company controls the service or good before it is transferred to the customer or whether the Company is acting as an agent of the third party. The Company follows the requirements of ASC 606-10, *Principal Agent Considerations*, which states that the determination of whether an entity 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. To determine whether or not the Company controls the service or good, it assesses indicators including: 1) whether the Company or the third party is primarily responsible for fulfillment; 2) if the Company or the third party provides a significant service of integrating two or more services or goods into a combined item that is a service or good that the customer contracted to receive; 3) which party has discretion in determining pricing for the service or good; and 4) other considerations deemed to be applicable to the specific situation.

Based on assessments of these indicators, the Company concluded:

- Promises to customers to provide certain payment services is distinct from the other payment services provided by the card-issuing financial institutions, payment networks, and sponsor banks. The Company does not have the ability to direct the use of and obtain substantially all of the benefits of the services provided by the card-issuing financial institutions, payment networks, and sponsor banks before those services are transferred to the customer, and on that basis, the Company does not control those services prior to being transferred to the customer. The Company has either no or little discretion in setting the price that the customer pays for these specific services. The Company therefore acts as agent for these payment services provided by the card-issuing financial institutions, payment networks, and sponsor banks.
- For other promises to customers to provide other significant payment services such as onboarding, underwriting, processing, customer service, and fraud detection/prevention services, the Company has discretion in setting the price that the customer ultimately pays for these services and the Company either is responsible for fulfillment or has shared responsibility. If a third party is partially responsible for fulfillment, the Company provides a significant service of integrating two or more services, which may include services from other parties, and directs their use to create a combined item that is a specified service requested by the customer. For services that involve these other parties, the Company has direct contractual relationships with these parties.

Substantially all of the Company’s payment services are priced as a percentage of transaction value or a specified fee per transaction, or a combination of both. Given the nature of the promise and the underlying fees based on unknown quantities or outcomes of services to be performed over the contract terms with customers, the total consideration is determined to be variable consideration. The variable consideration for payment services is usage-based and therefore it specifically relates to efforts to satisfy the payment services obligation. Said another way, the variability is satisfied each day the service is provided to the customer. The Company directly ascribes variable fees to the distinct day of service to which it relates, and considers the services performed each day in order to ascribe the appropriate amount of total fees to that day. Therefore, the Company measures revenue for payment services on a daily basis based on the services that are performed on that day.

Once the Company determines the performance obligations and the transaction price, including an estimate of any variable consideration, the Company then allocates the transaction price to each performance obligation in the contract using a relative standalone selling price method. The Company determines standalone selling price based on the price at which the service or good is sold separately. If the standalone selling price is not observable through past transactions, the Company estimates the standalone selling price by considering all reasonably available information, including market conditions, trends or other company-specific or customer-specific factors. Substantially all of the performance obligations described above that involve services are satisfied over time. Equipment sales are generally transferred to the customer at a point in time.

In delivering payment services to the customer, the Company may also provide a limited license agreement to the customer for use of one or more of the Company's proprietary cloud-based software applications. The Company grants a right to use its software applications only when the customer has contracted with the Company to receive related payment services. When combined with the underlying payment services, the license and the payment services provided to the customer are a single stand-ready obligation and the Company's performance obligation is defined by each time increment, rather than by the underlying activities, satisfied over time based on days elapsed.

Interest income is reported separately on the Company's statements of operations within Other, net and was approximately $0.8 million, $0.6 million, and $0.6 million for the years ended December 31, 2020, 2019, and 2018, respectively.

Transaction Price Allocated to Future Performance Obligations

ASC 606 requires disclosure of the aggregate amount of the transaction price allocated to unsatisfied performance obligations. However, as allowed by ASC 606, the Company has elected to exclude from this disclosure any contracts with an original duration of one year or less and any variable consideration that meets specified criteria. As described above, the Company's most significant performance obligations consist of variable consideration under a stand-ready series of distinct days of service. Such variable consideration meets the specified criteria for the disclosure exclusion. Therefore, the majority of the aggregate amount of transaction price that is allocated to performance obligations that have not yet been satisfied is variable consideration that is not required for this disclosure. The aggregate fixed consideration portion of customer contracts with an initial contract duration greater than one year is not material.

Contract Costs

For new, renewed, or anticipated contracts with customers, the Company does not incur material amounts of incremental costs to obtain such contracts, as those costs are defined by ASC 340-40.

Fulfillment costs, as defined by ASC 340-40, typically benefit only the period (typically a month in duration) in which they are incurred and therefore are expensed in the period incurred (i.e., not capitalized) unless they meet criteria to be capitalized under other accounting guidance.

The Company pays commissions to most of its ISOs, and for certain ISOs the Company also pays (through a higher commission rate) them to provide customer service and other services directly to our merchant customers. The ISO is typically an independent contractor or agent of the Company. Although certain ISOs may have merchant portability rights, the merchant meets the definition of a customer for the Company even if the ISO has merchant portability rights. Since payments to ISOs are dependent substantially on variable merchant payment volumes generated after the merchant enters into a new or renewed contract, these payments to ISOs are not deemed to be a cost to acquire a new contract since the ISO payments are based on factors that will arise subsequent to the event of obtaining a new or renewed contract. Also, payments to ISOs pertain only to a specific month's activity. For payments made, or due, to an ISO, the expenses are reported within costs of services on our statements of operations.

The Company from time-to-time may elect to buy out all or a portion of an ISO's rights to receive future commission payments related to certain merchants. Amounts paid to the ISO for these residual buyouts are capitalized by the Company under the accounting guidance for intangible assets and included in intangible assets, net on our consolidated balance sheets.

Contract Assets and Contract Liabilities

A contract with a customer creates legal rights and obligations. As the Company performs under customer contracts, its right to consideration that is unconditional is considered to be accounts receivable. If the Company's right to consideration for such performance is contingent upon a future event or satisfaction of additional performance obligations, the amount of revenues recognized in excess of the amount billed to the customer is recognized as a contract asset. Contract liabilities represent consideration received from customers in excess of revenues recognized. Material contract assets and liabilities are presented net at the individual contract level in the consolidated balance sheet and are classified as current or non-current based on the nature of the underlying contractual rights and obligations.

Supplemental balance sheet information related to contracts from customers as of December 31, 2020 and 2019 was as follows:

(in thousands)	**Consolidated Balance Sheet Location**	**December 31, 2020**	**December 31, 2019**
Liabilities:			
Contract liabilities, net (current)	Customer deposits and advance payments	$ 1,494	$ 1,912

The balance for the contract liabilities was approximately $1.8 million and $2.2 million at January 1, 2019 and January 1, 2018, respectively. The changes in the balances during the years ended December 31, 2020, 2019, and 2018 were due to the timing of advance payments received from the customer.

Net contract assets were not material for any period presented.

Impairment losses recognized on receivables or contract assets arising from the Company's contracts with customers were not material for the years ended December 31, 2020, 2019, or 2018.

Disaggregation of Revenues

The following table presents a disaggregation of our consolidated revenues by type for the years ended December 31, 2020, 2019 and 2018:

	Year Ended December 31,		
(in thousands)	**2020**	**2019**	**2018**
Revenue Type:			
Merchant card fees	$ 377,346	$ 339,450	$ 343,791
Outsourced services and other services	23,103	28,712	29,099
Equipment	3,893	3,692	2,932
Total revenues	$ 404,342	$ 371,854	$ 375,822

4. ASSET ACQUISITIONS, ASSET CONTRIBUTIONS, AND BUSINESS COMBINATIONS

Asset Acquisitions

YapStone

In March 2019, the Company, through one of its subsidiaries, PRET, acquired certain assets and assumed certain related liabilities (the "YapStone net assets") from YapStone, Inc. under an asset purchase and contribution agreement. The purchase price for the YapStone net assets was $65.0 million in cash plus a non-controlling interest ("NCI") in PRET issued to YapStone, Inc. with a fair value that was estimated to be approximately $5.7 million. The total purchase price was assigned to customer relationships, except for $1.0 million and $1.2 million which were assigned to a software license agreement and a services

agreement, respectively. The $65.0 million of cash was funded from the Company's Senior Credit Facility. PRET is part of the Company's Integrated Partners reportable segment.

During the third quarter of 2020, substantially all of the YapStone net assets were sold to a third party. See Note 2, *Disposal of Business*, to the consolidated financial statements. Approximately $45.1 million of PRET's 2020 earnings through the disposal date, which were composed mostly of gain recognized on the sale, were attributed and distributed in cash to the NCI during the third quarter 2020 pursuant to the profit-sharing agreement between the Company and the NCI. At the time of the sale, the NCI was also redeemed in cash for its $5.7 million interest in PRET.

For the year ended December 31, 2019, no earnings of PRET were allocated to the NCI.

Residual Portfolio Rights Acquired

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 the Senior Credit Facility, $10.0 million was funded from revolving credit facility under the Senior Credit Facility, and cash on hand was used to fund the remaining amount. This acquisition became part of the Company's Consumer Payments reportable segment. The purchase price was subject to a potential increase of up to $6.4 million in accordance with the terms of the agreement between the Company and the sellers over a three-year period. Additional purchase price is accounted for when payment to the seller becomes probable and is added to the carrying value of the asset and amortization expense is adjusted to reflect the new carrying value at the original purchase date. The first period for determining contingent consideration ended in March 2020, and the Company paid the seller $2.1 million of additional cash consideration, partially offset by an amount owed to the Company by the seller. At December 31, 2020, it became apparent that the Company would owe the seller an additional $2.1 million for the second period for determining contingent consideration ending March 2021, and the Company recorded this estimated amount in its consolidated financial statements as of December 31, 2020.

Direct Connect

In December 2018, the Company acquired a merchant portfolio for $44.8 million from Direct Connect Merchant Services, LLC. The purchase price included cash contingent consideration of up to approximately $7.3 million, determinable over a period that ended on December 31, 2019. At December 31, 2019, the Company determined that it did not owe the contingent consideration.

Asset Assignments and Contributions

Merchant Portfolio Rights and Reseller Agreement

In October 2019, the Company simultaneously entered into two agreements with another entity. These two related agreements 1) assign to the Company certain perpetual rights to a merchant portfolio and 2) form a 5-year reseller arrangement whereby the Company will offer and sell to its customer base certain online services to be fulfilled by the other entity. No cash consideration was paid to, or received from, the other entity at execution of either agreement. It was not initially determinable if the Company would have to pay any amount as consideration for the merchant portfolio rights due to the provisions of the related reseller agreement. The Company does not anticipate any net losses under the two contracts. Subsequent cash payments from the Company to the other entity for the merchant portfolio rights are determined based on a combination of both: 1) the actual financial performance of the acquired merchant portfolio rights and 2) actual sales and variable wholesale costs for the online services sold by the Company under the reseller arrangement. Prior to December 31, 2020, amounts paid to the other entity were accounted for as either 1) standard costs of the services sold by the Company under the 5-year reseller agreement or 2) consideration for the merchant portfolio rights.

At December 31, 2020, the Company believes it has accumulated the additional data and historical experience that it deems necessary in order to reasonably estimate an amount of cash that the Company believes it will ultimately have to transfer as remaining consideration for the merchant portfolio rights. Accordingly, at December 31, 2020 the Company accrued

approximately $6.2 million of estimated remaining cash consideration and additional accumulated costs for the merchant portfolio. At December 31, 2020, the Company has recorded aggregate costs, including both actual costs and estimated remaining consideration, totaling $11.1 million. As of December 31, 2019, the Company had recorded aggregate actual costs of approximately $1.1 million. Amortization expense was adjusted to reflect the new carrying value at the original purchase date.As of December 31, 2020 and 2019, accumulated amortization was $2.8 million and $0.1 million, respectively. The merchant portfolio has an estimated remaining life of 3.5 years at December 31, 2020.

The Company will continue to review its estimate of the remaining consideration to be funded and adjust the value of the intangible asset and accrual for its obligation accordingly.

eTab and Cumulus (Related Party)

In February 2019, a subsidiary of the Company, PHOT, received a contribution of substantially all of the operating assets of eTab, LLC ("eTab") and CUMULUS POS, LLC ("Cumulus") under asset contribution agreements. No material liabilities were assumed by PHOT. These contributed assets were composed substantially of technology-related assets. Prior to these transactions, eTab was 80% owned by the Company's Chairman and Chief Executive Officer. No cash consideration was paid to the contributors of the eTab or Cumulus assets on the date of the transactions. As consideration for these contributed assets, the contributors were issued redeemable preferred equity interests in PHOT. Under these redeemable preferred equity interests, the contributors are eligible to receive up to $4.5 million of profits earned by PHOT, plus a preferred yield (6% per annum) on any of the $4.5 million amount that has not been distributed to them. The Company's Chairman and Chief Executive Officer owns83.3% of the redeemable preferred equity interests in PHOT. Once a total of $4.5 million plus the preferred yield has been distributed to the holders of the redeemable preferred equity interests, the redeemable preferred equity interests will cease to exist. The Company determined that the contributor's carrying value of the eTab net assets (as a common control transaction under GAAP) was not material. Under the guidance for a common control transaction, the contribution of the eTab net assets did not result in a change of entity or the receipt of a business, therefore the Company's financial statements for prior periods have not been adjusted to reflect the historical results attributable to the eTab net assets. Additionally, no material amount was estimated for the fair value of the contributed Cumulus net assets. PHOT is a part of the Company's Integrated Partners reportable segment.

Pursuant to the limited liability company agreement of PHOT, any material future earnings generated by the eTab and Cumulus assets that are attributable to the holders of the preferred equity interests will be reported by the Company as a form of non-controlling interests classified as mezzanine equity on the Company's consolidated balance sheet until $4.5 million and the preferred yield have been distributed to the holders of the preferred equity interests. Subsequent changes, if material, in the value of the NCI will be reported as an equity transaction between the Company's consolidated retained earnings (accumulated deficit) and any carrying value of the non-controlling interests in mezzanine equity. For the year ended December 31, 2020, a total of $250,000 of PHOT's earnings were attributable to the NCIs of PHOT, and this same amount was also distributed in cash to the NCIs during the same reporting period. Accordingly, there is no material amount to classify as mezzanine equity on the Company's consolidated balance sheet at December 31, 2020.

Such amounts were not material to the Company's results of operations, financial position, or cash flows for the period covering February 1, 2019 (date the assets were contributed to the Company) through December 31, 2019, and therefore no recognition of the NCI was reflected in the Company's consolidated financial statements for reporting periods prior to 2020.

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 asset purchase was deemed to be a business under ASC 805. 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 its Integrated Partners reportable segment. 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 "NCIs"), however, based on this arrangement no losses or earnings were allocated to the NCIs for the years ended December 31, 2020, 2019 and 2018. At December 31, 2020, all of the NCIs' interest have been redeemed for amounts that were not material.

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 January 1, 2018, 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's subsidiary PRET, acquired substantially all of the 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 tool set 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. 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 Integrated Partners 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. 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. 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.

NCIs in PRET were issued to certain sellers of the RadPad and Landlord Station assets in the form of residual profit interests and distribution rights. However the fair value of these NCIs was deemed to not be material 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 PRET's operating agreement, no material earnings or losses related to RadPad or Landlord Station were attributable to the NCIs for the years ended December 31, 2019 or 2018.

As disclosed in Note 2, *Disposal of Business*, to the consolidated financial statements, in third quarter 2020 PRET sold substantially all of its assets, composed mostly of the assets acquired from YapStone, Inc. in March 2019, to a third party. This disposal by PRET resulted in the redemptions of PRET's NCIs, including the NCIs that originated from PRET's July 2018 acquisition of the RadPad and Landlord Station assets.

Priority Payment Systems Northeast

In July 2018, the Company acquired substantially all of the 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, over a two-year period from the date of the acquisition. 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. Transaction costs were not material and were expensed. As of December 31, 2020, the Company has determined that it will owe no contingent consideration to the seller, and accrued contingent consideration of approximately $0.2 million was credited to the Company's statements of operations for both years ended December 31, 2020 and 2019.

Priority Payment Systems Tech Partners

In August 2018, the Company acquired substantially all of the 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 would have received 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, over a two-year period from the date of acquisition. 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. Transaction costs were not material and were expensed. As of December 31, 2020, the Company has determined that it will owe no contingent consideration to the seller, and accrued contingent consideration of approximately $0.2 million and $0.4 million was credited to the Company's statement of operations for the years ended December 31, 2020 and 2019, respectively.

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"), is closed for these 2018 business combinations.

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

5. SETTLEMENT ASSETS AND OBLIGATIONS

Consumer Payments Segment

In the Company's Consumer Payments reportable segment, funds settlement refers to the process of transferring funds for sales and credits between card issuers and merchants. 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 a member bank until the merchant is funded. The Company has agreements with member banks which allow the Company to route transactions under the member bank's control to clear transactions through the card networks. Timing

differences, interchange fees, merchant reserves and exception items cause differences between the amounts received from the card networks and the amounts funded to the merchants. Since settlement funds are required to be in the possession of a member bank until the merchant is funded, these funds are not assets of the Company and the associated obligations related to these funds are not liabilities of the Company. Therefore, neither is recognized in the Company's consolidated balance sheets. Member banks held merchant funds of approximately $103.8 million and $79.8 million at December 31, 2020 and 2019, respectively.

Exception items include items such as customer chargeback amounts received from merchants and other losses. Under agreements between the Company and its merchant customers, the merchants assume liability for such chargebacks and losses. If the Company is ultimately unable to collect amounts from the merchants for any charges or losses due to merchant fraud, insolvency, bankruptcy or any other reason, it may be liable for these charges. In order to mitigate the risk of such liability, the Company may 1) require certain merchants to establish and maintain reserves designed to protect the Company from such charges or losses under its risk-based underwriting policy and 2) engage with certain ISOs in partner programs in which the ISOs assume liability for these charges or losses. A merchant reserve account is funded by the merchant and held by the member 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.

Exception items that become the liability of the Company are recorded as merchant losses, a component of costs of services in the consolidated statements of operations. Exception items that the Company is still attempting to collect from the merchants through the funds settlement process or merchant reserves are recognized as settlement assets in the Company's consolidated balance sheets, with an offsetting reserve for those amounts the Company estimates it will not be able to recover. Expenses for actual and estimated merchant losses for the years ended December 31, 2020, 2019, and 2018 were $4.1 million, $3.1 million, and $3.1 million, respectively.

Commercial Payments Segment

In the Company's Commercial Payments segment, the Company earns revenue from certain of its services by processing ACH transactions for financial institutions and other business customers. Customers transfer funds to the Company, which are held in bank accounts controlled by the Company until such time as the ACH transactions are made. The Company recognizes these cash balances within restricted cash and settlement obligations in its consolidated balance sheets.

The Company's settlement assets and obligations at December 31, 2020 and 2019 were as follows:

(in thousands)	December 31, 2020	December 31, 2019
Settlement Assets:		
Card settlements due from merchants, net of estimated losses	$ 753	$ 446
Card settlements due from processors	—	87
Total Settlement Assets	$ 753	$ 533
Settlement Obligations:		
Card settlements due to merchants	$ —	$ 44
Due to ACH payees (1)	72,878	37,745
Total Settlement Obligations	$ 72,878	$ 37,789

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

6. NOTES RECEIVABLE

The Company has notes receivable from ISOs and another entity (seeNote 13, *Related Party Matters*) totaling approximately $7.7 million and $5.7 million as of December 31, 2020 and 2019, respectively. These notes receivable are reported as current

and non-current on the Company's consolidated balance sheet. The notes bear a weighted-average interest rate of13.1% and 12.4% as of December 31, 2020 and 2019, respectively.

Under the terms of the agreements with ISOs, the Company preserves the right to hold back residual payments due to the ISOs and to apply such residuals against future payments due to the Company. The note receivable due from another entity is secured by business assets and a personal guarantee.

The allowance for doubtful note receivable is shown net of the current outstanding principal balances for notes receivable on the consolidated balance sheet and the $0.5 million provision for doubtful note receivable is included within selling, general and administrative expense on the consolidated statement of operations and within other noncash items, net on the consolidated statement of cash flows.

Principal contractual maturities on the notes receivable, including payment-in-kind interest, at December 31, 2020 were as follows:

(in thousands)

Year Ended December 31,		**Maturities**
2021	$	2,657
2022		1,463
2023		132
2024		3,970
Total principal due		8,222
Discount (long-term)		(38)
Allowance for doubtful note receivable (current)		(467)
Notes receivable, net	$	7,717

7. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

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

(in thousands)		**December 31, 2020**		**December 31, 2019**
Consumer Payments	$	106,832	$	106,832
Integrated Partners		—		2,683
	$	106,832	$	109,515

The following table summarizes the changes in the carrying value of goodwill for the years ended December 31, 2020, 2019 and 2018:

(in thousands)		Amount
Balance at January 1, 2018 (all Consumer Payments)	$	101,532
Additions for the year ended December 31, 2018:		
PayRight (Integrated Partners)		298
RadPad/Landlord Station (Integrated Partners)		2,385
PPS Northeast (Consumer Payments)		1,920
PPS Tech (Consumer Payments)		3,380
Balance at December 31, 2019 and 2018		109,515
Disposal of goodwill in Integrated Partners reporting unit (Note 2, *Disposal of Business*)		(2,683)
Balance at December 31, 2020	**$**	**106,832**

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

There were no impairment losses for the years ended December 31, 2020, 2019, or 2018. The Company performed its most recent annual goodwill impairment test as of October 1, 2020, as noted below, using the optional qualitative method. On October 1, 2020 and December 31, 2020, only one of the Company's reporting units, Consumer Payments, had goodwill assigned to it due to the 2020 events described in Note 2, *Disposal of Business*.

Effective for the annual reporting period ended December 31, 2020, the Company voluntarily changed the date for its annual goodwill impairment assessment from November 30 to October 1. Both dates occur in the Company's fourth quarter. The Company believes this prospective change does not represent a material change to a method of applying an accounting principle, even though the carrying value of goodwill is material to the Company's consolidated financial statements. This change had no effect on the Company's results of operations, financial condition, or cash flows for any reporting period. By using the October 1 annual assessment date, the Company believes that it will be able to utilize more readily available data from both internal and external sources and have additional time to evaluate the data prior to finalizing its year-end consolidated financial statements and disclosures. Based on the last quantitative assessment performed as of November 30, 2019, the estimated fair value of the Consumer Payments reporting unit exceeded the carrying value of the reporting unit. The Consumer Payments reporting unit passed the qualitative assessment as of October 1, 2020 and the Company believes that it is not more likely than not that the fair value of the Consumer Payments reporting unit is less than its carrying amount on October 1, 2020. This change in the date for the annual impairment assessment for goodwill does not change the Company's requirements to assess goodwill on an interim date between scheduled annual testing dates if triggering events are present. As of December 31, 2020, the Company is not aware of any triggering events that have occurred since October 1, 2020.

Other Intangible Assets

The Company's other intangible assets include acquired merchant portfolios, customer relationships, ISO relationships, trade names, technology, non-compete agreements, and residual buyouts. For the year ended December 31, 2020, the Company recognized costs, including accrued contingent consideration, of $10.0 million and $3.5 million for merchant portfolios and residual buyouts, respectively. For the year ended December 31, 2019, the Company recognized costs, including accrued contingent consideration, of $69.8 million for merchant portfolios (including $68.7 million related to the asset acquisition from YapStone, Inc.), $19.9 million for residual buyouts, and $1.0 million for technology intangibles.

See Note 4, *Asset Acquisitions, Asset Contributions, and Business Combinations*, for information about contingent consideration related to acquisitions consummated in 2019 and 2018.

See Note 2, *Disposal of Business*, for information about intangible assets that were disposed during the year ended December 31, 2020.

At December 31, 2020 and December 31, 2019, other intangible assets consisted of the following:

	As of December 31,	
(in thousands)	**2020**	**2019**
Capitalized:		
Merchant portfolios	$ 55,816	$ 114,554
Customer relationships	40,740	40,740
Residual buyouts	116,112	112,731
Non-compete agreements	3,390	3,390
Trade names	2,870	2,870
Technology	14,390	15,390
ISO relationships	15,200	15,200
Total capitalized	$ 248,518	$ 304,875
Less accumulated amortization:		
Merchant portfolios	$ (19,471)	$ (12,655)
Customer relationships	(30,267)	(25,836)
Residual buyouts	(72,659)	(59,796)
Non-compete agreements	(3,390)	(3,390)
Trade names	(1,651)	(1,273)
Technology	(13,951)	(12,758)
ISO relationships	(7,319)	(6,341)
Total accumulated amortization	$ (148,708)	$ (122,049)
Accumulated allowance for impairment	$ (1,753)	$ —
Net carrying value	$ 98,057	$ 182,826

The weighted-average amortization periods for intangible assets held at December 31, 2020 are as follows:

	Useful Life	**Amortization Method**	**Weighted-Average Life**
Merchant portfolios	5 - 6 years	Straight-line	5.5 years
Residual buyouts	1 - 9 years	Straight-line and double declining	6.8 years
Non-compete agreements	3 years	Straight-line	3.0 years
Trade names	5 -12 years	Straight-line	11.6 years
Technology	6 - 7 years	Straight-line	6.1 years
ISO relationships	11 - 25 years	Sum-of-years digits	23.7 years
Customer relationships	10 - 15 years	Straight-line and sum-of-years digits	11.0 years

Amortization expense for intangible assets was $33.1 million, $32.4 million, and $14.7 million for the years ended December 31, 2020, 2019 and 2018, respectively.

The estimated amortization expense of intangible assets as of December 31, 2020 for the next five years and thereafter is:

(in thousands)		
Year Ending December 31,		**Estimated Amortization Expense**
2021	$	28,216
2022		27,066
2023		21,280
2024		10,126
2025		3,671
Thereafter		7,698
Total	$	98,057

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 intangible assets for impairment when events occur or circumstances indicate that the fair value of an intangible asset or group of intangible assets may be impaired. In the Company's Consumer Payments segment, a residual buyout intangible asset with a net carrying value of $2.2 million was deemed to be impaired at December 31, 2020. The fair value of this intangible asset was estimated to be approximately $0.5 million, resulting in the recognition of an impairment charge of $l.8 million and this amount is included in selling, general and administrative expenses on the Company' consolidated statement of operations for the year ended December 31, 2020. This impairment was the result of diminished cash flows generated by the merchant portfolio.

The Company also considered the market conditions generated by the COVID-19 pandemic and concluded that there were no additional impairment indicators present at December 31, 2020.

8. 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, 2020 and December 31, 2019 was as follows:

	As of December 31,				
(in thousands)		**2020**		**2019**	**Estimated Useful Life**
Furniture and fixtures	$	2,795	$	2,787	2 - 7 years
Equipment		10,216		10,101	3 - 7 years
Computer software		44,320		37,440	3 - 5 years
Leasehold improvements		6,250		6,367	5 - 10 years
		63,581		56,695	
Less accumulated depreciation		(40,706)		(33,177)	
Property, equipment and software, net	$	22,875	$	23,518	

Depreciation expense totaled $7.7 million, $6.6 million, and $5.1 million for the years ended December 31, 2020, 2019, and 2018, respectively.

9. 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 at December 31, 2020 and December 31, 2019 consisted of the following:

	As of December 31,	
(in thousands)	**2020**	**2019**
Accounts payable - trade	$ 4,308	$ 6,968
Accrued card network fees	$ 8,041	$ 6,950

10. 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, 2012 and December 31, 2019:

	As of December 31, 2020	
(dollar amounts in thousands)	**2020**	**2019**
Senior Credit Agreement:		
Term Loan - Matures January 3, 2023 and bears interest at LIBOR (with a LIBOR "floor" of1.00% beginning March 8, 2020) plus 6.50% and 5.0% at December 31, 2020 and 2019, respectively (actual rate of7.50% and 6.71% at December 31, 2020 and 2019, respectively)	$ 279,417	$ 388,837
Revolving credit facility - $25.0 million line, matures January 22, 2022, and bears interest at LIBOR plus6.50% and 5.0% at December 31, 2020 and 2019, respectively (actual rate of 6.65% and 6.71% at December 31, 2020 and 2019, respectively).	—	11,500
Term Loan - Subordinated, matures July 3, 2023 and bears interest at5.0% plus an applicable margin at December 31, 2020 and 2019 (actual rate of 12.50% and 10.50% at December 31, 2020 and 2019, respectively)	102,623	95,142
Total debt obligations	382,040	495,479
Less: current portion of long-term debt	(19,442)	(4,007)
Less: unamortized debt discounts and deferred financing costs	(4,725)	(5,894)
Total long-term debt, net	**$ 357,873**	**$ 485,578**

Substantially all of the Company's assets are pledged as collateral under the credit agreements. The Company is neither a borrower nor a guarantor of the credit agreements. The Company's subsidiaries that are borrowers or guarantors under the credit agreements are referred to as the "Borrowers."

Long-Term Debt

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. 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 Company determined that the 2017 debt refinancing should be accounted for as a debt extinguishment.

Amendments

The following table summarizes changes made as the results of key amendments to the 2017 credit agreements through December 31, 2020:

(in millions)	Senior Credit Agreement			GS Credit Agreement	Discounts and Costs		
Amendment	Additional Principal Established	Additional Revolving Line Established	Amendment Type	Principal Established (a)	Issue Discount	Costs Expensed (b)	Costs Capitalized
January 2017	$ 200.0	$ 25.0	Extinguishment	$ 80.0	$ 3.7	$ 1.8	$ 3.3
January 2018	67.5	—	Modification	—	$ 0.4	$ 0.8	$ 0.7
December 2018	130.0	—	Modification	—	$ 0.3	$ 1.2	$ 0.1
March 2020	—	—	Modification	—	$ —	$ 0.4	$ 2.7
	$ 397.5	$ 25.0		$ 80.0			

(a) The GS Credit Agreement allows for payment-in-kind interest which subsequently increases the amount outstanding. Beginning with the Sixth Amendment, the Senior Credit Agreement began to allow certain amounts of interest to be treated as payment-in-kind interest and added to the outstanding borrowings balance, as discussed below under the header "Changes to Applicable Interest Rate Margins."

(b) Reported within "Debt extinguishment and modification expenses" on the Company's consolidated statements of operations.

The Senior Credit Agreement and the GS Credit Agreement were also amended on November 14, 2017. This 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. This amendment did not affect any of the material terms, conditions, or covenants of the Senior Credit Agreement or the GS Credit Agreement.

Additionally, two amendments were executed in 2019 that concerned procedural changes to the quarterly and annual reporting for lenders and did not affect any of the material terms, conditions, or covenants of the Senior Credit Agreement or the GS Credit Agreement.

Senior Credit Agreement

Outstanding borrowings under the Senior Credit Agreement accrue interest using either a base rate (as defined) or a LIBOR rate plus an applicable margin, or percentage per annum, as provided in the amended credit agreement. For the term loan facility of the Senior Credit Facility, the Sixth Amendment provides for a LIBOR "floor" of 1.0% per annum. Accrued interest is payable quarterly. The revolving credit facility incurs a commitment fee on any undrawn amount of the $25.0 million credit line, which equates to 0.5% per annum for the unused portion.

GS Credit Agreement

Outstanding borrowings under the GS Credit Agreement accrue interest at 5.0%, plus an applicable margin, or percentage per annum, as indicated in the amended credit agreement. Accrued interest is payable quarterly at 5.0% per annum, and the accrued interest attributable to the applicable margin is capitalized as payment-in-kind ("PIK") interest each quarter.

Senior Credit Agreement - Partial Pay Down of Term Debt and Changes to Applicable Interest Rate Margins in 2020

Under the Sixth Amendment, the interest rate margins for the Senior Credit Agreement and the GS Credit Agreement increased incrementally by 1.0% on June 16, 2020, and then increased incrementally by 0.5% on each of the dates July 16, August 15, and September 14, 2020 because the Borrowers did not make a permitted accelerated principal payment of at least $100.0 million under the term loan facility of the Senior Credit Agreement on or before those dates as described in the Sixth Amendment (the "$100.0 million principal prepayment"). The additional interest expense incurred by the Borrowers due to the increases in the applicable margin for the revolving credit facility under the Senior Credit Agreement was paid in cash and such increases for the term facility of the Senior Credit Facility and the GS Credit Agreement were accounted for as PIK interest at the election of the Borrowers.

On September 25, 2020, the Borrowers made the $100.0 million principal prepayment plus an additional $6.5 million principal prepayment to reduce the outstanding indebtedness under the term loan facility of the Senior Credit Agreement. This $106.5 million prepayment resulted in simultaneous reductions in the applicable interest rate margins under the Senior Credit Agreement and the GS Credit Agreement, which prospectively eliminates and reverses the applicable margin increases described in the preceding paragraph.

Under the terms of the Senior Credit Agreement and the GS Credit Agreement, the future applicable interest rate margins may vary based on the Borrowers' future Total Net Leverage Ratio (as defined) in addition to future changes in the underlying market rates for LIBOR and the rate used for base-rate borrowings. The Senior Credit Agreement and the GS Credit Agreement also have incremental margins that would apply to the future applicable interest rates if the Borrowers are deemed to be in violation of the terms of the credit agreement.

Contractual Maturities

Principal outstanding at December 31, 2020 for term debt under the Senior Credit Agreement and the GS Credit Agreement are scheduled to be paid as follows:

(in thousands)	**Principal Due**			
	Senior Credit Agreement		**GS Credit Agreement**	**Total**
Year Ending December 31,	Term	Revolver	Term	
2021 (*current*)	$ 19,442	$ —	$ —	$ 19,442
2022	38,884	—	—	38,884
2023	221,091	—	102,623	323,714
Total	**$ 279,417**	**$ —**	**$ 102,623**	**$ 382,040**

Additionally, the Company may be obligated to make certain additional mandatory prepayments after the end of each year based on excess cash flow, as defined in the Senior Credit Agreement. No such prepayments were due for the years ended December 31, 2020 and 2019.

Under the Senior Credit Agreement, prepayments of outstanding principal may be made in permitted increments with a 1.0% penalty for certain prepayments. Under the GS Credit Agreement, prepayment of outstanding principal is subject to a 4.0% penalty for certain prepayments occurring prior to March 18, 2021 and 2.0% for certain prepayments occurring between March 18, 2021 and March 18, 2022. Such penalties will be based on the principal amount that is prepaid, subject to the terms of the credit agreements.

On March 5, 2021, the Company entered into a debt commitment letter with Truist Bank and Truist Securities, Inc., pursuant to which Truist has committed to provide Priority with a new Term Loan Facility and Revolving Credit Facility, which will replace existing Senior loan facilities. Also, on March 5, 2021, the Company entered into a preferred stock commitment letter (the "Equity Commitment Letter") with Ares Capital Management LLC and Ares Alternative Credit Management LLC to issue preferred stock, the proceeds of which will be partially used to entirely repay our Subordinated Debt Facility. See Note 21, *Subsequent Events,* for additional information.

PIK Interest

The principal amount borrowed and outstanding under the GS Credit Agreement was $80.0 million at December 31, 2020 and December 31, 2019. Included in the outstanding principal balance at December 31, 2020 and December 31, 2019 was accumulated PIK interest of $22.6 million and $15.1 million, respectively. For the years ended December 31, 2020 and 2019, the payment-in-kind (PIK) interest under the GS Credit Agreement added $7.5 million and $5.1 million, respectively, to the principal amount outstanding under the GS Credit Agreement.

Interest Expense and Amortization of Deferred Loan Costs and Discounts

Deferred financing costs and debt discount 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. Unamortized deferred financing costs and debt discount are included in net long-term debt in the Company's consolidated balance sheets.

Interest expense, including fees for undrawn amounts under the revolving credit facility and amortization of deferred financing costs and debt discounts, was $44.8 million, $40.7 million, and $29.9 million for the years ended December 31, 2020, 2019 and 2018, respectively. Interest expense increased due to the amortization of deferred financing costs and debt discounts by $2.4 million, $1.7 million, and $1.4 million for the years ended December 31, 2020, 2019, and 2018, respectively.

Interest expense for the year ended December 31, 2019 also included a $0.4 million fee for the $70.0 million delayed principal draw under December 2018 amendment to the Senior Credit Agreement, which occurred during the first quarter of 2019.

Debt Extinguishment and Debt Modification Expenses

In addition to the $0.4 million of expenses associated with amounts paid to third parties related to the debt modification that occurred in March 2020, debt modification and extinguishment expenses for the year ended December 2020 also included the write off of certain previously deferred loan costs. The $106.5 million principal repayment made in September 2020 for the term facility of the Senior Credit Agreement was deemed to be a partial extinguishment of debt that was permitted and contemplated by the existing debt agreement, as previously amended. As a result, a proportional amount of unamortized loan costs and discount in the amount of $1.5 million were removed and expensed during the year ended December 31, 2020.

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 the Company, 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 Company is also required to comply with certain restrictions on its Total Net Leverage Ratio, which is defined in the credit agreements as the ratio of consolidated total debt of the Borrowers to the Company's consolidated adjusted EBITDA (as defined in the Senior Credit Agreement and GS Credit Agreement). The maximum permitted Total Net Leverage Ratio was 7.75:1.00 at December 31, 2020. As of December 31, 2020, the Company remained in compliance with the covenants.
The table below sets forth the maximum permitted Total Net Leverage Ratio for the indicated test periods:

Test Period Ending	Total Net Leverage Ratio Maximum Permitted
December 31, 2020	7.75 : 1.00
March 31, 2021	7.71 : 1.00
June 30, 2021	7.44 : 1.00
September 30, 2021	7.19 : 1.00
December 31, 2021	7.00 : 1.00
March 31, 2022	6.75 : 1.00
June 30, 2022	6.72 : 1.00
September 30, 2022 to December 31, 2022	6.50 : 1.00
Each test period thereafter	5.50 : 1.00

Redeemed 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.

11. 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 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' deficit. In addition, the Company's consolidated financial statement for the year ended December 31, 2018 presented herein reflects 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 the full year 2018.

Components of consolidated income tax expense (benefit) for the years ended December 31, 2020, 2019, and 2018 was as follows:

	For the Year Ended December 31,		
(in thousands)	**2020**	**2019**	**2018**
U.S. current income tax expense (benefit)			
Federal	$ 4,766	$ (11)	$ 29
State and local	3,173	75	418
Total current income tax expense	$ 7,939	$ 64	$ 447
U.S. deferred income tax expense (benefit)			
Federal	$ 3,875	$ 1,920	$ (2,541)
State and local	(915)	(1,154)	(396)
Total deferred income tax expense (benefit)	$ 2,960	$ 766	$ (2,937)
Total income tax expense (benefit)	$ 10,899	$ 830	$ (2,490)

The Company's consolidated effective income tax rate was13.3% for the year ended December 31, 2020, compared to an consolidated effective income tax benefit rate of2.5% for the year ended December 31, 2019. For the year ended December 31, 2018, the Company's consolidated effective income tax rate was 12.5%. The effective rate for 2020 differed from the statutory rate of 21% primarily due to earnings attributable to noncontrolling interests and valuation allowance changes against certain business interest carryover deferred tax assets. The effective rate for 2019 differed from the statutory federal rate of 21% primarily due to valuation allowance changes against certain business interest carryover deferred tax assets. The effective rate for 2018 differed 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 consolidated income tax expense (benefit) at the statutory U.S. federal tax rate to actual consolidated income tax expense (benefit) for the years ended December 31, 2020, 2019 and 2018:

	For the Year Ended December 31,		
(in thousands)	**2020**	**2019**	**2018**
U.S. federal statutory (benefit)	$ 17,211	$ (6,879)	$ (4,268)
Non-controlling interests	(5,626)	—	—
Earnings as dual-member LLC	—	—	1,643
State and local income taxes, net	1,140	(1,564)	(2)
Excess tax benefits pursuant to ASU 2016-09	(37)	309	140
Valuation allowance changes	(2,945)	9,302	(66)
Intangible assets	1,056	—	—
Nondeductible items	233	125	86
Tax credits	(283)	(323)	(123)
Other, net	150	(140)	100
Income tax expense (benefit)	$ 10,899	$ 830	$ (2,490)

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 consolidated deferred income taxes were as follows:

	As of December 31,	
(in thousands)	**2020**	**2019**
Deferred Tax Assets:		
Accruals and reserves	$ 1,499	$ 1,566
Intangible assets	49,558	53,600
Net operating loss carryforwards	436	4,114
Interest limitation carryforwards	6,295	9,266
Other	2,115	1,877
Gross deferred tax assets	59,903	70,423
Valuation allowance	(7,200)	(10,144)
Total deferred tax assets	52,703	60,279
Deferred Tax Liabilities:		
Prepaid assets	(973)	(521)
Investments in partnership	(19)	(5,408)
Property and equipment	(5,014)	(4,693)
Total deferred tax liabilities	(6,006)	(10,622)
Net deferred tax assets	**$ 46,697**	**$ 49,657**

In accordance with the provisions of ASC 740, *Income Taxes* ("ASC 740"), the Company provides 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, 2020 and 2019, the Company had a consolidated valuation allowance of approximately $7.2 million and $10.1 million, respectively, against certain deferred income tax assets related to business interest deduction carryovers and 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, 2020 and 2019, the net amounts of our unrecognized tax benefits were not material.

The Company is subject to U.S. federal income tax and income tax in multiple state jurisdictions. Tax periods for 2017 and all years thereafter remain open to examination by the federal and state taxing jurisdictions and tax periods for 2016 and all years thereafter remain open for certain state taxing jurisdictions to which the Company is subject.

At December 31, 2020, the Company has utilized all of its federal NOL carryforwards of approximately $26.5 million. Also, at December 31, 2020 and 2019, the Company had state NOL carryforwards of approximately $6.2 million and $19.5 million, respectively, with expirations dates ranging from 2023 to 2044.

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 had 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 has historically been impacted 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 "ATI", as defined. In March 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was enacted, which among other provisions, provides for the increase of the 163(j) ATI limitation from 30% to 50% for tax years 2019 and 2020. As a result of its earnings and the enactment of the CARES Act during 2020, the Company has fully utilized its federal, and the majority of its state, interest deduction limitation carryforwards of $21.2 million and $11.0 million for the years ended December 31, 2019 and 2018, respectively.

12. COMMITMENTS AND CONTINGENCIES

Leases

The Company has various operating leases for office space and equipment. These leases range in terms from 2 years 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 at December 31, 2020:

		(in thousands)
Due In		**Amount Due**
2021	$	1,356
2022		1,307
2023		1,356
2024		1,394
2025		1,367
Thereafter		2,388
Total	$	9,168

Total rent expenses for the years ended December 31, 2020, 2019, and 2018 was $2.5 million, $2.0 million, and $1.9 million, respectively, which is included in selling, general and administrative 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, 2020, the Company is committed to pay minimum processing fees under these agreements of approximately $7.0 million over the next year.

Merchant Reserves

See Note 5, *Settlement Assets and Obligations*, for information about merchant reserves.

Commitment to Lend

See Note 13, *Related Party Matters*, for information on a loan commitment extended by the Company to another entity.

Contingent Consideration

See Note 4, *Asset Acquisitions, Asset Contributions, and Business Combinations*, for information about contingent consideration related to acquisitions consummated in 2019 and 2018.

Legal Proceedings

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.

13. RELATED PARTY MATTERS

Contributed Assets of eTab and Cumulus

See Note 4, *Asset Acquisitions, Asset Contributions, and Business Combinations*, for information about the contributions from related parties of certain assets and liabilities of eTab and Cumulus.

Loan with Warrant

During 2019, the Company, through one of its wholly-owned subsidiaries, executed an interest-bearing loan and commitment agreement with another entity. The Company loaned the entity a total of $3.5 million during 2019, with a commitment to loan up to $10.0 million based on certain growth metrics of the entity and continued compliance by the entity with the terms and covenants of the agreement. The Company's commitment to make additional advances under the loan agreement is dependent upon such advances not conflicting with covenants or restrictions under any of the Company's debt or other applicable agreements. Amounts loaned to this entity by the Company are secured by substantially all of the assets of the entity and by a personal guarantee. The note receivable has an interest rate of 12.0% per annum and is repayable in full in May 2024. The Company also received a warrant to purchase a non-controlling interest in this entity's equity at a fixed amount. The loan agreement also gives the Company certain rights to purchase some or all of this entity's equity in the future, at the entity's then-current fair value. The fair values of the warrant, loan commitment, and purchase right were not material at inception or at December 31, 2020.

Prior Management Services Agreement

During the year ended December 31, 2018, 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 related to management service fees, annual bonus

payout, and occupancy fees, which are recorded in selling, general and administrative expenses in the Company's consolidated statements of operations.

Due from Members of Priority Holdings, LLC

As noted in Note 1, *Nature of Business and Accounting Policies*, on July 25, 2018 the owners of Priority Holdings, LLC contributed their member equity interests in exchange for the issuance of MI Acquisitions Inc.'s common stock, and MI Acquisitions, Inc. simultaneously changed its name to Priority Technology Holdings, Inc. Subsequent to July 25, 2018, the Company has made cash payments to, and received cash refund payments from, the former owners of Priority Holdings, LLC, mostly related to pass-through tax amounts for periods prior to July 25, 2018. At December 31, 2020 and 2019, the net amounts receivable from these parties were approximately $0.2 million and $0.2 million, respectively.

Underwriting Commissions

During the year ended December 31, 2018, the Company paid and capitalized in additional paid-in capital underwriting commissions of $8.0 million related to the recapitalization. See Note 14, *Stockholders' Deficit*.

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.

14. STOCKHOLDERS' 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 revised to reflect the number of shares received as a result of the Recapitalization.

The equity structure of the Company was as follows as of December 31, 2020 and 2019:

(shares in thousands)	**December 31, 2020**			**December 31, 2019**		
	Authorized	**Issued**	**Outstanding**	**Authorized**	**Issued**	**Outstanding**
Common stock, par value $0.001	1,000,000	67,842	67,391	1,000,000	67,512	67,061
Preferred stock, par value $0.001	100,000	—	—	100,000	—	—

The difference between the issued and outstanding common stock at December 31, 2020 and 2019 is due to 451,224 shares of treasury stock held by the Company.

In connection with the Business Combination and Recapitalization, the following occurred in 2018:

- 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 4, *Asset Acquisitions, Asset Contributions, and Business Combinations*) and includes 3.0 million shares issued in connection with the 2014 Management Incentive Plan (see Note 15, *Share-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.

During the second quarter of 2019, the Company repurchased a total of 451,224 shares of its common stock at an average price of $5.29 per share. Total cash paid by the Company was approximately $2.4 million. The repurchases were authorized under a December 2018 resolution by the Company's board of directors, which expired during the second quarter of 2019.

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, 2020, the Company has not issued any shares of preferred stock.

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 were designated as "public warrants" and 421,107 were designated as "private warrants"). The warrants, which survived the Business Combination, may be exercised before August 24, 2023, which is the end of the five-year period that commenced 30 days after the Business Combination of July 25, 2018. 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 for accounting purposes.

In August 2018, the Company was informed by Nasdaq that Nasdaq 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 approximately 2.2 million warrants being tendered during 2019 in exchange for approximately 0.4 million 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.

Purchase option issued by MI Acquisitions

Prior to July 25, 2018, a purchase option was sold to an underwriter by MI Acquisitions for consideration of $100. The purchase option, which survived the Business Combination, allows the holder 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. The purchase option expires on August 24, 2023, which is the end of the five-year period that commenced 30 days after the Business Combination of July 25, 2018. The purchase option is classified as equity for accounting purposes. No exercises have occurred through December 31, 2020.

2018 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 in 2018 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' deficit. The remaining $3.6 million of expenses were related to the Business Combination and are presented in selling, general and administrative expenses in the accompanying consolidated statements of operations.

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

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. 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.

For the year ended December 31, 2018, Priority recorded distributions to its members of $7.1 million prior to the Business Combination.

15. SHARE-BASED COMPENSATION

During 2020, 2019 and 2018, the Company had three share-based compensation plans: 2018 Equity Incentive Plan; Earnout Incentive Plan; and 2014 Management Incentive Plan. Total share-based compensation expense, for both equity-classified and liability-classified awards, was approximately $2.4 million, $3.7 million, $1.6 million for the years ended December 31, 2020, 2019, and 2018, respectively, which is included in salary and employee benefits in the accompanying consolidated statements of operations. For the years ended December 31, 2020, 2019 and 2018, the Company recognized an income tax benefit of approximately $0.4 million, $0.5 million and $0.1 million, respectively, for share-based compensation expense.

For the years ended December 31, 2020, 2019, and 2018, share-based compensation was recognized by plan as follows:

	Year Ended December 31,		
(in thousands)	**2020**	**2019**	**2018**
Plan:			
2018 Equity Incentive Plan	$ 2,430	$ 2,385	$ 187
Earnout Incentive Plan	—	—	—
2014 Management Incentive Plan	—	1,267	1,462
Total	$ 2,430	$ 3,652	$ 1,649

No share-based compensation has been capitalized. 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 6,685,696 of the Company's common stock, and these shares were registered on a Form S-8 during 2018. 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, restricted stock units RSU), other share-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 activity in stock units for the 2018 Plan that occurred during the years ended December 31, 2020, 2019 and 2018 is as follows:

6,685,696	Common stock authorized for the 2018 Plan
(2,044,815)	Stock options granted in December 2018
7,558	Stock option grants forfeited in 2018
(202,200)	RSUs granted in 2018
4,446,239	Common stock available for issuance under the 2018 Plan at December 31, 2018
326,173	Stock option grants forfeited in 2019
(36,657)	RSUs granted in 2019
60,421	RSUs forfeited in 2019
4,796,176	Common stock available for issuance under the 2018 Plan at December 31, 2019
(15,000)	Stock options granted in 2020
220,045	Stock option grants forfeited in 2020
(1,031,740)	RSUs granted in 2020
(128,624)	RSU granted in 2020 with performance goals that have not been determined
21,277	RSUs forfeited in 2020
3,862,134	Common stock available for issuance under the 2018 Plan at December 31, 2020

The above table does not reflect a liability-classified award with an estimated fair value of $0.8 million included in accounts payable and accrued expenses in the consolidated balance sheet at December 31, 2020.

Stock Options

Substantially all stock options grants were granted in December 2018 when the Company issued stock option grants to substantially all of the Company's employees at the time, excluding the Company's executive officers. The stock options issued in December 2018 vest as follows: 50% on July 27, 2019; 25% on July 27, 2020; and 25% on July 27, 2021. If a participant 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 equity-classified stock options granted 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	2,044,815	$	6.95			
Exercised in 2018	—		—			
Forfeited in 2018	(7,558)	$	6.95			
Expired in 2018	—		—			
Outstanding, December 31, 2018	2,037,257	$	6.95	9.6 years	$	2,139
Granted in 2019	—		—			
Exercised in 2019	—		—			
Forfeited or expired in 2019	(326,173)	$	6.95			
Outstanding, December 31, 2019	1,711,084	$	6.95	8.6 years	$	—
Granted in 2020	15,000	$	2.47			
Exercised in 2020	—		—			
Forfeited or expired in 2020	(220,045)	$	6.95			
Outstanding, December 31, 2020	**1,506,039**	**$**	**6.91**	**7.8 years**	**$**	**203**
Vested and Expected to Vest	1,506,039	$	6.91	7.8 years	$	203
Exercisable at December 31, 2020	1,125,755	$	6.95	7.8 years	$	101

No stock options have been exercised as of December 31, 2020. For the years ended December 31, 2020, 2019 and 2018, compensation expense of $0.8 million, $2.0 million and $0.2 million was recognized for stock option grants. As of December 31, 2020, there was approximately $0.4 million of unrecognized compensation cost related to stock options, which is expected to be recognized over a remaining weighted-average period of 0.7 years.

The table below presents the assumptions used to calculate the fair value of the stock options issued in 2020 and 2018:

	2020	2018
Expected volatility	94 %	30 %
Risk-free interest rate	0.5 %	2.4 %
Expected term (years)	7.5	4.3
Dividend yield	— %	— %
Exercise price	$2.47	$6.95

No stock options were granted in 2019.

Equity-Classified Restricted Stock Units

	Underlying Common Shares	Weighted-average Grant-date Fair Value	*(in thousands)* Aggregate Fair Value
Service-based vesting:			
Unvested at January 1, 2018	—		
Granted in 2018	107,142	$ 7.00	$ 750
Unvested at December 31, 2018	107,142		
Granted in 2019	36,657	$ 6.82	$ 250
Vested in 2019	(53,571)		$ 171
Forfeited in 2019	(36,657)	$ 6.82	
Unvested at December 31, 2019	53,571		
Granted in 2020	892,142	$ 2.93	$ 2,617
Forfeited in 2020	(21,277)	$ 2.35	
Vested in 2020	(328,035)		$ 1,150
Unvested at December 31, 2020	**596,401**		
Performance-based vesting:			
Unvested at January 1, 2018	—		
Granted in 2018	95,057	$ 10.52	$ 1,000
Unvested at December 31, 2018	95,057		
Forfeited in 2019	(23,674)	$ 10.52	
Unvested at December 31, 2019	71,383		
Granted in 2020 (a) (b)	139,598	$ 2.56	$ 358
Forfeited in 2020	(71,383)	$ 10.52	
Unvested at December 31, 2020	**139,598**		

(a) Includes only the portions of grants for which the performance goals have been determined and communicated to the grant recipient. For the portions of any grants for which the required performance goals have not been determined and communicated to the grant recipient, a grant has not yet occurred for accounting purposes.

(b) Does not include a liability-classified performance-based RSU award with an estimated fair value of $0.8 million.

As of December 31, 2020, there was approximately $1.6 million and $0.2 million of unrecognized compensation cost for equity-classified service-based RSUs and performance-based RSUs, respectively, and these costs are expected to be recognized over a weighted-average period of 2.2 years and 2.6 years, respectively.

Liability-Classified Share-Based Arrangement

In March 2020, the compensation committee of the Company's board of directors provided performance goals and achievement criteria to its CEO and Chairman. If these performance goals are met, the Company has committed to issue an RSU grant with a target fair value of $0.8 million on the future grant date, which occurred in the first quarter of 2021. The Company began accruing compensation expense in 2020 and through December 31, 2020 has accrued an aggregate of $0.3 million for this liability-classified award.

Earnout Incentive Plan

The Company's Earnout Incentive Plan (the "EIP") expired on December 31, 2019. No shares were issued under the EIP. During the fourth quarter of 2019, a total of 95,057 RSUs expired under the EIP with a grant-date fair value of $10.52 each (these grants were in addition to the 95,057 RSUs issued under the 2018 Plan, as previously noted above). Prior to December 31, 2019, it was not probable that the performance metrics would be achieved, thus no compensation expense was recognized for these RSUs for any reporting period.

2014 Management Incentive Plan

The Priority Holdings Management Incentive Plan (the "MIP") was established in 2014 to issue share-based compensation awards to selected employees. Simultaneously with the Business Combination and Recapitalization (see Note 14, *Stockholders' 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. During the year ended December 31, 2019, the Company elected to accelerate vesting for all remaining unvested awards under the MIP, resulting in accelerated compensation expense. Compensation expense under the MIP was approximately $1.3 million and $1.5 million for the years ended December 31, 2019 and 2018, respectively. As of December 31, 2020 and 2019, there was no unrecognized compensation cost for the MIP and no grants remain outstanding under this plan.

16. 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. The Company's contributions to the plan were $1.3 million, $1.3 million, and $0.9 million for the years ended December 31, 2020, 2019, and 2018, respectively.

The Company offers a comprehensive medical benefit 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.

17. FAIR VALUE

Fair Value Measurements

The following is a description of the valuation methodologies used for contingent consideration for business combinations and for the Goldman Sachs warrant prior to its July 2018 redemption (see Note 10, *Long-Term Debt and Warrant Liability*), both of which were initially recorded and remeasured at fair value at the end of each reporting period. The contingent consideration for business combinations are related to acquisitions made in 2018 and the contingency periods have expired at December 31, 2020. The Goldman Sachs warrant was fully redeemed in July 2018. Accordingly, at December 31, 2020, the Company no longer has any fair value estimates that are remeasured at the end of each reporting period.

Redeemed Goldman Sachs Warrant

Prior to its redemption in July 2018, the Goldman Sachs warrant was classified as level 3 in the fair value hierarchy. Historically, the fair value of the Goldman Sachs 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 Goldman Sachs warrant was fully redeemed in exchange for $12.7 million cash, which resulted in a gain of $0.1 million, as the value of the Goldman Sachs warrant immediately prior to the cancellation was $12.8 million.

Contingent Consideration for Business Combinations

The initial estimated fair value of approximately $1.0 million for the contingent consideration related to the 2018 business combinations for PPS Tech and PPS Northeast (see Note 4, *Asset Acquisitions, Asset Contributions, and Business Combinations*) were based on a weighted payout probability at the measurement date, which falls within Level 3 on the fair value hierarchy since these recurring fair value measurements are based on significant unobservable inputs. The probabilities used to estimate the payout probability of the contingent consideration for the two business combinations ranged between 15% and 35% for one and between 5.0% and 80% for the other. The weighted average probabilities were based on present value of estimated projections for financial metrics for the remaining earnout periods. At December 31, 2019 and 2018, the fair value of this contingent consideration was estimated to be an aggregate of approximately $0.4 million and $1.0 million, respectively. During the years ended December 31, 2020 and 2019, the carrying values of these contingent consideration arrangements were reduced by approximately $0.4 million and $0.6 million, respectively, and these amounts are reported within selling, general and administrative expense on the Company's consolidated statements of operations. The Company paid no amounts under either of these earnout arrangements which expired during the year ended December 31, 2020.

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, 2020, 2019, and 2018:

(in thousands)	Warrant Liability	Contingent Consideration
Balance at January 1, 2018	$ 8,701	**$ —**
Extinguishment of GS 1.8% warrant liability (Note 10)	(8,701)	—
GS 2.2% warrant liability (Note 10)	12,182	—
Adjustment to fair value included in earnings	591	—
Extinguishment of GS 2.2% warrant liability (Note 10)	(12,701)	—
Change in fair value of warrant liability	(72)	—
Earnout liabilities arising from business combinations (Note 4)	—	980
Balance at December 31, 2018	—	980
Adjustment to fair value included in earnings	—	(620)
Balance at December 31, 2019	—	360
Adjustment to fair value included in earnings	—	(360)
Balance at December 31, 2020	**$ —**	$ —

There were no transfers among the fair value levels during the years ended December 31, 2020, 2019, or 2018.

Fair Value Disclosures

Notes Receivable

Notes receivable are carried at amortized cost. Substantially all of the Company's notes receivable are secured, and the Company believes that all of its notes receivable are collectible. The fair value of the Company's notes receivable at December 31, 2020 and December 31, 2019 was approximately $7.7 million and $5.7 million, respectively. On the fair value hierarchy, Level 3 inputs are used to estimate the fair value of these notes receivable.

Debt Obligations

The Borrower's outstanding debt obligations (see Note 10, *Long-Term Debt and Warrant Liability*) are reflected in the Company's consolidated balance sheets at carrying value since the Company did not elect to remeasure debt obligations to fair value at the end of each reporting period.

The fair value of the term loan facility under the Borrowers' Senior Credit Agreement at December 31, 2020 and 2019 was estimated to be approximately $278.0 million and $381.0 million, respectively. The fair value of these notes with a notional value and carrying value (gross of deferred costs and discounts) of $279.4 million and $388.8 million, respectively, was estimated using binding and non-binding quoted prices in an active secondary market, which considers the Borrowers' credit risk and market related conditions, and is within Level 3 of the fair value hierarchy.

The carrying values of the Borrowers' other long-term debt obligations approximate fair value due to mechanisms in the credit agreements that adjust the applicable interest rates and the lack of a market for these debt obligations.

18. SEGMENT INFORMATION

The Company has three 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 and Institutional Services (aka Managed Services) operating segments are aggregated into one reportable segment, Commercial Payments. The Integrated Partners operating segment is one reportable segment.

Prior to second quarter of 2019, the Integrated Partners operating segment was aggregated with the Commercial Payments and Institutional Services operating segments and reported as one aggregated reportable segment, Commercial Payments. As of the second quarter of 2019, the Integrated Partners operating segment is no longer aggregated into the Commercial Payments operating segment. All comparative periods have been adjusted to reflect the current three reportable segments.

More information about our three reportable segments:

- *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* – represents services provided to certain enterprise customers, including outsourced sales force to those customers and accounts payable automation services to commercial customers.

- *Integrated Partners* - represents payment adjacent services that are provided primarily to the rental real estate and rental storage, medical and hospitality industries. Integrated Partners had no material operations prior to 2018 and sold a significant portion of its business in September 2020.

Corporate includes costs of corporate functions and shared services not allocated to our reportable segments.

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:

	Year Ended December 31,		
(in thousands)	**2020**	**2019**	**2018**
Revenues:			
Consumer Payments	$ 367,816	$ 330,599	$ 347,013
Commercial Payments	20,922	25,980	27,056
Integrated Partners	15,604	15,275	1,753
Consolidated revenues	$ 404,342	$ 371,854	$ 375,822
Income (loss) from operations:			
Consumer Payments	$ 38,392	$ 32,237	$ 47,002
Commercial Payments	923	(891)	(952)
Integrated Partners	1,404	725	(1,969)
Corporate	(19,858)	(24,887)	(27,688)
Consolidated income from operations	$ 20,861	$ 7,184	$ 16,393
Depreciation and amortization:			
Consumer Payments	$ 35,002	$ 32,842	$ 17,945
Commercial Payments	306	323	557
Integrated Partners	4,299	4,398	145
Corporate	1,168	1,529	1,093
Consolidated depreciation and amortization	$ 40,775	$ 39,092	$ 19,740

A reconciliation of total income from operations of reportable segments to the Company's net income (loss) attributable to stockholders of Priority Technology Holdings, Inc. is provided in the following table:

	Year Ended December 31,		
(in thousands)	2020	2019	2018
Total income from operations of reportable segments	$ 40,719	$ 32,071	$ 44,081
Less Corporate	(19,858)	(24,887)	(27,688)
Less interest expense	(44,839)	(40,653)	(29,935)
Less debt modification and extinguishment expense	(1,899)	—	(2,043)
Add gain on sale of business	107,239	—	—
Add (less) other, net	596	710	(4,741)
Income tax (expense) benefit	(10,899)	(830)	2,490
Net income (loss)	71,059	(33,589)	(17,836)
Less earnings attributable to non-controlling interests	(45,398)	—	—
Net income (loss) attributable to stockholders of Priority Technology Holdings, Inc.	**$ 25,661**	**$ (33,589)**	**$ (17,836)**

Total assets, all located in the United States, by reportable segment reconciled to consolidated assets as of December 31, 2020 and 2019 were as follows:

(in thousands)	As of December 31,	
	2020	2019
Consumer Payments	$ 261,675	$ 274,136
Commercial Payments	81,106	45,152
Integrated Partners	3,991	74,386
Corporate	71,057	70,831
Total consolidated assets	$ 417,829	$ 464,505

Assets in Corporate at December 31, 2020 and 2019 primarily represent prepaid expenses and other current assets; property, equipment and software; and net deferred income tax assets. Substantially all assets related to business operations are assigned to one of the Company's three reportable segments even though some of those assets result in Corporate expenses.

19. EARNINGS (LOSS) PER COMMON 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 earnings (loss) per common share:

(in thousands except per share amounts)	Year Ended December 31, 2020	2019	2018
Numerator:			
Net income (loss)	$ 71,059	$ (33,589)	$ (17,836)
Less: Income allocated to participating securities	—	—	(45)
Less: Earnings attributable to non-controlling interests	(45,398)	—	—
Net income (loss) attributable to stockholders of Priority Technology Holdings, Inc.	**$ 25,661**	**$ (33,589)**	**$ (17,881)**
Basic:			
Weighted-average common stock shares outstanding	67,158	67,086	61,607
Basic earnings (loss) per common share	**$ 0.38**	**$ (0.50)**	**$ (0.29)**
Fully Diluted:			
Weighted-average common stock shares outstanding	67,158	67,086	61,607
Weighted-average dilutive common shares outstanding	105	—	—
Weighted-average common shares for fully-diluted earnings (loss) per share	67,263	67,086	61,607
Fully-diluted earnings (loss) per common share	**$ 0.38**	**$ (0.50)**	**$ (0.29)**

Anti-dilutive securities that were excluded from earnings (loss) per common share that could potentially be dilutive in future periods are as follows:

(in thousands)	As of December 31, 2020	2019	2018
Stock options (1)	1,506	1,711	2,091
Restricted stock units (1)	280	125	202
Liability-classified restricted stock units (1)	107	—	—
Earnout incentive awards subject to vesting (2)	—	—	95
Warrants on common stock (3)	3,556	3,556	5,731
Options and warrants issued to underwriter (3)	600	600	600
Earnout incentive awards subject to issuance (2)	—	—	9,705
Total	6,049	5,992	18,424

(1) Granted under the 2018 Equity Incentive Plan. See Note 15, *Share-Based Compensation*.
(2) Plan expired on December 31, 2019 with no shares issued.
(3) Issued by M.I. Acquisitions prior to July 25, 2018. See Note 14, *Stockholders' Deficit.*

20. SELECTED QUARTERLY FINANCIAL RESULTS (UNAUDITED)

(in thousands, except per share amounts)	2020				
	1Q	**2Q**	**3Q**	**4Q**	**Year**
Revenues	$ 96,933	$ 92,356	$ 108,962	$ 106,091	$ 404,342
Operating expenses	93,374	88,325	101,920	99,862	383,481
Income from operations	3,559	4,031	7,042	6,229	20,861
Interest expense	(10,315)	(11,668)	(13,471)	(9,385)	(44,839)
Gain on sale of business	—	—	107,239	—	107,239
Debt extinguishment and modification expenses	(376)	—	(1,523)	—	(1,899)
Other, net	30	194	190	182	596
Income tax (benefit) expense	(1,233)	415	13,737	(2,020)	10,899
Net (loss) income	(5,869)	(7,858)	85,740	(954)	71,059
Income attributable to non-controlling interests	—	—	(45,348)	(50)	(45,398)
Net (loss) income attributable to stockholders of Priority Technology Holdings, Inc.	$ (5,869)	(7,858)	$ 40,392	$ (1,004)	$ 25,661
Basic and diluted (loss) income per common share (1)	$ (0.09)	$ (0.12)	$ 0.60	$ (0.01)	$ 0.38

(in thousands, except per share amounts)	2019				
	1Q	**2Q**	**3Q**	**4Q**	**Year**
Revenues	$ 87,646	$ 92,142	$ 93,883	$ 98,183	$ 371,854
Operating expenses	86,680	89,706	91,158	97,126	364,670
Income from operations	966	2,436	2,725	1,057	7,184
Interest expense	(9,363)	(10,776)	(10,463)	(10,051)	(40,653)
Other, net	227	138	158	187	710
Income tax (benefit) expense	(1,724)	5,928	(1,736)	(1,638)	830
Net loss	$ (6,446)	$ (14,130)	$ (5,844)	$ (7,169)	$ (33,589)
Basic and diluted loss per common share (1)	$ (0.10)	$ (0.21)	$ (0.09)	$ (0.11)	$ (0.50)

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

21. SUBSEQUENT EVENTS

Merger with Finxera Holdings, Inc.

On March 5, 2021, the Company entered into a definitive merger agreement to acquire Finxera Holdings, Inc. ("Finxera"). Finxera is a provider of deposit account management payment processing services to the debt settlement industry. The transaction is expected to close in the third quarter of 2021, subject to customary closing conditions, regulatory approvals, shareholder approval for both companies, and Finxera having delivered all required consents of banking departments or other governmental entities related to its money transmitter licenses or an arrangement sufficient to enable Finxera to continue operating the business in any material jurisdictions in compliance with all applicable law without a money transmitter license. In the event that the condition is waived for a material jurisdiction pursuant to the above, the Company's closing stock consideration will be reduced by $10 million, and if a non-material jurisdiction, Finxera will take all steps necessary to ensure compliance with applicable law.

Consideration for the Merger will consist of a combination of cash and stock, with the purchase price comprising of: (a) $425 million, plus (b) the aggregate value of the current assets of the Finxera and each of its subsidiaries (the "Group Companies") less the aggregate value of the current liabilities of Group Companies, in each case, determined on a consolidated basis without duplication, as of the close of business on the business day immediately preceding the date of the Closing (which may be a positive or negative number), plus (c) the sum of all cash and cash equivalents of the Group Companies as of the close of business on the business day immediately preceding the date of the Closing, minus (d) the amount of indebtedness of the Group Companies as of the close of the business day immediately prior to the date of the Closing, minus (e) the amount of unpaid transaction expenses, minus (f) 25% of the earnings of the Group Companies during the period between the signing of the Merger Agreement and the Closing.

If the merger agreement is terminated by the Company because the transactions have not been consummated by February 28, 2022, and every condition to consummate the transactions contemplated by the merger agreement has been satisfied and the merger has not been consummated, or if the Company is in material breach of the representations, warranties or covenants in the merger agreement, then the Company may be required to pay Finxera a $22.5 million termination fee.

Debt Commitment Letter

In connection with the definitive merger agreement, Priority entered into a debt commitment letter with Truist Bank and Truist Securities, Inc. to provide Priority with $300 million of term loan commitments, $290 million of delayed draw term loan commitments, and a $40 million revolving credit facility, subject to the conditions set forth in the debt commitment letter. The proceeds of the term loan facility and the revolving credit facility will be used to refinance existing Senior loan facilities, to pay fees and expenses in connection with the refinancing, and for working capital and general corporate requirements. The proceeds of the delayed draw term loan facility will be used to finance a portion of the merger consideration and paying fees and expenses related to the merger.

The availability of loans under the term loan commitments and the revolving credit facility is subject to certain conditions including, but not limited to, prior or substantially simultaneous completion of the transactions contemplated by the equity commitment letter (as described below), either a successful marketing period in connection with the syndication of the initial term loan facility and the revolving credit facility or substantially simultaneous satisfaction of the conditions precedent for the delayed draw term loan facility, and certain other customary closing conditions.

The availability of loans under the delayed draw term loan facility is subject to certain conditions including, but not limited to, completion of the merger in accordance with the merger agreement substantially concurrently with the borrowing under the delayed draw term loan facility, substantially simultaneous occurrence of the issuance of common equity of the Company as merger consideration, pro forma leverage below a particular threshold, and certain other customary closing conditions.

Equity Commitment Letter

Additionally in connection with the definitive merger agreement, the Company entered into a preferred stock commitment letter with Ares Capital Management LLC ("ACM") and Ares Alternative Credit Management LLC ("AACM" and together with

ACM, the “Equity Commitment Parties”), pursuant to which, among other things, the Equity Commitment Parties have agreed to purchase perpetual senior preferred equity securities (the “Preferred Stock”) of the Company (a) to be issued in connection with the refinancing and repayment in full of certain Credit and Guaranty Agreements as described in the Equity Commitment Letter (the “Closing Date Refinancing”) (the “Initial Preferred Stock” and the issuance and sale thereof and certain warrants representing 2.50% of the fully diluted Company Common Shares at the Closing, the “Initial Preferred Stock Financing”) in an amount equal to (i) in the case of ACM, $90.0 million and (ii) in the case of AACM, $60.0 million, (b) to be issued in connection with the Merger (the “Acquisition Preferred Stock” and the issuance and sale thereof, the “Acquisition Preferred Stock Financing”) in an amount equal to (i) in the case of ACM, $30.0 million and (ii) in the case of AACM, $20.0 million and (c) available to be issued in connection with one or more acquisitions by the Company or its subsidiaries as permitted by the Equity Commitment Letter (the “Delayed Preferred Stock” and the issuance and sale thereof, the “Delayed Preferred Stock Financing” and together with the Initial Preferred Stock Financing and the Acquisition Preferred Stock Financing, the “Preferred Stock Financing”) an amount equal to (i) in the case of ACM, $30.0 million and (ii) in the case of AACM, $20.0 million. The Company has also agreed to issue to the Equity Commitment Parties warrants to purchase shares of common stock of the Company equal to an aggregate of 2.5% of the outstanding shares of common stock at a nominal exercise price.

The Preferred Stock will require quarterly dividend payments initially equal to a LIBOR rate plus 12% per annum of the liquidation preference, of which at least LIBOR plus 5% is to be payable in cash and the remainder paid in kind. In certain circumstances, including if the Company does not pay the minimum cash dividend, the required dividend may be increased. The Preferred Stock will be redeemable beginning two years after the first issuance of Preferred Stock at a price equal to 102% of the liquidation preference of the Preferred Stock plus any accrued and unpaid dividends or, beginning three years after the first issuance of Preferred Stock, at a price equal to the liquidation preference plus any accrued and unpaid dividends. Prior to two years after the first issuance, the Preferred Stock is redeemable at a make-whole rate. In the event of a change of control or liquidation event, the Company will be required to redeem the outstanding Preferred Stock. The Preferred Stock will not have any voting rights except as required under Delaware law, but certain actions by the Company will require the consent of holders of a majority of the Preferred Stock. In addition, the Preferred Stock will include certain covenants restricting, among other things, restricted payments, the incurrence of indebtedness, acquisitions and investments.

The Equity Commitment Parties’ commitment to provide the initial preferred stock financing is subject to certain conditions including but not limited to, the occurrence of the debt commitment refinancing, execution and delivery of the definitive documentation for the preferred stock financing, delivery by the Company to the investors of evidence of a bound buyer-side representation and warranty insurance policy, and certain other customary closing conditions.

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

N/A

ITEM 9A. CONTROLS AND PROCEDURES

a) Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act"), designed to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized or reported within the time periods specified in SEC rules and regulations and that such information is accumulated and communicated to our management, including our principal executive officer (CEO) and chief financial officer (CFO) and, as appropriate, to allow timely decisions regarding required disclosures.

Management, with the participation of the CEO and CFO, has evaluated the effectiveness of the Company's disclosure controls and procedures as of December 31, 2020. Based on that evaluation, the Company's CEO and CFO concluded that the Company's disclosure controls and procedures were effective as of December 31, 2020.

b) Report of Management on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is a process designed 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. The Company's internal control over financial reporting includes those policies and procedures that:

(i) pertain to maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of the Company's assets;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are made only in accordance with authorizations of the Company's management and directors; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2020. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) the *Internal Control - Integrated Framework (2013).* Based on this assessment, management determined that the Company maintained effective internal control over financial reporting as of December 31, 2020.

(c) Remediation of Material Weakness

In previous years, management determined that the Company did not maintain effective internal control over financial reporting due to the lack of sufficient accounting and financial reporting resources, deficiencies in certain aspects of our financial statement review and close processes, and functional limitations of the accounting and financial reporting system. Specifically,

the Company did not maintain adequate reconciliation processes and management oversight related to the accounting for certain settlement activities with the Company's sponsor banks, merchants and ISOs and for the accounting for certain chargeback revenues and related costs in the correct accounting periods in accordance with U.S. GAAP. Also, certain accounting entries lacked sufficient supporting documentation and evidence of review. These control deficiencies constituted material weaknesses.

As a result of identifying material weaknesses in internal control over financial reporting, we implemented numerous improvements to remediate these control weaknesses. These improvements included:

- *Accounting and financial reporting resources* - in December 2018 the Company hired an experienced Chief Financial Officer with significant public accounting and reporting experience and during 2019, the Company hired additional accounting and finance resources with requisite expertise and significant experience in public accounting, financial reporting and internal controls;
- *Financial statement review and closing processes* – we implemented policies and procedures to ensure consistent application of adequate controls are performed in the monthly, quarterly and annual financial statement closing process, and personnel exercising these controls are adequately trained to perform these functions;
- *Functional limitations of the accounting and financial reporting system* – enhanced financial statement preparation and analysis capabilities have been achieved through implementation of automated software that remediated weaknesses in the accounting system;
- *Reconciliation processes and management oversight related to the accounting for certain settlement activities* – we implemented policies and procedures to ensure consistent application of adequate controls are performed in the reconciliation of all settlement accounts and personnel exercising these controls are adequately trained to perform these functions;
- *Supporting documentation and review of accounting entries* - we implemented policies and procedures to consistently ensure all journal entries are supported by adequate documentation and are reviewed and approved by supervisory personnel.

After completing our testing of the design and operating effectiveness of these new control procedures, we concluded that we have remediated the previously identified material weaknesses as of December 31, 2020.

d) Attestation Report of Independent Registered Public Accounting Firm

Not applicable due to the Company's status as an Emerging Growth Company and a non-accelerated filer.

e) Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the fourth quarter of 2020 that have materially affected, or are reasonably likely to materially affect, the Company's 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 2021 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:

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Consolidated Statements of Changes in Stockholders' Deficit for the Years Ended December 31, 2020, 2019, and 2018	57
Consolidated Statements of Cash Flows for the Years Ended December 31, 2020, 2019, and 2018	59
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(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	Agreement and Plan of Merger by and among the Company, Finxera Holdings, Inc., Prime Warrior Acquisition Corp., and Stone Point Capital LLC.
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).
4.5 *	Description of Securities
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	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).
10.3.1	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).
10.3.2	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).
10.3.3	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).
10.3.4	Sixth Amendment to the Credit and Guaranty Agreement dated as of March 18, 2020 by and among Pipeline Cynergy Holdings LLC, Priority Institutional Partner Services LLC, Priority Payment Systems Holdings LLC, Priority Holdings LLC, the others Guarantors, and Truist Bank (successor by merger to SunTrust Bank), (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed March 23, 2020).
10.4	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).
10.4.1	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).
10.4.2	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).
10.4.3	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).
10.4.4	Consent and Sixth Amendment to Credit and Guaranty Agreement, dated as of March 18, 2020 by and among Priority Holdings LLC, the Guarantors, the Lenders and Goldman Sachs Specialty Group LP (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed March 23, 2020).
10.5 †	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).
10.6 †	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).
10.7 †	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).
10.8 †	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).

10.9 †	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).
10.10 †	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).
10.11 †	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).
10.12 †	Restricted Stock Unit Award Agreement between Priority Technology Holdings, Inc. and Michael Vollkommer, dated December 20, 2018 (incorporated by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K, filed March 29, 2019).
10.13 †	Form of Independent Director Agreement (incorporated by reference to Exhibit 10.19 to the Company's Annual Report on Form 10-K, filed March 29, 2019).
10.14	Asset Purchase Agreement by and between MRI Payments LLC, MRI Software LLC, and Priority Real Estate Technology LLC, dated August 31, 2020 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed September 1, 2020).
10.15	Support Agreement, dated as of March 5, 2021, by and among the Stockholders and Finxera
10.16	Debt Commitment Letter, dated as of March 5, 2021, between Priority Holdings, LLC and Truist Securities, Inc.
10.17	Preferred Stock Commitment Letter, dated as of March 5, 2021, among the Company and certain affiliates of Ares Capital Management LLC
21.1 *	Subsidiaries
23.1 *	Consent of Independent Registered Public Accounting Firm.
23.2 *	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 31, 2021

/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 31, 2021
/s/ Michael Vollkommer Michael Vollkommer	Chief Financial Officer (Principal Financial Officer)	March 31, 2021
/s/ Pamela Tefft Pamela Tefft	Controller and Chief Accounting Officer (Principal Accounting Officer)	March 31, 2021
/s/ John Priore John Priore	Vice-Chairman	March 31, 2021
/s/ Michael Passilla Michael Passilla	Director	March 31, 2021
/s/ Marietta C. Davis Marietta C. Davis	Director	March 31, 2021
/s/ Christina M. Favilla Christina M. Favilla	Director	March 31, 2021
/s/ Stephen W. Hipp Stephen W. Hipp	Director	March 31, 2021

EXHIBIT 2.2

Agreement and Plan of Merger

BY AND AMONG

Finxera HOLDINGS, inc.,

PRIORITY TECHNOLOGY HOLDINGS, INC.,

PRIME WARRIOR ACQUISITION CORP.,

AND, SOLELY IN ITS CAPACITY AS THE EQUITYHOLDER REPRESENTATIVE,

STONE POINT CAPITAL LLC

DATED AS OF MARCH 5, 2021

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AGREEMENT and plan of merger

This AGREEMENT AND PLAN OF MERGER (this "Agreement"), dated as of March 5, 2021, is made by and among Finxera Holdings, Inc., a Delaware corporation (the "Company"), Priority Technology Holdings, Inc., a Delaware corporation ("Parent"), Prime Warrior Acquisition Corp., a Delaware corporation and wholly owned indirect subsidiary of Parent ("Merger Sub"), and, solely in its capacity as the representative of the Equityholders (as defined herein), Stone Point Capital LLC, a Delaware limited liability company (the "Equityholder Representative"). The Company, Parent, Merger Sub and the Equityholder Representative shall be referred to herein from time to time collectively as the "Parties".

RECITALS:

WHEREAS, Parent, Merger Sub and the Company wish to effect a business combination through a merger of Merger Sub with and into the Company on the terms and conditions set forth in this Agreement and in accordance with the Delaware General Corporation Law (the "DGCL");

WHEREAS, the Company's Board of Directors (the "Company Board"), Parent's Board of Directors (the "Parent Board") and Merger Sub's Board of Directors (the "Merger Sub Board") have each determined that the Merger is advisable to, fair to and in the best interests of their respective stockholders upon the terms and subject to the conditions set forth in this Agreement and in accordance with the DGCL; and

WHEREAS, (a) the Company Board, the Parent Board and the Merger Sub Board have each approved the Merger and (b) the Company Board and the Merger Sub Board have recommended that their respective stockholders approve and adopt this Agreement, in each case, upon the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby intending to be legally bound agree as follows:

Article 1.

CERTAIN DEFINITIONS

Section a. Certain Definitions

. As used in this Agreement, the following terms have the respective meanings set forth below.

"20-Day VWAP" means, for the Parent Common Shares as of any specified date(s), the dollar volume-weighted average price for such Parent Common Shares on the principal securities exchange or securities market on which such Parent Common Shares are then listed during the period beginning at 9:30:01 a.m., New York time, and ending at 4:00:00 p.m., New York time, as reported by Bloomberg through its "HP" function (set to weighted average) or, if the

foregoing does not apply, the dollar volume-weighted average price of such Parent Common Shares in the over-the-counter market on the electronic bulletin board for such Parent Common Shares during the period beginning at 9:30:01 a.m., New York time, and ending at 4:00:00 p.m., New York time, as reported by Bloomberg, through its "HP" function, or if no dollar volume-weighted average price is reported for such Parent Common Shares by Bloomberg for such hours, the average of the highest closing bid price and the lowest closing ask price of any of the market makers for such Parent Common Shares as reported by OTC Markets Group Inc., in each case for the twenty (20) trading days ending on such specified date. If the 20-Day VWAP cannot be calculated for such Parent Common Shares on such date(s) on any of the foregoing bases, the 20-Day VWAP of such Parent Common Shares on such date(s) shall be the fair market value thereof on such date(s) as reasonably determined by a nationally recognized independent investment banking firm mutually agreed between Parent and the Equityholder Representative.

"280G Shareholder Approval Requirements" has the meaning set forth in Section 5.14(b).

"Accounting Firm" has the meaning set forth in Section 2.8(e)(ii).

"Accounting Principles" means the principles, practices, methodologies and procedures used by the Group Companies in the preparation of the Most Recent Financial Statements.

"Acquisition Transaction" has the meaning set forth in Section 5.7.

"Action" has the meaning set forth in Section 9.13.

"Actual Adjustment" means an amount, which may be a positive or negative number, equal to (a) the Purchase Price as finally determined pursuant to Section 2.8(e), minus (b) the Estimated Purchase Price.

"Actual Shares Outstanding" means the aggregate number of Shares outstanding as of immediately prior to the Effective Time.

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first Person. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlled" and "controlling" have meanings correlative thereto. Notwithstanding the foregoing, in the case of the Group Companies and the Stockholders, the term "Affiliate" shall not include other "portfolio companies" of funds managed by Stone Point Capital LLC.

"Aggregate Option Exercise Price" means the aggregate exercise price that would be payable to the Company in respect of all Vested Company Options had such Vested Company Options been exercised in full (and assuming concurrent payment in full of the exercise price of each such Vested Company Option solely in cash), immediately prior to the Closing.

"Aggregate Shares Deemed Outstanding" means the sum of (a) the Actual Shares Outstanding, plus (b) the aggregate number of Shares issuable in respect of all Vested Company Options outstanding as of immediately prior to the Effective Time (assuming concurrent payment in full of the Aggregate Option Exercise Price solely in cash).

"Agreement" has the meaning set forth in the preamble to this Agreement.

"Allocation Schedule" has the meaning set forth in Section 2.8(b).

"Alternative Arrangement" has the meaning set forth in Section 5.4(e).

"Alternative Commitment Letter" has the meaning set forth in Section 5.12(b).

"Alternative Financing" has the meaning set forth in Section 5.12(b).

"Anti-Money Laundering Laws" has the meaning set forth in Section 3.13(e).

"Antitrust Laws" means all U.S. federal, state, provincial and foreign, if any, statutes, rules, regulations, orders, decrees, administrative and judicial doctrines and other Laws that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or lessening of competition through merger or acquisition.

"Audited Financial Statements" has the meaning set forth in Section 3.5.

"Bank Relationships" means relationships in respect of client accounts with the Financial Institutions listed on Schedule 1.1(a) of the Company Disclosure Letter.

"Base Amount" means $425,000,000.

"Bribery Legislation" has the meaning set forth in Section 3.13(g).

"Business" means the business of the Group Companies.

"Business Day" means a day, other than a Saturday or Sunday, on which commercial banks in New York City are open for the general transaction of business.

"Business Information Technology" has the meaning set forth in Section 3.12(g).

"Capped Number of Parent Shares" has the meaning set forth in Section 5.24.

"CARES Act" means the Coronavirus Aid, Relief and Economic Security Act.

"Cash and Cash Equivalents" means the sum (expressed in United States dollars) of all cash and cash equivalents (including marketable securities, checks, bank deposits and short term investments) of the Group Companies (other than (i) Restricted Cash, (ii) the then remaining holdback as of the Closing Date described on Schedule 1.1(e) of the Company Disclosure Letter and (iii) $2,000,000 in respect of the items set forth on Schedule 1.1(d) of the Company Disclosure Letter) whether foreign or domestic as of the close of business on the Business Day

immediately preceding the Closing Date, in each case, calculated in accordance with the Accounting Principles.

"Cash Balance Plan" means the Finxera Cash Balance Plan.

"Cash Consideration Amount" means (a) if Company Financeable EBITDA is greater than $52,400,000, $375,000,000, (b) if Company Financeable EBITDA is less than or equal to $51,4000,000, $365,000,000 or (c) if Company Financeable EBITDA is greater than $51,400,000 but less than or equal to $52,400,000, an amount equal to (i) $365,000,000 plus (ii) the product of (A) $10,000,000 and (B) a fraction, (1) the numerator of which is the excess of Company Financeable EBITDA over $51,400,000 and (2) the denominator of which is $1,000,000; provided, however, that (x) if Parent Per Share Common Stock Price is less than or equal to $7.00 (subject to clause (y) below), Parent may, in its sole and absolute discretion, increase the Cash Consideration Amount by an amount not to exceed $25,000,000 (provided that such increase would not delay the timing of Closing in accordance with Section 2.2) and (y) the Cash Consideration Amount may be increased pursuant to Section 5.24, if applicable.

"Certificate of Merger" has the meaning set forth in Section 2.3.

"Change of Control Payments" means (a) any sale bonus, retention bonus, transaction bonus or other similar payment or benefit that becomes due or payable by the Company or any of its Subsidiaries to any present or former director, employee, officer, consultant or independent contractor of any Group Company, in each case as a result of, or upon, the execution and delivery of this Agreement or the consummation of the transactions contemplated by this Agreement, including the portion of any bonus payable in cash by the Company as described on Schedule 5.1(iii); and (b) the employer portion of employment Taxes on any payment (assuming, for this purpose, that each such Person's wages exceed the applicable Social Security wage base) described in clause (a); provided, however, that "Change of Control Payments" exclude (i) any Option Cash Payment in respect of Vested Company Options, and (ii) any amounts payable as a result of any action taken or arrangement implemented by or at the direction of Parent or any of its Affiliates (including from and after the Closing, the Surviving Entity or any of its Subsidiaries).

"Class A Company Common Shares" has the meaning set forth in Section 3.2(a).

"Class B Company Common Shares" has the meaning set forth in Section 3.2(a).

"Closing" has the meaning set forth in Section 2.2.

"Closing Cash Consideration" means (a) the Cash Consideration Amount plus (b) the Estimated Cash and Cash Equivalents minus (c) the Estimated Closing Date Indebtedness minus (d) the Estimated Unpaid Transaction Expenses minus (e) the Parent Portion of Pre-Closing Distributable Earnings minus (f) the Equityholder Representative Expense Amount.

"Closing Date" has the meaning set forth in Section 2.2.

"Closing Date Indebtedness" means the Indebtedness of the Group Companies as of the close of business on the Business Day immediately prior to the Closing Date.

"Closing Parent Stock Consideration" means a number of shares of Parent Common Shares equal to the quotient of (a) (i) the Estimated Purchase Price minus (ii) the Purchase Price Escrow Amount minus (iii) the Closing Cash Consideration, minus (iv) if applicable, $10,000,000 as set forth in Section 6.1(d), divided by (b) the Parent Common Stock Per Share Price; provided, however, that the Closing Parent Stock Consideration may be reduced pursuant to Section 5.24, if applicable.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commercial Software" means Software that is generally available for license to the public and has an annual license fee of one hundred thousand Dollars ($100,000) or less per copy, instance, seat or user, and that has been licensed pursuant to standard end-user licenses that do not include negotiated terms.

"Company" has the meaning set forth in the preamble to this Agreement.

"Company Benefit Plan" means each employee benefit plan, program, policy, practices, or other arrangement providing benefits, whether or not written, including (a) each "employee benefit plan" (as such term is defined in Section 3(3) of ERISA), (b) each contract for the employment or engagement of any individual on a full-time, part-time, consulting or other basis providing annual base salary, and (c) each bonus, incentive, deferred compensation, retiree medical or life insurance, supplemental retirement, severance, vacation, paid time-off, equity-based compensation, change of control (including all Change of Control Payments), advance or loan, fringe benefit and any other benefit plans, programs or arrangements (including with respect to equity), in each case, for the benefit of current or former employees, directors or independent contractors (or any beneficiary or dependent thereof) of any Group Company or for which any Group Company has any liability (contingent or otherwise). For the avoidance of doubt, Company Benefit Plan does not include any employee benefit plan, program, policy, practices, or other arrangement sponsored by a professional employer organization.

"Company Board" has the meaning set forth in the recitals to this Agreement.

"Company Common Shares" has the meaning set forth in Section 3.2(a).

"Company Disclosure Letter" has the meaning set forth in Article 3.

"Company Financeable EBITDA" means the Consolidated EBITDA (as defined in the Credit Facility) of the Group Companies for the twelve (12) month period ending June 30, 2021, used to determine the Total Net Leverage Ratio pursuant to the Credit Facility as reported on the compliance certificate for the fiscal quarter ended June 30, 2021 delivered by the Company to its lenders.

"Company Material Adverse Effect" means any event, effect, circumstance or development that, individually or in the aggregate, has had or would (i) reasonably be expected to have a material adverse effect upon the financial condition, business or results of operations of the Group Companies, taken as a whole, or (ii) reasonably be expected to prevent or materially impair the ability of the Company to consummate the transactions contemplated by this Agreement; provided, however, that no event, effect, circumstance or development, to the extent resulting from any of the following (or the results thereof) shall constitute or be taken into account, either alone or in combination, in determining whether a Company Material Adverse Effect has occurred: (a) conditions generally affecting the United States or global economy or credit, securities, currency, financial, banking or capital markets (including any disruption thereof and any decline in the price of any security or any market index) in the United States or elsewhere in the world, (b) any change generally affecting the industries in which the Group Companies operate, (c) any national or international political or social conditions, including the threatening or engagement in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack upon the United States or any other country or jurisdiction in which any of the Group Companies operate or any of their respective territories, possessions, or diplomatic or consular offices or upon any military installation, equipment or personnel, or any epidemic or pandemic (including the COVID-19 pandemic and any Governmental Entity's response thereto), (d) changes in GAAP, (e) changes in any applicable Law, (f) any earthquake, natural disaster or other force majeure event, (g) the announcement or pendency of the transactions contemplated by this Agreement (including by reason of the identity of Parent or its Affiliates or any communication by Parent or any of its Affiliates regarding its plans or intentions with respect to the business of any Group Company, and including the impact thereof on relationships with customers, suppliers, distributors, partners or employees or others having relationships with any Group Company), or (h) except as set forth on Schedule 1.1(f) of the Company Disclosure Letter, the compliance with the express terms of this Agreement or the taking of any action required by this Agreement or taken with the prior consent of Parent, including the impact thereof; and provided further, however, that the events set forth in the foregoing clauses (a), (b), (c), (d) and (e) may be taken into account in determining whether there has been a Company Material Adverse Effect to the extent that such events have a disproportionate adverse effect on the Group Companies, taken as a whole, or their business relative to other participants in the industry in which the Group Companies operate.

"Company Option" means any option to purchase one (1) or more Class B Company Common Shares issued pursuant to the Option Plan.

"Company Preferred Shares" has the meaning set forth in Section 3.2(a).

"Company Securities" has the meaning set forth in Section 3.2(b).

"Company Stockholder Written Consent" has the meaning set forth in Section 5.14(a).

"Company Subsidiary" means a Subsidiary of the Company.

"Company's Knowledge" means, as it relates to the Company or any other Group Company, as of the applicable date, the actual knowledge of Sanjoy Goyle, Prashant Gupta, John

Lawrence and Praveer Kumar, each such individual having made reasonable inquiries with respect to relevant subject matters.

"Confidentiality Agreement" means that certain Confidentiality Agreement, dated as of October 29, 2020, by and between the Equityholder Representative and Parent.

"Consent" means any consent, approval, authorization, waiver, permit, grant, franchise, concession, agreement, license, certificate, exemption, order, registration, declaration, filing, report or notice of, with or to any Person.

"Controlled Group Liability" means any and all liabilities (a) under Title IV of ERISA, (b) under Section 302 of ERISA, (c) under Sections 412 and 4971 of the Code, (d) as a result of a failure to comply with the continuation coverage requirements of Section 601 et seq. of ERISA and Section 4980B of the Code, and (e) under corresponding or similar provisions of foreign Laws, other than such liabilities that arise solely out of, or relate solely to, the Company Benefit Plans listed in Schedule 3.11(a) of the Company Disclosure Letter.

"COVID-19" means the novel coronavirus known as SARS-CoV-2 or COVID-19, and any evolutions or mutations thereof or related or associated epidemics, pandemics or disease outbreaks.

"COVID-19 Tax Obligations" means any deferral of employment and withholding Taxes of the Group Companies for the 2020 taxable year for which payment is not required until after the Closing by reason of Section 2302 of the CARES Act or the Payroll Tax Order.

"Credit Facility" means that certain Credit Agreement, dated as of August 27, 2019, by and among the Company (as Holdings), Finxera Intermediate, LLC (as Borrower), SunTrust Bank (as Administrative Agent, L/C Issuer and Swing Line Lender), the lenders party thereto and the other parties party thereto, as amended by that certain Amendment No. 1 to Credit Agreement, dated as of February 14, 2020, as further amended, restated, supplemented, refinanced or otherwise modified from time to time.

"Current Representation" has the meaning set forth in Section 9.16.

"Debt Commitment Letter" has the meaning set forth in Section 4.14.

"Debt Fee Letter" has the meaning set forth in Section 4.14.

"Debt Financing" has the meaning set forth in Section 4.14.

"Debt Financing Commitment" has the meaning set forth in Section 4.14.

"Debt Financing Sources" means each Person, in its capacity as such, that has committed to provide or arrange or otherwise entered into agreements to provide Debt Financing or any alternative debt financing in connection with the transactions contemplated by this Agreement and the other Transaction Documents, together with each Affiliate thereof and each officer, director, employee, partner, trustee, controlling Person, advisor, attorney, agent and

representative of each such entity or Affiliate and their respective successors and assigns. Parent and Merger Sub and their respective Affiliates shall not be considered Debt Financing Sources.

"Debt Payoff Letters" has the meaning set forth in Section 5.11.

"Debt Settlement Provider" has the meaning set forth in Section 3.8(a)(xv).

"Deferred Payments" has the meaning set forth in Section 2.6(f).

"Definitive Financing Agreements" has the meaning set forth in Section 5.12(a).

"Designated Person" has the meaning set forth in Section 9.16.

"DGCL" has the meaning set forth in the recitals to this Agreement.

"Disclosed Conditions" has the meaning set forth in Section 4.14.

"Disqualified Individual" has the meaning set forth in Section 5.14(b).

"Dissenting Shares" has the meaning set forth in Section 2.11.

"DSP Relationship" means the relationship with the Debt Settlement Provider listed on Schedule 1.1(b) of the Company Disclosure Letter.

"Earnings Statement" has the meaning set forth in Section 5.3(b).

"Effective Time" has the meaning set forth in Section 2.3.

"Enforceability Exceptions" has the meaning set forth in Section 3.1(a).

"Environmental Laws" means all Laws concerning pollution or protection of the environment or human health and safety (as related to exposure to hazardous substances), including all those relating to the generation, handling, transportation, treatment, storage, disposal, distribution, labeling, discharge, release, control, or cleanup of any hazardous materials.

"Equity Commitment Letter" has the meaning set forth in Section 4.14.

"Equity Fee Letter" has the meaning set forth in Section 4.14.

"Equity Financing" has the meaning set forth in Section 4.14.

"Equity Financing Commitment" has the meaning set forth in Section 4.14.

"Equity Financing Sources" means each Person, in its capacity as such, that has committed to provide or arrange or otherwise entered into agreements to provide the Equity Financing in connection with the transactions contemplated by this Agreement and the other Transaction Documents, together with each Affiliate thereof and each former, current and future officer, director, employee, partner, trustee, member, manager, general or limited partner,

management company, investment vehicle, controlling Person, advisor, attorney, agent and representative of each such entity or Affiliate and their respective successors and assigns. For the avoidance of doubt, Parent and Merger Sub and their respective Affiliates shall not be considered Equity Financing Sources.

"Equityholder" means any Stockholder or Optionholder.

"Equityholder Percentage Interest" means, with respect to each Equityholder, the percentage set forth across from such Equityholder's name on the Allocation Schedule under the heading "Equityholder Percentage Interest".

"Equityholder Representative" has the meaning set forth in the preamble to this Agreement.

"Equityholder Representative Expense Account" has the meaning set forth in Section 2.8(c)(i).

"Equityholder Representative Expense Amount" has the meaning set forth in Section 2.8(c)(i).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means, any Person which together with a Group Company, is, or was at the relevant time, treated as a "single employer" under Section 414(b), (c), (m), or (o) of the Code or Section 4001(a)(14) of ERISA.

"Escrow Agent" means JPMorgan Chase Bank, N.A.

"Escrow Agreement" has the meaning set forth in Section 2.8(c)(i).

"Escrow Shares" means, at any time, the Parent Common Shares then remaining in the Purchase Price Escrow Account.

"Estimated Cash and Cash Equivalents" has the meaning set forth in Section 2.8(a).

"Estimated Closing Date Indebtedness" has the meaning set forth in Section 2.8(a).

"Estimated Net Working Capital Adjustment" has the meaning set forth in Section 2.8(a).

"Estimated Pre-Closing Distributable Earnings" has the meaning set forth in Section 2.8(a).

"Estimated Purchase Price" means a good faith estimate of the Purchase Price, as determined by the Company and as set forth on the Estimated Statement. In connection with determining the Estimated Purchase Price, the Company shall use the actual Base Amount, the Estimated Closing Date Indebtedness, the Estimated Cash and Cash Equivalents, the Estimated

Unpaid Transaction Expenses, the Estimated Net Working Capital Adjustment and the Estimated Pre-Closing Distributable Earnings.

"Estimated Statement" has the meaning set forth in Section 2.8(a).

"Estimated Unpaid Transaction Expenses" has the meaning set forth in Section 2.8(a).

"Example Statement of Net Working Capital" means the example statement of Net Working Capital, prepared in accordance with the Accounting Principles and attached hereto as Exhibit A.

"Example Statement of Pre-Closing Distributable Earnings" means the example statement of Pre-Closing Distributable Earnings, prepared in accordance with the Accounting Principles and attached hereto as Exhibit B.

"Excess Number of Parent Shares" means a number of Parent Common Shares equal to (a) the Closing Parent Stock Consideration minus (b) the Capped Number of Parent Shares.

"Excess Parachute Payments" has the meaning set forth in Section 5.14(b)(i).

"Excess Parachute Waiver" has the meaning set forth in Section 5.14(b)(i).

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Existing Account Relationships" means the financial institutions that hold the interest-bearing deposit accounts of the Group Companies as of the Closing Date.

"Existing Company Stockholders' Agreement" means that certain Stockholders Agreement of Finxera Holdings, Inc., dated as of November 2, 2018, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Extended Lookback Date" means the date that is five (5) years prior to the date hereof.

"Financial Institution" has the meaning set forth in Section 3.8(a)(i).

"Financial Statements" has the meaning set forth in Section 3.5.

"Financing" has the meaning set forth in Section 4.14.

"Financing Commitments" has the meaning set forth in Section 4.14.

"Fraud" means common Law fraud under Delaware Law.

"Funded Indebtedness" of the Group Companies means, as of any time, without duplication, the outstanding principal amount of, accrued and unpaid interest on, and any prepayment penalties and fees and expenses, in each case, due as a result of the consummation of the transactions contemplated by this Agreement, consisting of: (a) indebtedness for borrowed money (including under the Credit Facility) or indebtedness issued in substitution or exchange

for borrowed money, and (b) indebtedness evidenced by any note, bond, debenture or other debt security. Notwithstanding the foregoing, "Funded Indebtedness" shall not include any (i) obligations under operating leases or capitalized leases, (ii) undrawn letters of credit (including any that are outstanding under the Credit Facility), (iii) obligations under any interest rate swap, currency swap, forward currency or interest rate contracts or other interest rate or currency hedging arrangements (other than breakage costs payable upon termination thereof on the Closing Date) or (iv) amounts included as Unpaid Transaction Expenses or any amounts or obligations to the extent incurred by, or at the direction of, Parent, Merger Sub or any of their respective Affiliates, including for the purpose of obtaining any financing in connection with the transactions contemplated by this Agreement.

"GAAP" means United States generally accepted accounting principles.

"Governmental Entity" means any domestic or foreign national, U.S. federal, state or local governmental, regulatory or administrative authority, agency, division, instrumentality or commission or any judicial or arbitral body.

"Group Companies" means, collectively, the Company and each of its Subsidiaries.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"Indebtedness" means, as of any time, without duplication, (a) Funded Indebtedness, (b) all obligations of the type referred to in the definition of "Funded Indebtedness" of any Person other than any Group Company the payment of which any Group Company is responsible or liable, directly or indirectly, as obligor, guarantor, surety or otherwise, including any guarantee of such obligations (other than obligations of the Company in respect of any of its Subsidiaries and obligations of any Company Subsidiary in respect of any other Group Company), (c) capitalized lease obligations of any Group Company (if any) as determined in accordance with the Accounting Principles, (d) breakage costs payable upon termination on the Closing Date of any obligations of any Group Company under interest rate swap, currency swap, forward currency or interest rate contracts or other interest rate or currency hedging arrangements, (e) the deferred purchase price of property (including any earn-out obligations) of any Group Company but excluding the items set forth on Schedule 1.1(d) of the Company Disclosure Letter and excluding any trade payables and accrued expenses arising in the Ordinary Course of Business, (f) all reimbursement obligations in respect of drawn letters of credit issued for the account of any Group Company (but for the avoidance of doubt excluding any obligations in respect of undrawn letters of credit), and (g) Pre-Closing Tax Liabilities, in each case, outstanding as of such time. Notwithstanding the foregoing, "Indebtedness" does not include (i) any intercompany obligations solely between or among the Group Companies, (ii) any Transaction Expenses, (iii) any accounts payable or other current liabilities to the extent accounted for in the calculation of Net Working Capital, (iv) any obligations under any real property leases, (v) any amounts available under debt instruments to the extent undrawn or uncalled (including undrawn letters of credit) and (vi) any amounts or obligations to the extent incurred by, or at the direction of, Parent, Merger Sub or any of their respective Affiliates, including, for the purpose of obtaining any financing in connection with the transactions contemplated by this Agreement.

"Information Privacy and Security Laws" means (a) all applicable Laws relating to the Processing of Personal Information or otherwise relating to privacy, data protection, cyber security, breach notification or data localization, including Part 500 of the regulations administered by the New York State Department of Financial Services, (b) contractual obligations of the Group Companies, including with respect to PCI-DSS (the Payment Card Industry - Data Security Standard), and (c) all policies, notices, and other disclosures of the Group Companies relating to the Processing of Personal Information, including any regulations promulgated by any Governmental Entity thereunder.

"Information Technology" means any computer systems (including computers, screens, servers, workstations, routers, hubs, switches, networks, data communications lines, hardware and other information technology equipment), Software and telecommunications systems.

"Initial Valuation Date" means the twentieth (20th) trading day immediately following the public announcement of the transactions contemplated by this Agreement.

"Intellectual Property Rights" means all intellectual property rights, including: (a) all patents, inventions, utility, models and industrial design registrations and applications (including any continuations, divisionals, continuations-in-part, provisionals, renewals, reissues, re-examinations and applications for any of the foregoing); (b) all trademarks, service marks, trade names, slogans, logos, trade dress, Internet domain names, social media accounts, web sites and similar designations of source or origin, including all registrations or applications for registration of the foregoing; (c) copyrights and copyrightable works, including registered copyrights and applications therefor; (d) Software; and (e) trade secrets and other confidential information, including know-how, processes, methods, techniques, business and marketing plans, and customer and supplier lists.

"Interim Period" means the period beginning on the date hereof and ending as of the Closing.

"IP Agreements" has the meaning set forth in Section 3.12(c).

"IRS" means the Internal Revenue Service.

"KLNF" has the meaning set forth in Section 9.16.

"Law" means U.S. federal, state, local or foreign law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Entity.

"Leased Real Property" has the meaning set forth in Section 3.7(b).

"Leases" has the meaning set forth in Section 3.7(b).

"Lenders" has the meaning set forth in Section 4.14.

"Letter of Transmittal" means the letter of transmittal, substantially in the form attached hereto as Exhibit C.

"Licensee" means Finxera, Inc.

"Licensee Consent" means a Consent of a state banking department, or other Governmental Entity of a state, in a state in which Licensee provides regulated services by Permit issued by such state banking department or other Governmental Entity of such state. For the avoidance of doubt, "Licensee Consent" shall include any verbal or written assurance reasonably acceptable to Parent from the applicable Governmental Entity that a formal Consent is forthcoming and no adverse action related to the failure to obtain such formal Consent will be taken against the Company, Licensee or Parent in connection with the continued conduct of the operations of the Licensee in the applicable jurisdiction notwithstanding the pendency of any such formal Consent.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien, charge or any other burden, option or encumbrance of any kind. For the avoidance of doubt, the term "Lien" shall not be deemed to include any non-exclusive license of Intellectual Property Rights.

"Lookback Date" means the date that is three (3) years prior to the date hereof.

"Material Bank Agreements" has the meaning set forth in Section 3.8(a).

"Material Contracts" has the meaning set forth in Section 3.8(a).

"Material Jurisdictions" means those jurisdictions in which Licensee provides regulated services by Permit issued by state banking departments, or other Governmental Entities of states, that represent, in the aggregate, 90% or more of the new client enrollments of Licensee in the United States for the twelve (12) months ended September 30, 2020, including, for the avoidance of doubt, the California Department of Business Oversight and the New York State Department of Financial Services.

"Material Vendors" has the meaning set forth in Section 3.9.

"Merger" has the meaning set forth in Section 2.1.

"Merger Sub" has the meaning set forth in the preamble to this Agreement.

"Merger Sub Board" has the meaning set forth in the recitals to this Agreement.

"Money Transmitter License" has the meaning set forth in Section 5.4(e).

"Most Recent Financial Statements" has the meaning set forth in Section 3.5.

"Multiemployer Plan" has the meaning set forth in Section 3(37) of ERISA or Section 4001(a)(3) of ERISA.

“Nasdaq” means the Nasdaq Global Select Market.

“Net Working Capital” means, with respect to the Group Companies, the aggregate value of the current assets of the Group Companies less the aggregate value of the current liabilities of the Group Companies, in each case, determined on a consolidated basis without duplication, as of the close of business on the Business Day immediately preceding the Closing Date and calculated in accordance with the Accounting Principles and comprised of only those current assets and those current liabilities set forth in the Example Statement of Net Working Capital. For the avoidance of doubt, Net Working Capital shall not include any item taken into account in Cash and Cash Equivalents, Closing Date Indebtedness, Transaction Expenses, the Parent Portion of Pre-Closing Distributable Earnings or the item set forth on Schedule 3.6 of the Company Disclosure Letter.

“Net Working Capital Adjustment” means (a) the amount by which Net Working Capital exceeds the Target Net Working Capital or (b) the amount by which Net Working Capital is less than the Target Net Working Capital, in each case, if applicable; provided, however, that any amount which is calculated pursuant to clause (b) shall be deemed to be and expressed as a negative number.

“Non-Party Affiliates” has the meaning set forth in Section 9.15.

“Option Cash Payment” has the meaning set forth in Section 2.8(c)(v).

“Option Plan” means the Finxera Holdings, Inc. 2018 Equity Incentive Plan (as amended, restated and/or modified from time to time).

“Optionholder” means each holder of Company Options.

“Ordinary Course of Business” means the usual and ordinary course of normal operations of the business of the Group Companies as a whole, consistent with the Group Companies’ past practices through the date of this Agreement.

“Organizational Documents” means the legal document(s) by which any Person (other than an individual) establishes its legal existence or which govern its internal affairs. For example, the “Organizational Documents” of a corporation are its certificate of incorporation and by-laws, the “Organizational Documents” of a limited partnership are its limited partnership agreement and certificate of limited partnership and the “Organizational Documents” of a limited liability company are its operating agreement and certificate of formation.

“Owned Intellectual Property” has the meaning set forth in Section 3.12(a).

“Parent” has the meaning set forth in the preamble to this Agreement.

“Parent Arrangements” has the meaning set forth in Section 5.14(b)(iii).

“Parent Balance Sheet Date” has the meaning set forth in Section 4.7.

“Parent Board” has the meaning set forth in the recitals to this Agreement.

“Parent Common Shares” has the meaning set forth in Section 4.4.

“Parent Common Shares Issuance” has the meaning set forth in Section 2.8(d)(ii).

“Parent Common Stock Per Share Price” means the arithmetic average of (i) the 20-Day VWAP on the Initial Valuation Date and (ii) the 20-Day VWAP on the last trading day preceding the Closing Date; provided, however, that the Parent Common Stock Per Share Price may be increased pursuant to Section 5.24, if applicable.

“Parent Disclosure Letter” has the meaning set forth in Article 4.

“Parent Material Adverse Effect” means any event, effect, circumstance or development that, individually or in the aggregate, has had or would (i) reasonably be expected to have a material adverse effect upon the financial condition, business or results of operations of Parent and its Subsidiaries, taken as a whole or (ii) reasonably be expected to prevent or materially impair the ability of Parent to consummate the transactions contemplated by this Agreement; provided, however, that no event, effect, circumstance or development to the extent resulting from any of the following (or the results thereof) shall constitute or be taken into account, either alone or in combination in determining whether a Parent Material Adverse Effect has occurred: (a) conditions generally affecting the United States or global economy or credit, securities, currency, financial, banking or capital markets (including any disruption thereof and any decline in the price of any security or any market index) in the United States or elsewhere in the world, (b) any change generally affecting the industries in which Parent and its Subsidiaries operate, (c) any national or international political or social conditions, including the threatening or engagement in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack upon the United States or any other country or jurisdiction in which Parent and its Subsidiaries operate or any of their respective territories, possessions, or diplomatic or consular offices or upon any military installation, equipment or personnel, or any epidemic or pandemic (including the COVID-19 pandemic and any Governmental Entity’s response thereto), (d) changes in GAAP, (e) changes in any applicable Law, (f) any earthquake, natural disaster or other force majeure event, (g) the announcement or pendency of the transactions contemplated by this Agreement (including by reason of the identity of the Group Companies), or (h) the compliance with the express terms of this Agreement or the taking of any action required by this Agreement or taken with the prior written consent of the Company, including the impact thereof; and provided further, however, that the events set forth in the foregoing clauses (a), (b), (c), (d) and (e) may be taken into account in determining whether there has been a Parent Material Adverse Effect to the extent that such events have a disproportionate adverse effect on Parent and its Subsidiaries, taken as a whole, or their business relative to other participants in the industry in which Parent and its Subsidiaries operate.

“Parent Portion of Pre-Closing Distributable Earnings” means an amount equal to twenty-five percent (25%) of the Pre-Closing Distributable Earnings.

"Parent Related Parties" has the meaning set forth in Section 7.2(d).

"Parent SEC Documents" has the meaning set forth in Section 4.5.

"Parent's Charter" means the Second Amended and Restated Certificate of Incorporation of M I Acquisitions, Inc., attached hereto as Exhibit I.

"Parent's Knowledge" means, as it relates to Parent or any of its Subsidiaries, as of the applicable date, the actual knowledge of Thomas Priore and Michael Vollkommer, each such individual having made reasonable inquiries with respect to the relevant subject matters.

"Parties" has the meaning set forth in the preamble to this Agreement.

"Paying Agent" has the meaning set forth in Section 2.10(a).

"Payment Fund" has the meaning set forth in Section 2.10(a).

"Payroll Tax Order" means the Memorandum on Deferring Payroll Tax Obligations in Light of the Ongoing COVID-19 Disaster, dated August 8, 2020.

"Per Share Closing Cash Consideration" means an amount equal to the quotient of (a) (i) the Closing Cash Consideration minus (ii) the aggregate Option Cash Payments paid pursuant to Section 2.8(c)(v), divided by (b) the Actual Shares Outstanding.

"Per Share Closing Parent Stock Consideration" means a number of Parent Common Shares equal to (a) the Closing Parent Stock Consideration divided by (b) the Actual Shares Outstanding, as such aggregate number may be affected by rounding as contemplated by Section 2.8(d).

"Per Share Optionholder Closing Consideration" means an amount equal to the quotient of (a)(i) the sum of (A) the Closing Cash Consideration plus (B) the product of the Closing Parent Stock Consideration times the Parent Common Stock Per Share Price, plus (ii) the Purchase Price Escrow Amount plus (iii) the Aggregate Option Exercise Price, divided by (b) the Aggregate Shares Deemed Outstanding.

"Permits" means all permits, licenses, Consents, privileges, authorizations, registrations, filings, concessions, grants, franchises, certificates, exemptions, variances, waivers and other approvals issued or required by any Governmental Entity.

"Permitted Liens" means (a) mechanic's, materialmen's, carriers', repairers' and other Liens arising or incurred in the Ordinary Course of Business for amounts that are not yet delinquent or are being contested in good faith, (b) Liens for current Taxes, assessments or other governmental charges not yet due and payable as of the Closing Date or which are being contested in good faith by appropriate proceedings and for which adequate reserves have been established on the Financial Statements in accordance with GAAP, (c) encumbrances and restrictions on real property (including easements, covenants, rights of way and similar restrictions of record) that do not materially interfere with the Group Companies' present uses or

occupancy of such real property, (d) Liens securing the obligations of the Group Companies under the Credit Facility, (e) Liens granted to any lender at the Closing in connection with any financing by Parent of the transactions contemplated hereby, (f) zoning, building codes and other land use Laws regulating the use or occupancy of real property or the activities conducted thereon which are imposed by any Governmental Entity having jurisdiction over such real property and which are not violated by the current use or occupancy of such real property or the operation of the business of the Group Companies, (g) matters that would be disclosed by an accurate survey or inspection of the real property and (h) other Liens on real or tangible property that are not material in amount or nature.

"Person" means an individual, partnership, corporation, limited liability company, joint stock company, unincorporated organization or association, trust, joint venture, association or other similar entity, whether or not a legal entity.

"Personal Information" means any information that identifies or could be used to identify an individual or household.

"Pre-Closing Distributable Earnings" means, with respect to the Group Companies for the Interim Period, the earnings of the Group Companies calculated in accordance with the Accounting Principles and comprising only those line items set forth in the Example Statement of Pre-Closing Distributable Earnings; provided, however, that such Pre-Closing Distributable Earnings shall in no event be less than zero. For the avoidance of doubt, cash retained by the Group Companies pursuant to Section 5.23 shall not be included in the calculation of Pre-Closing Distributable Earnings.

"Pre-Closing Tax Liabilities" means (a) the difference of (i) all current unpaid liabilities for income Taxes of the Company or any of its Subsidiaries for any Pre-Closing Tax Period and (ii) twenty-five percent (25%) of the amount of such income Taxes taken into account in computing the Pre-Closing Distributable Earnings and (b) the positive amount, if any, of all COVID-19 Tax Obligations; provided, however, that such income Taxes shall be calculated (i) taking into account net operating losses and tax credits to the extent that, under applicable Law, such net operating losses and tax credits existing on the Closing Date would be available to reduce the current liability for such Taxes of the Company or any of its Subsidiaries, in a manner consistent with past practices, (ii) taking into account any Transaction Tax Deductions, to the extent that, under applicable Law, such Transaction Tax Deductions are allocable to any Pre-Closing Tax Period (it being understood that such Transaction Tax Deductions shall be allocated to Pre-Closing Tax Periods to the extent permitted under applicable Law), (iii) as of the end of the Closing Date using a "closing of the books" method, (iv) netting any estimated Tax payments made prior to the Closing Date, (v) including the entirety of any adjustment pursuant to Section 481 of the Code (or any similar provision of state, local or non-U.S. Law) with respect to a change of accounting method made during a Pre-Closing Tax Period (whether or not any portion of such adjustment will be included in taxable income during a taxable period (or portion thereof) beginning after the Closing Date for U.S. federal income Tax purposes), except to the extent such adjustment has already been included in taxable income and (vi) without regard to any action taken by Parent (or its Affiliates, including the Company or any of its Subsidiaries)

after the Closing Date. For the avoidance of doubt, Pre-Closing Tax Liabilities (i) may be a positive or negative number, (ii) are calculated and taken into account for purposes of this Agreement on an estimated basis, based on information available to the Company at the time such computation is made and (iii) if a positive number, shall not be increased as a result of (or, if a negative number, such negative amount shall not be reduced as a result of), and shall be calculated without regard to, any Tax election made by or in respect of the Company or any of its Subsidiaries at or after the Closing.

"Pre-Closing Tax Period" means any taxable period or portion thereof ending on or before the Closing Date.

"Principal Parent Stockholders" means Thomas Priore and his respective Affiliates.

"Proceeding" means any suit, litigation, arbitration, action, investigation or proceeding before a Governmental Entity.

"Process" or "Processing" means the collection, use, storage, processing, recording, distribution, transfer, import, export, protection, disposal or disclosure or other activity regarding or operations performed on data (whether electronically or in any other form or medium).

"Program Management Relationship" has the meaning set forth in Section 5.4(e).

"Proposed Closing Date Calculations" has the meaning set forth in Section 2.8(e)(i).

"Purchase Price" means (a) the Base Amount, plus (b) the Net Working Capital Adjustment (which may be a positive or negative number), plus (c) the amount of Cash and Cash Equivalents, minus (d) the amount of Closing Date Indebtedness, minus (e) the amount of Unpaid Transaction Expenses, minus (f) the Parent Portion of Pre-Closing Distributable Earnings.

"Purchase Price Dispute Notice" has the meaning set forth in Section 2.8(e)(ii).

"Purchase Price Escrow Account" has the meaning set forth in Section 2.8(d)(i).

"Purchase Price Escrow Amount" means $1,000,000.

"R&W Insurance Policy" has the meaning set forth in Section 5.13.

"Registration Rights Agreement" has the meaning set forth in Section 5.20.

"Restricted Cash" means any cash and cash equivalents designated as "restricted cash" on the consolidated balance sheet of the Company, calculated in accordance with the Accounting Principles.

"Restricted Person" means any Person that is: (a) listed on, or owned or controlled, directly or indirectly, by a Person listed on, a Sanctions List; (b) a government of a Sanctioned Country; (c) an agency or instrumentality of, or an entity directly or indirectly owned or

controlled by, a government of a Sanctioned Country; (d) resident or located in, operating from, or organized under the Laws of, a Sanctioned Country; or (e) otherwise a target of Sanctions.

"Review Period" has the meaning set forth in Section 2.8(e)(ii).

"Sanctioned Country" means any country or other territory that is, or whose government is, the subject of comprehensive Sanctions generally prohibiting dealings with such country or territory, which, as of the date hereof, consists of Cuba, Iran, North Korea, Syria and the Crimea region of Ukraine.

"Sanctions" means economic or financial sanctions or trade embargoes and restrictions administered or enforced from time to time by any Sanctions Authority.

"Sanctions Authority" means the United States or any other Governmental Entity with jurisdiction over any member of the Group Company and the respective governmental institutions of any of the foregoing, including the U.S. Department of the Treasury's Office of Foreign Assets Control, the U.S. Department of Commerce, the U.S. Department of State and any other agency of the U.S. government.

"Sanctions List" means any of the lists of specifically designated nationals or designated or sanctioned individuals or entities (or equivalent) issued by any Sanctions Authority, each as amended, supplemented or substituted from time to time.

"Sarbanes-Oxley Act" means the United States Sarbanes-Oxley Act of 2002.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended.

"Shares" has the meaning set forth Section 3.2(a).

"Software" means all (a) computer programs, including software implementations of algorithms, models and methodologies, whether in source code or object code, (b) databases and compilations, including data and collections of data (whether machine readable or otherwise), (c) descriptions, schematics, flow-charts and other work product used to design, plan, organize and develop any of the foregoing, and (d) related documentation.

"Solvent" when used with respect to any Person or group of Persons on a combined basis, means that, as of any date of determination, (a) the amount of the "fair saleable value" of the assets of such Person (or group of Persons on a combined basis) will, as of such date, exceed (i) the value of all "liabilities of such Person, including contingent and other liabilities," as of such date, as such quoted terms are generally determined in accordance with applicable Laws governing determinations of the insolvency of debtors, and (ii) the amount that will be required to pay the probable liabilities of such Person (or group of Persons on a combined basis) on its existing debts (including contingent liabilities) as such debts become absolute and matured, (b) such Person (or group of Persons on a combined basis) will not have, as of such date, an unreasonably small amount of capital for the operation of the businesses in which it is engaged

and (c) such Person (or group of Persons on a combined basis) will be able to pay its liabilities, including contingent and other liabilities, as they mature, immediately following Closing.

"Specified Consent Deadline" means November 12, 2021.

"Specified Consents" means Licensee Consents issued in connection with or by virtue of the transactions contemplated by this Agreement with respect to the Material Jurisdictions.

"Sponsor Director" has the meaning set forth in Section 5.6.

"Stockholder" means each holder of Shares.

"Stockholder Percentage Interest" means, with respect to each Stockholder, the percentage set forth across from such Stockholder's name on the Allocation Schedule under the heading "Stockholder Percentage Interest".

"Stockholders' Agreement" has the meaning set forth in Section 5.19.

"Subsidiary" means, with respect to any Person, any corporation, company, limited liability company, partnership, association, or other business entity of which (a) if a corporation or a company, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a combination thereof or (b) if a limited liability company, partnership, association, or other business entity (other than a corporation or a company), a majority of the partnership or other similar ownership interests thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more Subsidiaries of such Person or a combination thereof and for this purpose, a Person or Persons own a majority ownership interest in such a business entity (other than a corporation or a company) if such Person or Persons shall be allocated a majority of such business entity's gains or losses or shall be a, or control any, managing director or general partner of such business entity (other than a corporation or a company). The term "Subsidiary" shall include all Subsidiaries of such Subsidiary.

"Subsidiary Securities" has the meaning set forth in Section 3.3(b).

"Surviving Entity" has the meaning set forth in Section 2.1.

"Surviving Entity Bylaws" has the meaning set forth in Section 2.5(b).

"Surviving Entity Certificate of Incorporation" has the meaning set forth in Section 2.5(a).

"Target Net Working Capital" means ninety eight thousand dollars ($98,000).

"Tax" means any U.S. federal, state, local or foreign income, gross receipts, franchise, estimated, alternative minimum, add-on minimum, sales, use, transfer, real property gains,

registration, value added, excise, natural resources, severance, stamp, occupation, windfall profits, environmental (under Section 59A of the Code), customs, duties, real property, personal property, capital stock, social security (or similar), unemployment, disability, payroll, license, employee or other withholding, or other tax, including any interest, penalties, fines or additions to tax in respect of the foregoing (whether disputed or not).

"Tax Return" means any U.S. federal, state, local or foreign tax return, declaration, statement, report, schedule, form or information return in respect of Taxes required to be filed with any Governmental Entity, including any amendment to any of the foregoing.

"Termination Date" has the meaning set forth in Section 7.1(d).

"Termination Fee" has the meaning set forth in Section 7.2(b).

"Transaction Documents" means, collectively, each agreement, document, instrument and/or certificate contemplated by this Agreement to be executed in connection with the transactions contemplated hereby, including this Agreement, the Stockholders' Agreement, the Registration Rights Agreement, the Escrow Agreement and the Certificate of Merger.

"Transaction Expenses" means, without duplication, the aggregate amount due and payable by the Group Companies as of immediately prior to the Closing for (a) all out-of-pocket costs and expenses incurred by any of the Group Companies or by or on behalf of any Equityholder (to the extent such amounts are a liability of any Group Company) as a direct result of the consummation of the transactions contemplated by this Agreement (including banker, finders and investment banker fees), (b) the cost of the R&W Insurance Policy premium in an amount not to exceed $450,000, (c) all Change of Control Payments, if any, and (d) the fees and expenses set forth on Schedule 1.1(c) of the Company Disclosure Letter; provided, however, that "Transaction Expenses" shall exclude (i) any Option Cash Payment with respect to Vested Company Options, (ii) any amounts payable by the Group Companies in connection with the "tail" policy pursuant to and in accordance with Section 5.6(a), (iii) any amounts treated as Closing Date Indebtedness or included in the calculation of Net Working Capital, (iv) any costs, expenses or losses reimbursable or indemnifiable by Parent pursuant to Section 5.12, (v) the portion of any bonus payable in Parent Common Shares by the Company as described on Schedule 5.1(iii) and (vi) any amounts to the extent incurred by or at the direction of Parent, Merger Sub or any of their respective Affiliates, including for the purpose of obtaining any financing in connection with the transactions contemplated by this Agreement.

"Transaction Tax Deduction" means any Tax deduction of the Group Companies that is attributable to the payment of Transaction Expenses and Option Cash Payments; provided that Transaction Expenses for these purposes shall be determined (a) without regard to clause (iii) of the proviso in the definition of Transaction Expenses and (b) without regard to when the amounts are due and payable or paid.

"Unpaid Transaction Expenses" means the aggregate amount of Transaction Expenses incurred and unpaid as of immediately prior to the Closing.

“Vested Company Options” means those Company Options vested as of immediately prior to the Effective Time pursuant to the terms of the Option Plan and applicable agreements governing such Company Options (after giving effect to any acceleration of vesting that occurs, by its terms, at or prior to the Effective Time or in connection with, or as a result of, the consummation of the Merger), which has an exercise price per Company Common Share subject thereto that is less than the Per Share Optionholder Closing Consideration.

“WARN Act” means the Worker Adjustment Retraining Notification Act of 1988 and any similar state, local and foreign Laws.

“Willful Breach” means, with respect to any covenant of a Party, any action or omission by such Party that constitutes a material breach of such covenant that the breaching party intentionally takes (or intentionally fails to take) with actual knowledge that such action or omission would cause such material breach of such covenant.

Section b. Interpretation

. Unless otherwise indicated to the contrary herein by the context or use thereof: (a) the words, “herein,” “hereto,” “hereof” and words of similar import refer to this Agreement as a whole, including the Schedules and Exhibits, and not to any particular section, subsection, paragraph, subparagraph or clause contained in this Agreement; (b) masculine gender shall also include the feminine and neutral genders, and vice versa; (c) words importing the singular shall also include the plural, and vice versa; (d) the words “include”, “includes” or “including” shall be deemed to be followed by the words “without limitation”; (e) the words “Party” or “Parties” shall refer to the parties to this Agreement; (f) all references to articles, sections, exhibits or schedules are to Articles, Sections, Exhibits and Schedules of this agreement; (g) the word “or” is disjunctive but not necessarily exclusive; (h) terms used herein that are not defined herein but are defined in GAAP have the meanings ascribed to them therein; (i) the words “writing”, “written” and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form; (j) references to any Person include the successors and permitted assigns of that Person; (k) references to from or through any date mean, unless otherwise specified, from and including or through and including, respectively; (l) the words “dollar” or “$” shall mean U.S. dollars; and (m) the word “day” means calendar day unless Business Day is expressly specified. If any action under this Agreement is required to be done or taken on a day that is not a Business Day, then such action shall be required to be done or taken not on such day but on the first succeeding Business Day thereafter.

Article 2.

PURCHASE AND SALE

Section a. The Merger

. Upon the terms and subject to the conditions set forth in this Agreement, and in accordance with the DGCL, Merger Sub shall be merged with and into the Company (the “Merger”) at the Effective Time. Following the Effective Time, the separate existence of Merger Sub shall cease and the Company shall continue as the surviving entity of the Merger (the

"Surviving Entity") and shall become an indirect wholly owned Subsidiary of Parent. The Merger shall have the effects specified in the DGCL.

Section b. Closing of the Transactions Contemplated by this Agreement

. The closing of the transactions contemplated by this Agreement, including the Merger (the "Closing") shall take place at 10:00 a.m., New York City time on the second (2nd) Business Day after satisfaction (or waiver) of the conditions set forth in Article 6 (other than those conditions which are to be satisfied by the delivery of documents or the taking of any other action at the Closing by any Party, but subject to the satisfaction or waiver of such conditions at the Closing) at the offices of Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, New York 10036, unless another time, date or place is agreed to in writing by Parent and the Company. The date on which the Closing actually occurs is hereinafter referred to as the "Closing Date."

Section c. Effective Time

. Subject to the terms and conditions set forth in this Agreement, on the Closing Date, the Parties shall cause a certificate of merger, in substantially the form attached hereto as Exhibit D (the "Certificate of Merger"), to be executed and filed with the Secretary of State of the State of Delaware in accordance with the applicable provisions of the DGCL. The Merger shall become effective at the time that the Certificate of Merger is accepted for filing by the Secretary of State of the State of Delaware or at such later date and time as specified in the Certificate of Merger (the time the Merger becomes effective being referred to herein as the "Effective Time").

Section d. Effects of the Merger

. The Merger shall have the effects set forth in Section 251 of the DGCL and this Agreement. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, all the property, rights, privileges, powers and franchises of the Company and Merger Sub shall vest in the Surviving Entity, and all debts, liabilities, obligations, restrictions, disabilities and duties of each of the Company and Merger Sub shall become the debts, liabilities, obligations, restrictions, disabilities and duties of the Surviving Entity, subject to Section 9.16.

Section e. Certificate of Incorporation; Bylaws; Directors; Officers

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(i)**Surviving Entity Certificate of Incorporation**. At the Effective Time, the certificate of incorporation of Merger Sub in effect immediately prior to the Effective Time shall become the certificate of incorporation of the Surviving Entity (the "Surviving Entity Certificate of Incorporation").

(ii)**Surviving Entity Bylaws**. At the Effective Time, the bylaws of Merger Sub in effect immediately prior to the Effective Time shall become the bylaws of the Surviving Entity

(the "Surviving Entity Bylaws") until thereafter changed or amended as provided therein or by applicable Law, subject to Section 5.6.

(iii) **Directors**. Unless otherwise directed by Parent, the directors of Merger Sub immediately prior to the Effective Time shall be the initial directors of the Surviving Entity, each to hold office in accordance with the Surviving Entity Certificate of Incorporation and the Surviving Entity Bylaws until such director's successor is duly elected or appointed and qualified, or until the earlier of their death, resignation or removal.

(iv) **Officers**. Unless otherwise directed by Parent, the officers of the Company immediately prior to the Effective Time shall be the initial officers of the Surviving Entity, each to hold office in accordance with the Surviving Entity Certificate of Incorporation and the Surviving Entity Bylaws until such officer's successor is duly elected or appointed and qualified, or until the earlier of their death, resignation or removal.

Section f. Effect on the Shares

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(i) **Conversion of Merger Sub Common Stock**. At the Effective Time, by virtue of the Merger and without any action on the part of Parent, Merger Sub, the Company or any other Person, each share of common stock, par value $0.01 per share, of Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted into one validly issued, fully paid and non-assessable share of common stock, par value $0.01 per share, of the Surviving Entity.

(ii) **Conversion of Company Common Shares**. At the Effective Time, each of the Company Common Shares issued and outstanding immediately prior to the Effective Time, by virtue of the Merger and without any action on the part of Parent, Merger Sub, the Company, the Stockholders or any other Person, shall automatically be canceled and extinguished and be converted into and shall become the right to receive the Per Share Closing Cash Consideration and the Per Share Closing Parent Stock Consideration, each as allocated pursuant to Section 2.8(b) and set forth in the Allocation Schedule (as adjusted pursuant to Section 2.8(f)) and a contingent right to receive a portion of any Deferred Payments (to the extent payable pursuant to Section 2.6(f)). From and after the Effective Time, the holders of Company Common Shares outstanding immediately prior to the Effective Time shall cease to have any rights with respect to such Company Common Shares, except as otherwise provided for herein or under applicable Law.

(iii) **Conversion of Company Preferred Shares**. At the Effective Time, each of the Company Preferred Shares issued and outstanding immediately prior to the Effective Time, by virtue of the Merger and without any action on the part of Parent, Merger Sub, the Company, the Stockholders or any other Person, shall automatically be canceled and extinguished and be converted into and shall become the right to receive the Per Share Closing Cash Consideration and the Per Share Closing Parent Stock Consideration, each as allocated pursuant to Section 2.8(b) and set forth in the Allocation Schedule (as adjusted pursuant to Section 2.8(f)) and a

contingent right to receive a portion of any Deferred Payments (to the extent payable pursuant to Section 2.6(f)). From and after the Effective Time, the holders of Company Preferred Shares outstanding immediately prior to the Effective Time shall cease to have any rights with respect to such Company Preferred Shares, except as otherwise provided for herein or under applicable Law.

(iv)**Conversion of Company Options**. At the Effective Time, by virtue of the Merger and without any action on the part of Parent, Merger Sub, the Company, the Optionholders or any other Person, each Vested Company Option issued and outstanding immediately prior to the Effective Time shall be deemed to be exercised and converted into the right to receive the Option Cash Payment with respect to such Vested Company Option and a contingent right to receive a portion of any Deferred Payments (to the extent payable pursuant to Section 2.6(f)). As of the Effective Time, each Company Option, whether or not a Vested Company Option, shall cease to be outstanding and shall automatically be canceled and retired and shall cease to exist, and each Optionholder shall cease to have any rights with respect thereto, except as otherwise provided for herein.

(v)**Withholding**. Notwithstanding anything to the contrary in this Agreement, Parent, Merger Sub and the Surviving Entity shall be entitled to deduct and withhold from any payments otherwise payable pursuant to this Agreement, such amounts as are required to be deducted and withheld with respect to the making of such payment under the Code or any applicable provision of Tax Law. Except with respect to any compensatory amounts (including any Option Cash Payment in respect of a Vested Company Option), if Parent, Merger Sub or the Surviving Entity reasonably believes that any withholding of Taxes is required by Law in connection with the transactions contemplated hereby, it shall so notify the Equityholder Representative in writing, including the legal basis for any such withholding, at least five (5) Business Days prior to Closing. Parent, Merger Sub and the Surviving Entity shall reasonably cooperate, at the Equityholder Representative's expense, with the Equityholder Representative and the applicable Stockholders to reduce or eliminate any such required withholding. Any such withheld amounts shall be paid over to the appropriate Governmental Entity and to the extent so paid over shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made.

(vi)**Deferred Payment**. From time to time from and after the Closing Date, each Stockholder shall be entitled to receive its Stockholder Percentage Interest of the Escrow Shares and any upward adjustment of the Purchase Price pursuant to Section 2.8, and each Equityholder shall be entitled to receive its Equityholder Percentage Interest of the remaining balance of the Equityholder Representative Expense Amount (collectively, such amounts the "Deferred Payments"): (i) in the case of the Escrow Shares, to the extent such shares are released by the Escrow Agent to the Paying Agent (for further distribution to the Stockholders (but not the Optionholders)) pursuant to and in accordance with Section 2.8(f) and the terms of the Escrow Agreement; (ii) in the case of the Equityholder Representative Expense Amount, to the extent such amounts are released by the Escrow Agent to the Paying Agent (for further distribution to the Stockholders) and the Surviving Entity (for further distribution to Optionholders (solely with respect to Vested Company Options)); and (iii) in the case of any upward adjustment to the

Purchase Price pursuant to Section 2.8, to the extent such amount becomes due and payable to the Stockholders (but not the Optionholders) in accordance with Section 2.8.

Section g. Deliveries at the Closing

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(i)**Deliveries by Parent**. At the Closing, Parent shall:

(1) pay, or cause to be paid, the amounts set forth in Section 2.8(c) required to be paid at the Closing in accordance therewith;

(2) issue the Parent Common Shares pursuant to and in accordance with Section 2.8(d);

(3) deliver to the Company the Escrow Agreement, duly executed by Parent and the Escrow Agent;

(4) deliver to the Company the Stockholders' Agreement, duly executed by certain of the Stockholders, Parent and the Principal Parent Stockholders;

(5) deliver to the Company the Registration Rights Agreement, duly executed by certain of the Stockholders, Parent, Thomas C. Priore and the other signatories thereto; and

(6) deliver to the Company the closing certificates required to be delivered by or on behalf of Parent pursuant to this Agreement with respect to the Closing pursuant to Section 6.3(c).

(ii) **Deliveries by the Company**. At the Closing, the Company shall:

(1) deliver to Parent the Debt Payoff Letters contemplated by Section 5.11;

(2) deliver to Parent the Escrow Agreement, duly executed by the Equityholder Representative;

(3) deliver to Parent a schedule of the Existing Account Relationships;

(4) deliver to Parent an affidavit by the Company dated as of the Closing Date, in the form and substance required under Treasury Regulation Section 1.897-2(h), stating that the Company is not and has not been a United States real property holding corporation (as defined in Section 897(c)(2) of the Code) during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code; and

(5) deliver to Parent the closing certificates required to be delivered by or on behalf of the Company pursuant to this Agreement with respect to the Closing pursuant to Section 6.2(d).

Section h. Purchase Price

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(i)**Estimated Statement**. No later than three (3) Business Days prior to the Closing, the Company shall deliver to Parent a statement (the "Estimated Statement") setting forth the Company's good faith estimate of each of (i) the Net Working Capital Adjustment (the "Estimated Net Working Capital Adjustment"), (ii) the amount of Cash and Cash Equivalents (the "Estimated Cash and Cash Equivalents"), (iii) the amount of Closing Date Indebtedness (the "Estimated Closing Date Indebtedness"), (iv) the amount of Unpaid Transaction Expenses (the "Estimated Unpaid Transaction Expenses"), (v) the Pre-Closing Distributable Earnings (the "Estimated Pre-Closing Distributable Earnings"), (vi) the Estimated Purchase Price, (vii) the Closing Cash Consideration and (viii) the Closing Parent Stock Consideration. Parent shall have the right to review and comment on such Estimated Statement and the Company shall consider in good faith all such comments.

(ii)**Allocation Schedule**

. Concurrently with the Company's delivery to Parent of the Estimated Statement, the Company shall deliver to Parent an allocation schedule (the "Allocation Schedule"), which shall set forth:

(1) the Vested Company Options;

(2) the Actual Shares Outstanding;

(3) the Aggregate Shares Deemed Outstanding;

(4) the Per Share Closing Cash Consideration;

(5) the Per Share Closing Parent Stock Consideration;

(6) the Per Share Optionholder Closing Consideration;

(7) for each Stockholder, such Stockholder's (A) Per Share Closing Cash Consideration and (B) Per Share Closing Parent Stock Consideration;

(8) for each Optionholder, such Optionholder's Option Cash Payment;

(9) for each Equityholder, his, her or its Equityholder Percentage Interest; and

(10) for each Stockholder, his, her or its Stockholder Percentage Interest.

Parent shall be specifically entitled to rely on the Allocation Schedule in making any payments due hereunder and shall have no liability to any Equityholder if payments are made in accordance with the Allocation Schedule. In the event of any inconsistency or conflict between the Allocation Schedule and the provisions of this Article 2 with respect to any portion of the Per Share Closing Cash Consideration or the Per Share Closing Parent Stock Consideration payable to any Stockholder or the Per Share Optionholder Closing Consideration payable to any Optionholder, the Allocation Schedule shall prevail.

(iii)**Closing Date Payments**

. At the Closing, Parent shall pay, or shall cause the Company or the Surviving Entity to pay, in cash by wire transfer of immediately available funds (except as expressly contemplated in clause (iii) below), the following:

(1) $500,000 (such amount, the "Equityholder Representative Expense Amount") shall be deposited into an escrow account (the "Equityholder Representative Expense Account"), which shall be established pursuant to an escrow agreement to be entered into at the Closing among Parent, the Equityholder Representative and the Escrow Agent, substantially in the form attached hereto as Exhibit E with such changes as may be reasonably required by the Escrow Agent (the "Escrow Agreement"), for purposes of satisfying costs, expenses and/or liabilities incurred in its capacity as the Equityholder Representative and otherwise in accordance with this Agreement;

(2) on behalf of the Company, (A) the portion of the Closing Date Indebtedness that is Funded Indebtedness in accordance with the applicable Debt Payoff Letters, and (B) the Unpaid Transaction Expenses (other than as set forth in clause (iii) below) in accordance with the applicable invoices or other documents evidencing such amounts, in each case, delivered to Parent by the Company at least one (1) Business Day prior to the Closing Date;

(3) with respect to any bonus payable in cash and/or Parent Common Shares by the Company as described on Schedule 5.1(iii), in each case payable to employees of the Company, by delivery of such amounts to the Company (in either cash or Parent Common Shares as directed by the Company, it being understood that any portion paid in cash shall be Unpaid Transaction Expenses and any portion paid in Parent Common Shares delivered to the Company shall reduce, on a share for share basis, the number of Parent Common Shares issued at the Closing pursuant to Section 2.8(d)), for further distribution to such employee recipients through the Surviving Entity's payroll;

(4) with respect to each Share issued and outstanding as of immediately prior to the Effective Time, an amount in cash equal to the Per Share Closing Cash Consideration to the Paying Agent for further distribution to the Stockholders pursuant to and in accordance with Section 2.10; and

(5) with respect to each Vested Company Option issued and outstanding as of immediately prior to the Effective Time, an amount in cash equal to (A) the product of (x) the Per Share Optionholder Closing Consideration, multiplied by (y) the aggregate number of Shares issuable in respect of such Vested Company Option outstanding as of immediately prior to the Effective Time, minus (B) the aggregate exercise price that would be paid to the Company in respect of such Vested Company Option had such Vested Company Option been exercised immediately prior to the Effective Time solely in cash (with respect to each Vested Company Option, the "Option Cash Payment") to the Company. The Surviving Entity shall promptly process through its payroll (not later than the first regular payroll date following the Closing Date) the Option Cash Payment for each holder of Vested Company Options, less any Tax deductions or withholdings required under applicable Law for each such Optionholder's Option Cash Payment.

(6) Notwithstanding anything to the contrary in this Agreement, in no case shall Parent be required to pay to, or on behalf of, the Equityholders any amounts in cash at Closing in excess of the Closing Cash Consideration, except as otherwise provided in Section 9.4.

(iv)**Issuance of Parent Common Shares**. At the Closing, Parent shall:

(1) deposit a number of Parent Common Shares, rounded to the nearest whole share, equal to (A) the Purchase Price Escrow Amount divided by (B) the Parent Common Stock Per Share Price, into an escrow account (the "Purchase Price Escrow Account") established pursuant to the Escrow Agreement;

(2) issue to each Stockholder, a number of Parent Common Shares equal to the product of (A) the Per Share Closing Parent Stock Consideration multiplied by (B) the aggregate number of Shares issued and outstanding as of immediately prior to the Effective Time held by such Stockholder, and if applicable, subject to reduction pursuant to Section 2.8(c)(iii) (the "Parent Common Shares Issuance"). If a fraction of a Parent Common Share would otherwise be issuable pursuant to this Section 2.8(d)(ii) (for the avoidance of doubt, measured on a per Stockholder basis after calculating the aggregate number of Parent Common Shares to be issued to such Stockholder), such fraction shall be rounded up or down to the nearest whole number; and

(3) if, during the Interim Period, the outstanding number of Shares or Parent Common Shares shall have been changed into a different number of shares or a different class, by reason of any stock dividend, subdivision, reclassification, recapitalization, split, combination or exchange of shares, or any similar event shall have occurred, then any number, value (including dollar value) or amount contained herein that is based upon the number of Shares or Parent Common Shares will be appropriately adjusted to provide to the holders of Shares, Vested Company Options and Parent Common Shares the same economic effect as contemplated by this Agreement; provided, however, that this Section 2.8(d)(iii) shall not be construed to permit the Company, Parent or Merger Sub to take any action with respect to their respective securities that is prohibited by the terms and conditions of this Agreement.

(4) Notwithstanding anything to the contrary in this Agreement, in no case shall Parent be required to issue pursuant to this Agreement (including pursuant to Section 2.8(c)(iii)) any Parent Common Shares in excess of the Closing Parent Stock Consideration, other than pursuant to Section 2.8(f)(i), if applicable.

(v)**Determination of the Final Purchase Price**.

(1) As soon as practicable, but no later than ninety (90) days after the Closing Date, Parent shall prepare and deliver to the Equityholder Representative, Parent's good faith proposed calculation of each of (A) the Net Working Capital (and the related Net Working Capital Adjustment, if any), (B) the amount of Cash and Cash Equivalents, (C) the amount of Closing Date Indebtedness, (D) the amount of Unpaid Transaction Expenses, (E) the Pre-Closing Distributable Earnings and (F) the Purchase Price, and, in each case, the components thereof and in a manner consistent with the definitions thereof. The proposed calculations described in the previous sentence shall collectively be referred to herein from time to time as the "Proposed Closing Date Calculations." Parent shall prepare the Proposed Closing Date Calculations in a manner consistent with the Accounting Principles. If Parent fails to timely deliver any of the Proposed Closing Date Calculations in accordance with the foregoing, then, at the election of the Equityholder Representative in its sole discretion, either (x) the Actual Adjustment shall be conclusively deemed to equal zero, (y) Parent shall deliver such Proposed Closing Date Calculation(s) within a later time period specified by the Equityholder Representative (it being understood that the last sentence of this Section 2.8(e)(i) shall apply each time that Parent subsequently fails to timely deliver any Proposed Closing Date Calculations) or (z) upon five (5) Business Days advance written notice to Parent, the Equityholder Representative shall retain an independent accounting firm of national reputation to provide an audit or other review of the Group Companies' books and records, review the calculation of the Estimated Purchase Price and make any adjustments necessary thereto consistent with the provisions of this Section 2.8(e), the determination of such accounting firm being conclusive and binding on the Parties; provided, however, that the Equityholder Representative reserves any and all other rights granted to it in this Agreement. The engagement fees of such accounting firm shall be borne as set forth in Section 2.8(e)(ii).

(2) The Equityholder Representative shall have thirty (30) days following receipt of the Proposed Closing Date Calculations to review such calculations (the "Review Period"). The Equityholder Representative may, on or prior to the last day of the Review Period, give Parent written notice of any dispute, which sets forth its objections to Parent's calculation of the Proposed Closing Date Calculations in reasonable detail and provides an alternative calculation of any disputed amounts (a "Purchase Price Dispute Notice"); provided, however, that in the event that Parent does not make available to the Equityholder Representative documents, information or personnel pursuant to Section 2.8(e)(iii) within five (5) days of request therefor (or such shorter period as may remain in such thirty (30) day period), such thirty (30) day period shall be extended by one (1) day for each additional day required for Parent to fully respond to such request. Unless the Equityholder Representative delivers a Purchase Price Dispute Notice to Parent on or before the last day of the Review Period, the Proposed Closing Date Calculations shall be deemed to set forth the final Net Working Capital

(and the related final Net Working Capital Adjustment, if any), the final amount of Cash and Cash Equivalents, the final amount of Closing Date Indebtedness, the final amount of Unpaid Transaction Expenses, the final Pre-Closing Distributable Earnings and the final Purchase Price, in each case, for all purposes hereunder (including the determination of the Actual Adjustment). Prior to the end of the Review Period, the Equityholder Representative may accept the Proposed Closing Date Calculations by delivering written notice to that effect to Parent, in which case the Purchase Price and the components thereof will be finally determined to be the amounts set forth in the Proposed Closing Date Calculations when such notice is given. If the Equityholder Representative delivers a Purchase Price Dispute Notice to Parent on or prior to the last day of the Review Period, Parent and the Equityholder Representative shall use commercially reasonable efforts to resolve any disputes set forth in the Purchase Price Dispute Notice in good faith during the thirty (30) day period commencing on the date Parent receives the Purchase Price Dispute Notice from the Equityholder Representative. If the Equityholder Representative and Parent do not agree upon a final resolution with respect to any disputed items set forth in the Purchase Price Dispute Notice within such thirty (30) day period, then the remaining items in dispute shall be submitted promptly by Parent and the Equityholder Representative to an independent accounting firm of national reputation mutually acceptable to Parent and the Equityholder Representative (the "Accounting Firm"). Any item not disputed in the Purchase Price Dispute Notice shall be deemed final and binding on the Parties as such amount appears in the last of (x) the Proposed Closing Date Calculations and (y) the Purchase Price Dispute Notice, or as otherwise resolved in writing by the Equityholder Representative and Parent. The Accounting Firm shall be requested to render a written determination of the applicable dispute (acting as an expert and not as an arbitrator) within thirty (30) days after referral of the matter to such Accounting Firm, which determination must be in writing and must set forth, in reasonable detail, the basis therefor and must be based solely on (A) the definitions and other applicable provisions and exhibits of this Agreement, (B) a single presentation (which shall be limited to the remaining items in dispute) submitted by each of Parent and the Equityholder Representative to the Accounting Firm within fifteen (15) days after the engagement thereof (which the Accounting Firm shall forward to the other Party) and (C) any written responses submitted to the Accounting Firm by Parent or the Equityholder Representative following receipt of each such presentation (which the Accounting Firm shall forward to the other Party), and not on independent review, which such determination shall be conclusive and binding on Parent and the Equityholder Representative. The terms of the appointment and engagement of the Accounting Firm shall be as reasonably agreed upon between the Equityholder Representative and Parent, and any associated engagement fees shall initially be borne 50% by the Equityholder Representative (on behalf of the Equityholders) and 50% by Parent; provided, however, that such fees shall ultimately be borne by the Equityholder Representative (on behalf of the Equityholders) and Parent in the same proportion as the aggregate amount of the disputed items that is unsuccessfully disputed by each such party (as determined by the Accounting Firm) bears to the total amount of the disputed items submitted to the Accounting Firm. Except as provided in the preceding sentence, all other costs and expenses incurred by the Parties in connection with resolving any dispute hereunder before the Accounting Firm shall be borne by the Party incurring such cost and expense. The Accounting Firm shall resolve each disputed item by choosing a value not in excess of, nor less than, the greatest or lowest value, respectively, set forth in the presentations (and, if applicable, the responses) delivered to the Accounting Firm

pursuant to this Section 2.8(e)(ii). The Proposed Closing Date Calculations shall be revised as appropriate to reflect the resolution of any objections thereto pursuant to this Section 2.8(e)(ii), and, as so revised, such Proposed Closing Date Calculations shall be deemed to set forth the final Net Working Capital (and the related final Net Working Capital Adjustment), the final amount of Cash and Cash Equivalents, the final amount of Closing Date Indebtedness, the final amount of Unpaid Transaction Expenses, the final Pre-Closing Distributable Earnings and the final Purchase Price, in each case, for all purposes hereunder (including the determination of the Actual Adjustment).

(3) Parent shall, and, from and after the Closing, shall cause each Group Company to, promptly make each Group Company's financial records, supporting documents and work papers and personnel available to the Equityholder Representative and its accountants and other representatives (including the Accounting Firm) at reasonable times during normal business hours during the review by the Equityholder Representative of, and the resolution of any objections with respect to, the Proposed Closing Date Calculations.

(4) It is the intent of the Parties to have any final determination of the Purchase Price by the Accounting Firm proceed in an expeditious manner; provided, however, that any deadline or time period contained herein may be extended or modified by the written agreement of the Parties and the Parties agree that the failure of the Accounting Firm to strictly conform to any deadline or time period contained herein shall not be a basis for seeking to overturn any determination rendered by the Accounting Firm which otherwise conforms to the terms of this Section 2.8.

(vi) **Adjustment to Estimated Purchase Price**.

(1) If the Actual Adjustment is a positive amount, the Surviving Entity shall issue to the Stockholders, in accordance with each such Stockholder's Stockholder Percentage Interest, a number of Parent Common Shares equal to the quotient of (A) such positive amount divided by (B) the Parent Common Stock Per Share Price and Parent and the Equityholder Representative shall deliver joint written instructions to the Escrow Agent to release the Escrow Shares to the Paying Agent (for further distribution to the Stockholders), in each case, less any Tax deductions or withholdings required under applicable Law, within three (3) Business Days after the date on which the Purchase Price is finally determined pursuant to Section 2.8(e).

(2) If the Actual Adjustment is a negative amount, then within three (3) Business Days after the date on which the Purchase Price is finally determined pursuant to Section 2.8(e), Parent and the Equityholder Representative shall deliver joint written instructions to the Escrow Agent instructing the Escrow Agent to deliver to Parent out of the Escrow Shares a number of Parent Common Shares equal to the quotient of (A) such negative amount divided by (B) the Parent Common Stock Per Share Price; provided, however, that if the absolute value of such negative amount is less than the Purchase Price Escrow Amount, then simultaneously with the delivery of such joint written instructions, Parent and the Equityholder Representative shall deliver joint written instructions to the Escrow Agent instructing the Escrow Agent to release any excess Escrow Shares remaining in the Purchase Price Escrow Account to the Paying Agent (for

further distribution to the Stockholders), less any Tax deductions or withholdings required under applicable Law. For the avoidance of doubt, the Escrow Shares shall serve as the sole and exclusive source of recovery for any amounts owed to Parent in connection with the final determination of the Purchase Price and Actual Adjustment pursuant to this Section 2.8.

(3) Any amounts which become payable pursuant to this Section 2.8(f) will constitute an adjustment to the Purchase Price for all purposes hereunder.

Section i. Option Plans

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(i)Prior to the Closing, the Company shall take any appropriate actions pursuant to the Option Plan (and the underlying option grant agreements) that are necessary to give effect to the provisions of Section 2.6(d) and Section 2.8(c)(v) with respect to Company Options.

(ii)The Option Plan and all Company Options shall terminate as of the Effective Time, and no Optionholder shall have any rights thereunder, including any rights to acquire any equity securities of the Company, the Surviving Entity or any Subsidiaries thereof, other than as set forth herein (including pursuant to Section 2.8) or by applicable Law.

Section j. Paying Agent

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(i)The Parties acknowledge and agree that the Company shall act as the paying agent, on behalf of the Stockholders for the payment of the Closing Cash Consideration due and payable to the Stockholders hereunder (the Company in such capacity, the "Paying Agent"). At the Effective Time, Parent shall deposit, or Parent shall otherwise take all steps necessary to cause to be deposited, by wire transfer of immediately available funds, in trust with the Paying Agent for the benefit of the Stockholders, cash in an aggregate amount equal to the Closing Cash Consideration (such amount, the "Payment Fund"), which deposit shall be used solely and exclusively for purposes of paying the consideration specified in Section 2.8, and shall not be used to satisfy any other obligations of the Surviving Entity.

(ii)At the close of business on the Business Day prior to the Effective Time, the stock transfer books of the Company shall be closed and thereafter, there shall be no transfers of Shares that were outstanding immediately prior to the Effective Time. At any time following the date hereof, the Company may, but in any event, shall within three (3) Business Days following the Effective Time, mail or otherwise deliver to the Stockholders as of immediately prior to the Effective Time a Letter of Transmittal in the form attached hereto as Exhibit C. All portions of the Payment Fund, if any, payable to such Stockholders shall be paid in accordance with the provisions of this Agreement.

(iii)Prior to making any payment with respect to any Shares hereunder, including any issuance of Parent Common Shares, the Paying Agent shall receive from such Stockholder a

copy of (i) a duly executed Letter of Transmittal, and (ii) an executed substitute Form W-9. If a duly executed Letter of Transmittal is delivered to the Paying Agent prior to the Effective Time, then the Paying Agent shall cause such applicable consideration to be paid to the applicable Stockholder in immediately available funds at the Closing. If a duly executed Letter of Transmittal is delivered to the Paying Agent following the Effective Time, then the Paying Agent shall cause such applicable consideration to be paid to the applicable Stockholder in immediately available funds within two (2) Business Days after such delivery and surrender.

(iv)Until surrendered in accordance with this Section 2.10, each such Share (other than the Dissenting Shares to be cancelled in accordance with Section 2.11) shall represent solely the right to receive the Per Share Closing Cash Consideration and the Per Share Closing Parent Stock Consideration, as well as a portion of any Deferred Payments attributable thereto. No Stockholder shall be entitled to any consideration contemplated herein unless and until such holder delivers the documentation required by Section 2.10(c).

(v)None of Parent, the Surviving Entity, the Equityholder Representative, or the Paying Agent, or any of their respective Subsidiaries or Affiliates, shall be liable to any Person in respect of any cash delivered to a public official pursuant to any applicable abandoned property, unclaimed property, escheat, or similar Law.

Section k. Treatment of Dissenting Shares

. Notwithstanding anything in this Agreement to the contrary, a Stockholder who has properly demanded appraisal of such shares pursuant to, and who has complied in all respects with, the provisions of Section 262 of the DGCL ("Dissenting Shares") shall not have such shares converted into the applicable Per Share Closing Cash Consideration and the applicable Per Share Closing Parent Stock Consideration and a portion (if any) of the Deferred Payments as provided herein, but instead such holder shall be entitled to such rights (and only such rights) as are granted under Section 262 of the DGCL, unless and until such holder withdraws (in accordance with Section 262 of the DGCL) or loses the right to dissent. If any holder of Dissenting Shares shall have effectively withdrawn (in accordance with Section 262 of the DGCL) or lost the right to dissent, then as of the later of the Effective Time or the occurrence of such event, the Dissenting Shares held by such holder shall be cancelled and converted into and represent the right to receive the Per Share Closing Cash Consideration and the Per Share Closing Parent Stock Consideration, as well as a portion of any Deferred Payments attributable thereto, in each case, without any interest thereon.

Article 3.

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth in the disclosure letter delivered to Parent on the date hereof and constituting an integral part of this Agreement (the "Company Disclosure Letter"), the Company represents and warrants to Parent and Merger Sub as follows:

Section a. Corporate Status and Authority

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(i)The Company is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware and has all corporate power and authority to carry on its business as presently conducted and to own, lease and operate its properties, and is duly qualified and in good standing (if applicable) as a foreign corporation duly authorized to do business in all jurisdictions, except where the failure to have such power and authority or to be duly qualified or in good standing would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. The Company has all requisite corporate power and authority (other than, as of the date hereof, the obtaining of the Company Stockholder Written Consent) to (i) execute and deliver this Agreement and each other Transaction Document to which it is a party, (ii) perform its obligations hereunder and thereunder, and (iii) consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and each other Transaction Document to which the Company is a party, the performance of the Company's obligations hereunder and thereunder and the consummation of the transactions contemplated hereby and thereby, have been duly authorized by all requisite corporate action of the Company (other than, as of the date hereof, the Company Stockholder Written Consent). The Company has duly executed and delivered this Agreement, and each other Transaction Document to which the Company is a party when executed and delivered by the Company, will be duly executed and delivered. This Agreement constitutes, and each other Transaction Document to which the Company is a party will constitute (assuming the due and valid authorization, execution and delivery hereof and thereof by each of the other applicable parties hereto and thereto), the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium, receivership or similar Laws relating to or affecting creditors' rights generally and by general principles of equity (whether considered at Law or in equity) (the "Enforceability Exceptions").

(ii)The Company has made available to Parent true, complete and correct copies of the Organizational Documents of the Group Companies.

Section b. Capitalization

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(i)Capital Stock. As of the date hereof, the authorized capital stock of the Company consists of (i) 1,000 shares of common stock, par value $0.001 per share, designated as "Class A Common Stock" (the "Class A Company Common Shares "), of which none are issued and outstanding, (ii) 2,000,000 shares of common stock, par value $0.001 per share, designated as "Class B Common Stock" (the "Class B Company Common Shares" and, together with the Class A Company Common Shares, the " Company Common Shares"), of which 730,855 are issued and outstanding, (iii) 10,001,000 shares of preferred stock, par value $0.001 per share, of which 10,000,000 are designated as "Series C Participating Preferred Stock" (the "Company Preferred Shares" and together, with the Company Common Shares, the "Shares"), of which 6,765,302 shares are issued and outstanding. Schedule 3.2(a) of the Company Disclosure Letter sets forth, as of the date hereof, the record owners of the Shares and the Company Options, including the

number of Shares and Company Options (which correspond to the number of Class B Company Common Shares issuable upon exercise in full of the Company Options) held by each Stockholder and Optionholder. With respect to each Company Option, Schedule 3.2(a) of the Company Disclosure Letter also sets forth the grant date and exercise price of each such Company Option. Each Company Option is evidenced by a stock option agreement that has been made available to Parent and does not constitute nonqualified deferred compensation under Section 409A of the Code. All outstanding Shares are, and all shares of capital stock of the Company which may be issued pursuant to the Company Options will be, if issued and paid for in accordance with the terms thereof, duly authorized, validly issued, fully paid and nonassessable and not subject to preemptive rights. As of the Closing Date, as a result of the transactions contemplated hereby, there will be no Company Options that are not Vested Company Options. The Per Share Optionholder Closing Consideration exceeds the exercise price of each Vested Company Option.

(ii)Except as set forth in Section 3.2(a), as of the date hereof, there are no outstanding (i) Shares of or other voting or equity interests in the Company, (ii) securities of the Group Companies convertible into or exercisable or exchangeable for Shares or other voting or equity interests in the Company, (iii) options, warrants, subscription rights or other rights or agreements, commitments or understandings to acquire from the Company, or other obligation of the Group Companies to issue, transfer or sell, any Shares or other voting or equity interests in the Company or securities convertible into or exercisable or exchangeable for Shares of or other voting or equity interests in the Company or (iv) stock appreciation, phantom stock, profit participation or other equity-based compensation or similar rights with respect to any of the Shares or any other equity securities of the Company to which the Group Companies are bound (the items in clauses (i), (ii), (iii) and (iv) being referred to collectively as the "Company Securities"). Other than as may be expressly set forth in their respective Organizational Documents, there are no outstanding obligations of the Group Companies to repurchase, redeem or otherwise acquire any Company Securities. The Group Companies have no authorized or outstanding bonds, debentures, notes or other indebtedness for which the holders thereof have the right to vote (or which are convertible into or exercisable for securities having the right to vote) on any matter on which the Equityholders may vote. None of the Group Companies or, to the Company's Knowledge, any of the Equityholders, is a party to any stockholders agreement, voting agreement, proxy, voting trust or similar agreement with respect to the Company Securities, and there are no other contracts restricting or otherwise relating to the voting of the Company Securities, in each case other than the Company's Organizational Documents and the Existing Company Stockholders' Agreement made available to Parent as of the date hereof.

Section c. Company Subsidiaries

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(i)Each Company Subsidiary, its respective jurisdiction of organization, its respective equity holders and percentage ownership are identified on Schedule 3.3(a) of the Company Disclosure Letter. Each of the Company Subsidiaries is a corporation, partnership or other legal entity, as the case may be, duly organized and validly existing under the Laws of its

respective jurisdiction of organization. Each Company Subsidiary has all requisite corporate, partnership or other legal entity power and authority to own, lease and operate its properties and to carry on its business as presently conducted, except where the failure to have such power and authority would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. Each Company Subsidiary is in good standing under the Laws of its respective jurisdiction of organization and is duly qualified and in good standing (if applicable) as a foreign corporation duly authorized to do business in all jurisdictions, except where the failure to be so duly qualified or in good standing would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(ii)All of the issued and outstanding shares or other ownership interests of each of the Company Subsidiaries have been duly authorized and validly issued and are fully paid and non-assessable (to the extent such concepts are applicable) and, except as set forth on Schedule 3.3(a) of the Company Disclosure Letter, are owned, directly or indirectly, by the Company free and clear of all Liens, except for Permitted Liens, restrictions under applicable securities Laws and any Liens created as a result of Parent or Merger Sub, including as a result of any financing to be undertaken by Parent or Merger Sub in connection with the transactions contemplated by this Agreement. Except as set forth on Schedule 3.3(a) of the Company Disclosure Letter, there are no outstanding (i) shares of capital stock of or other voting or equity interests in any Company Subsidiary, (ii) securities of any Company Subsidiary convertible into or exercisable or exchangeable for shares of capital stock of or other voting or equity interests in any of the Group Companies or (iii) options, warrants, subscription rights, stock appreciation, phantom stock, profit participation or other equity-based compensation or other rights or agreements, commitments or understandings of any kind to acquire from any Company Subsidiary, or other obligation of any Company Subsidiary to issue, transfer or sell, any shares of capital stock of or other voting or equity interests in any Company Subsidiary or securities convertible into or exercisable or exchangeable for shares of capital stock of or other voting or equity interests in any Company Subsidiary (the items in clauses (i), (ii) and (iii) being referred to collectively as the "Subsidiary Securities").

(iii)Except as set forth on Schedule 3.3(c) of the Company Disclosure Letter, there are no outstanding obligations of any Company Subsidiary to repurchase, redeem or otherwise acquire any Subsidiary Securities.

(iv)None of the Group Companies own any shares of capital stock of or other voting or equity interests in (including any securities exercisable or exchangeable for or convertible into shares of capital stock of or other voting or equity interests in) any other Person other than the Subsidiary Securities.

Section d. No Conflicts; Consents and Approvals

.

(i)The execution, delivery and performance by the Company of this Agreement and the other Transaction Documents to which it is a party and the consummation of the transactions contemplated hereby and thereby do not and will not (with or without the giving of notice, the

lapse of time, or both) result in (i) assuming compliance with the matters referred to in Section 3.4(b), any violation or breach of any Law applicable to the Group Companies or any of the properties or assets of the Group Companies or the violation or revocation of any required Permit from any Governmental Entity, (ii) except as set forth on Schedule 3.4(a) of the Company Disclosure Letter, any violation or breach of, any termination or modification of any right, or the triggering or acceleration of any payments or rights under, or require a Consent under, any Material Contract or the creation of any Lien upon any of the properties or assets of the Group Companies or (iii) subject to the receipt of the Company Stockholder Written Consent, any violation of the Organizational Documents of the Group Companies, except in the case of clauses (i) and (ii), to the extent that the occurrence of any of the foregoing would not reasonably be expected to be, individually or in the aggregate, material to the Group Companies, taken as a whole.

(ii)Other than (i) compliance with and filings under the HSR Act, (ii) the filing of the Certificate of Merger, and (iii) the Licensee Consents as set forth on Schedule 3.4(b) of the Company Disclosure Letter, no Consent of any Governmental Entities is required to be obtained by the Group Companies in connection with the execution, delivery and performance of this Agreement, the other Transaction Documents or the consummation of the transactions contemplated hereby or thereby, except where the failure to obtain such Consents would not reasonably be expected to be, individually or in the aggregate, material to the Group Companies, taken as a whole.

Section e. Financial Statements

. The Company has made available to Parent copies of (a) the audited consolidated financial statements of the Group Companies for the fiscal years ended December 31, 2018 and 2019, together with the reports thereon by the Company's accountants (in each case, including a consolidated balance sheet and consolidated statements of income, cash flows and stockholders' equity) (the "Audited Financial Statements") and (b) the unaudited consolidated financial statements of the Group Companies for the nine (9) month period ended September 30, 2020 (including a consolidated balance sheet and a consolidated statement of income only) (the "Most Recent Financial Statements" and, together with the Audited Financial Statements, the "Financial Statements"). The Financial Statements have been prepared from the books and records of the Group Companies and in accordance with GAAP applied on a consistent basis (except as may be indicated in the notes thereto and, in the case of the Most Recent Financial Statements, for the absence of footnotes and normal year-end adjustments). The Financial Statements present fairly in all material respects the financial position, results of operations and cash flows of the Group Companies at and for the respective periods indicated.

Section f. Absence of Undisclosed Liabilities

. Except as set forth on Schedule 3.6 of the Company Disclosure Letter, the Company does not have any liabilities or obligations of any nature, whether absolute, accrued, contingent or otherwise and whether due or to become due, in each case, that would be required by GAAP to be set forth on the consolidated balance sheet of the Company, except (a) as reflected on and reserved against in the Financial Statements, (b) liabilities and obligations incurred in the

Ordinary Course of Business since September 30, 2020 (none of which is a material liability for breach of contract, tort, or infringement or a claim or lawsuit or an environmental liability), (c) executory obligations of the Group Companies under the agreements, contracts, leases and licenses to which they are a party, including the Material Contracts (other than as a result of a material breach of or default under such agreements, contracts, leases and licensees), and (d) liabilities or obligations that would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

Section g. Assets; Real Property

.

(i)Title to Assets. The Group Companies have good and valid title to, or otherwise have the right to use pursuant to a binding, valid and enforceable lease, license or similar contractual arrangement, all of their material assets, in each case free and clear of any Liens other than Permitted Liens. The assets of the Group Companies constitute all of the material assets that are necessary and sufficient for the operation of the business of the Group Companies as presently operated.

(ii)Leased Real Property. Schedule 3.7(b) of the Company Disclosure Letter lists (i) all real property leased by the Group Companies under leases that provide for annual base rent payable by the Group Companies (the "Leased Real Property"), and (ii) the leases pursuant to which such real property is leased, in each case, together with all amendments, extensions, renewals, guaranties and other agreements with respect to such leases (the "Leases"). The Leased Real Property constitutes all of the real property used by the Group Companies in the conduct of the business, and the applicable Group Company has a valid and enforceable leasehold interest in each parcel or tract of real property leased by it free and clear of all Liens (other than Permitted Liens). The Group Companies have delivered to Parent a true, complete and correct copy of each material Lease document. Subject to the Enforceability Exceptions, each Lease is in full force and effect and, to the Company's Knowledge, is enforceable against the landlord that is party thereto in accordance with its terms, except as would not be material to the Group Companies, taken as a whole. None of the Group Companies' possession and quiet enjoyment of the Leased Real Property under any Lease has been disturbed in any material respect, and there exists no material default, breach or event of default, and no event has occurred or circumstances exist which, with the delivery of notice or passage of time or both, would constitute a material breach or default, or permit termination, modification or acceleration of rent under such Lease.

(iii)Owned Real Property. None of the Group Companies owns any real property.

Section h. Contracts

.

(i)Schedule 3.8 of the Company Disclosure Letter lists all Material Contracts. The term "Material Contracts" means all of the following types of contracts, agreements or

arrangements (whether written or oral) to which the Group Companies are a party or by which the Group Companies or any of their respective properties or assets are legally bound as of the date hereof:

(1) any contract, agreement or arrangement with a financial institution or similar entity (each, a "Financial Institution") pursuant to which such Financial Institution agrees to provide bank account access or services, or other banking related services, including access to the Automated Clearing House network or payment card networks, to the Group Companies or their clients, or pursuant to which such Financial Institution appoints any Group Company as its authorized delegate or representative ("Material Bank Agreements");

(2) any contract, agreement or arrangement relating to Indebtedness (whether incurred, assumed, guaranteed or secured by any asset) with respect to an amount in excess of $1,000,000;

(3) any joint venture, partnership, limited liability company or other similar contracts, agreements or arrangements;

(4) any contract, agreement, arrangement or series of related contracts, agreements or arrangement(s), including any option agreement, relating to the acquisition or disposition of any business, capital stock or assets of any other Person or any material real property (whether by merger, sale of stock, sale of assets or otherwise), in each case since the Lookback Date and for which any liability or obligation of the Group Companies remains outstanding;

(5) any contract, agreement or arrangement that limits in any material respect the freedom of the Group Companies to compete in any line of business or with any Person or in any area;

(6) any contract, agreement or arrangement (other than purchase or sale orders entered into in the Ordinary Course of Business for which there is an underlying written agreement) with any of the Material Vendors;

(7) any lease under which (A) the Group Companies are lessees of, or holds or uses, any machinery, equipment, vehicle or other tangible personal property owned by a third party or (B) the Group Companies are lessors or sublessors of, or makes available for use by any third party, any tangible personal property owned or leased by the Group Companies, in each case, which has future required scheduled payments in excess of $500,000 in any calendar year;

(8) any contract, agreement or arrangement (other than (A) employment or compensation-related agreements or Company Benefit Plans, (B) agreements entered into in the Ordinary Course of Business and (C) agreements between any Group Companies) between any Group Company and any Affiliate of the Company;

(9) any contract, agreement or arrangement under which the Group Companies have made advances or loans to any other Person in excess of $500,000 other than advances made to an employee of the Group Companies in the Ordinary Course of Business pursuant to any Company Benefit Plan that is listed on Schedule 3.11(a) of the Company Disclosure Letter;

(10) any settlement agreement entered into within the twelve (12) months immediately prior to the date hereof with any Person pursuant to which the Group Companies are obligated to pay consideration in excess of $500,000;

(11) any agreement with any Governmental Entity outside of the Ordinary Course of Business or under which payments of $500,000 or more were made to the Group Companies during the twelve (12) month period ended on September 30, 2020;

(12) any agreement relating to any interest rate, derivatives or hedging transaction;

(13) any agreement under which (A) any Person (other than the Group Companies) has directly or indirectly guaranteed any liabilities or obligations of any Group Company or (B) any Group Company has directly or indirectly guaranteed any liabilities or obligations of any other Person (other than the Group Companies), in each case other than endorsements for the purpose of collection in the Ordinary Course of Business;

(14) any IP Agreement; or

(15) any contracts, agreements or arrangements with a debt settlement company or attorney or law firm (each a "Debt Settlement Provider") pursuant to which the Group Companies provide services to such Debt Settlement Provider in the Ordinary Course of Business.

(ii)True, correct and complete copies of each Material Contract have been made available to Parent. Subject to the Enforceability Exceptions, each such Material Contract is a valid and binding agreement of the applicable Group Company party thereto and is in full force and effect as to the applicable Group Company party thereto and, to the Company's Knowledge, as to each other party thereto. None of the Group Companies and, to the Company's Knowledge, any other party thereto is in material default or material breach under any such Material Contract, and none of the Group Companies has received or delivered any written claim or notice of default or material breach under any such Material Contract, any written notice of intent to cancel, terminate or modify any such Material Contract, or any written notice of an indemnification or other material claim under any such Material Contract.

Section i. Vendors

. Schedule 3.9 of the Company Disclosure Letter lists the names of each of the ten (10) largest vendors of the Group Companies, taken as a whole, for the twelve (12) month period ended September 30, 2020 (the "Material Vendors"). None of the Group Companies has

received any written notice stating that any such Material Vendor has ceased, or intends to cease, to supply goods or services to the Group Companies or to otherwise terminate or materially reduce or modify its relationship with the Group Companies.

Section j. Labor

.

(i)None of the Group Companies is a party to or is otherwise bound by any collective bargaining agreement, and, to the Company's Knowledge, there are no labor unions or other organizations or groups representing, purporting to represent or attempting to represent any employees of the Group Companies. There is no pending or, to the Company's Knowledge, threatened strike, slowdown, picketing or work stoppage by, or lockout of, or other similar labor dispute, activity or organizing campaign with respect to any employees of the Group Companies and no such dispute, activity or campaign has occurred since the Lookback Date. Each Group Company is, and since the Lookback Date has been, in compliance in all material respects, with all applicable Laws and contracts respecting labor and employment, employment practices, terms and conditions of employment, wages and hours and occupational safety and health, including the WARN Act. There are no pending Proceedings against or affecting any Group Company relating to the alleged violation of any Laws pertaining to labor relations, employment or employment practices, including unfair labor practice charges, except as would not, individually or in the aggregate, reasonably be expected to result in a material liability to a Group Company.

(ii)Each individual who renders services to the Company or any of its Subsidiaries who is classified by the Company or such Subsidiary, as applicable, as having the status of an independent contractor or other non-employee status for any purpose (including for purposes of taxation and tax reporting and under Company Benefit Plans) is properly so characterized.

Section k. Employee Benefit Plans and Related Matters; ERISA

.

(i)Disclosure. Schedule 3.11(a) of the Company Disclosure Letter lists all material Company Benefit Plans. With respect to each Company Benefit Plan, the Company has made available to Parent true, correct and complete copies of, as applicable, (i) such Company Benefit Plan and any other writing constituting a part of such Company Benefit Plan, including all plan documents, employee communications, and benefit schedules, (ii) the summary plan description and all summaries of material modifications, (iii) any trust agreements, insurance contracts and other funding vehicles, (iv) the most recent Form 5500, (v) any material correspondence with a Governmental Entity and (vi) the most recent IRS determination or opinion letter with respect to any Company Benefit Plan that is intended to be qualified under Section 401(a) of the Code.

(ii)Qualification. Each Company Benefit Plan intended to be qualified under Section 401(a) of the Code, and the trust (if any) forming a part thereof, has received a favorable determination letter from the IRS and, to the Company's Knowledge, there are no circumstances or events that could result in any revocation of, or an adverse change to, such determination letter

or otherwise adversely affect the qualified status of such plan or trust. Each Company Benefit Plan (and each related trust, insurance contract, fund or agreement) has been maintained, funded and administered in all material respects in accordance with its terms and all applicable requirements of ERISA, the Code and other applicable Law.

(iii)Liability; Compliance.

(1) No Group Company nor any of its ERISA Affiliates has any current or contingent liability under Title IV of ERISA. With respect to each Company Benefit Plan, all contributions or payments (including all employer contributions, employee salary reduction contributions and premium or benefit payments) that are due have been made within the time periods prescribed by the terms of each such Company Benefit Plan, ERISA, the Code and applicable Law, as the case may be, and all such contributions or payments for any period ending on or before the Closing Date that are not yet due have been made, paid or properly accrued in the Financial Statements in accordance with GAAP applied on a consistent basis. As of the date hereof, the amount by which the fair market value of the assets of any Company Benefit Plan is less than the actuarial present value of all accrued benefits under such Company Benefit Plan (whether or not vested) is fully reflected in the Financial Statements, regardless of whether required by GAAP.

(2) Except as would not reasonably be expected to result, either directly or indirectly, in material liability to the Group Companies, (A) other than routine claims for benefits, there are no pending or, to the Company's Knowledge, threatened claims by or on behalf of any participant or any Governmental Entity in any of the Company Benefit Plans, or otherwise involving any Company Benefit Plan or the assets of any Company Benefit Plan and (B) there have been no non-exempt "prohibited transactions" (as defined in Section 406 of ERISA or Section 4975 of the Code) or breaches of fiduciary duty with respect to any Company Benefit Plan. None of the Company Benefit Plans is presently under audit or examination (nor has notice been received by the Company of a potential audit or examination) by the IRS, the Department of Labor, or any other Governmental Entity, domestic or foreign.

(3) There does not now exist, nor do any circumstances exist that could result in, any Controlled Group Liability that would be a material liability of any Group Company following the Closing. Without limiting the generality of the foregoing, no Group Company nor any of its respective ERISA Affiliates, has engaged in any transaction described in Section 4069 or Section 4204 or 4212 of ERISA.

(4) Neither any Group Company nor any of its ERISA Affiliates has contributed to, has had any obligation to contribute to, or has or had any liability or obligation with respect to (A) a Multiemployer Plan, (B) a plan that has two or more contributing sponsors at least two of whom are not under common control, within the meaning of Section 4063 of ERISA, or (C) a plan subject to Section 302 or Title IV of ERISA or Section 412 of the Code. None of the Group Companies has any material liability or obligation, current or contingent, with respect to an arrangement that provides for post-employment or retiree medical, life insurance or other welfare-type benefits (other than health continuation coverage required by Section 4980B

of the Code or similar applicable Law for which the covered individual pays the full cost of coverage).

(5) With respect to each Company Benefit Plan that is subject to Title IV or Section 302 of ERISA or Section 412 or 4971 of the Code: (A) there does not exist any accumulated funding deficiency within the meaning of Section 412 of the Code or Section 302 of ERISA, whether or not waived; (B) the fair market value of the assets of such Company Benefit Plan equals or exceeds the actuarial present value of all accrued benefits under such Company Benefit Plan (whether or not vested) on a termination basis; (C) no reportable event within the meaning of Section 4043(c) of ERISA for which the 30-day notice requirement has not been waived has occurred, and the consummation of the transactions contemplated by this agreement will not result in the occurrence of any such reportable event; (D) all premiums to the Pension Benefit Guaranty Corporation have been timely paid in full; (E) no material liability (other than for premiums to the Pension Benefit Guaranty Corporation) under Title IV of ERISA has been or is expected to be incurred by any Group Company; and (F) the Pension Benefit Guaranty Corporation has not instituted proceedings to terminate any such Company Benefit Plan and, to the Company's Knowledge, no condition exists that presents a risk that such proceedings will be instituted or which would constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any such Company Benefit Plan.

(6) Each Company Benefit Plan subject to the Laws of any jurisdiction outside of the United States (A) has been maintained in all material respects in accordance with all applicable requirements, (B) if intended to qualify for special tax treatment, meets in all material respects all requirements for such treatment, and (C) if intended to be funded and/or book-reserved, is fully funded and/or book reserved, as appropriate, based upon reasonable actuarial assumptions.

(7) Neither the execution, delivery and performance of this Agreement or the consummation the transactions contemplated by this Agreement will (either alone or in conjunction with any other event) result in an increase in the amount of compensation or benefits or the acceleration of the vesting or timing of payment of any compensation or benefits payable to or in respect of any current or former employee, officer, director or independent contractor of any of the Group Companies or any increased or accelerated funding obligation with respect to any Company Benefit Plan, other than the vesting of the Company Options, which shall occur as a result of the transactions contemplated hereby.

(8) No amount, payment or deemed payment (whether in cash or property or the vesting of property) by the Group Companies will arise or be made as a result (alone or in combination with any other event) of the execution, delivery and performance of this Agreement by the Company, or the consummation of the transactions contemplated by this Agreement, that will be an "excess parachute payment" within the meaning of Section 280G of the Code. None of the Group Companies has any current or contingent indemnity or gross-up obligation for any Taxes imposed under Section 4999 or Section 409A of the Code.

Section l. Intellectual Property

.

1. Owned IP. Schedule 3.12(a) of the Company Disclosure Letter lists all applications and registrations for trademarks, copyrights, trade names, service marks, patents and Internet domain names owned by the Group Companies. The Group Companies exclusively own all right, title, and interest in and to all Intellectual Property Rights they own or purport to own, including each of the items set forth on Schedule 3.12(a) of the Company Disclosure Letter (collectively, the "Owned Intellectual Property"), in each case free and clear of all Liens, except as set forth on Schedule 3.12(a) of the Company Disclosure Letter and except for Permitted Liens. No (i) government funding, or (ii) facilities of a university, college, or research center was used in the development of the Owned Intellectual Property. The Group Companies exclusively own, or have a valid license to use or otherwise have the legal right to use, all Intellectual Property Rights used in or necessary to the conduct of the Business as presently conducted in all material respects, free and clear of all Liens, except as set forth on Schedule 3.12(a) of the Company Disclosure Letter and except for Permitted Liens. The Owned Intellectual Property is valid, subsisting, and, to the Company's Knowledge, enforceable.

2. Non-Infringement. To the Company's Knowledge, the operation of the Business as currently conducted does not infringe, misappropriate, or otherwise violate, and since the Lookback Date has not infringed, misappropriated or otherwise violated, any Intellectual Property Rights of any third party. Since the Lookback Date, none of the Group Companies has received any written notice that it is infringing on or has misappropriated or otherwise violated the Intellectual Property Rights of any Person (including any demand or request from a third party that the Group Companies license any Intellectual Property Rights) and, to the Company's Knowledge, no Person is infringing upon or misappropriating or otherwise violating any of the Owned Intellectual Property.

3. IP Agreements. Schedule 3.12(c) of the Company Disclosure Letter lists all contracts to which the Group Companies are a party, in each case as of the date hereof (other than contracts for Commercial Software and contracts with clients or customers entered into in the Ordinary Course of Business) that relate to (i) the Group Companies' licensing or permitting any Person to use any of the Owned Intellectual Property, (ii) any Person licensing or permitting the Group Companies to use any Intellectual Property Rights, (iii) the ownership or development of any Intellectual Property Rights owned or used by the Group Companies, and (iv) the Group Companies' ability to use, enforce, or disclose any Intellectual Property Rights (collectively, the "IP Agreements"). Neither the execution, delivery or performance of this Agreement or any Transaction Documents nor the consummation of the contemplated transaction will, with or without notice or lapse of time, result in, or give any other Person the right or option to cause or declare: (A) a loss of, or Lien on, any material Owned Intellectual Property; (B) a breach of or default under any IP Agreement, except as would not reasonably be expected to be material, individually or in the aggregate, to the Group Companies, taken as a whole; (C) the release, disclosure or delivery of any material Owned Intellectual Property by or to any escrow agent or

other Person; or (D) the grant, assignment or transfer to any other Person of any license or other right or interest under, to or in any of the material Owned Intellectual Property.

4. Employees and Contractors. Except as set forth on Schedule 3.12(d) of the Company Disclosure Letter, each current and former employee, officer, director, consultant, and independent contractor of the Group Companies involved in the creation or development of material Intellectual Property Rights for the Group Companies has entered into a valid and enforceable written agreement with the Group Companies pursuant to which such Person (i) assigns to the Group Companies all Intellectual Property Rights created or developed by such Person within the scope of such Person's duties to the Group Companies and (ii) is prohibited from using or disclosing confidential information of the Group Companies for any unauthorized purposes. To the Company's Knowledge, no such current or former employee, consultant, or independent contractor of the Group Companies is in violation of any such agreement.

5. Trade Secrets. The Group Companies have taken commercially reasonable actions to maintain, protect and enforce the Owned Intellectual Property, including to maintain the confidentiality of the Owned Intellectual Property constituting trade secrets or other confidential information. To the Company's Knowledge, there has been no unauthorized disclosure of any such trade secrets or other confidential information.

6. Source Code. No source code for any proprietary Software of the Group Companies has been delivered, licensed or made available to any escrow agent or other Person who is not, as of the date of this Agreement, an employee of a Group Company. No Group Company has a duty or obligation (whether present, contingent or otherwise) to deliver, license or make available the source code for any such Software to any escrow agent or other Person. No event has occurred, and, to the Company's Knowledge, no circumstance or condition exists, that (with or without notice or lapse of time) will, or could reasonably be expected to, result in the delivery, license or disclosure of the source code for any such Software to any other Person.

7. Data Security and Privacy. Since the Lookback Date, the business of the Group Companies have not experienced any material incident in which Personal Information was stolen or improperly accessed, including any breach of security. Since the Lookback Date, none of the Group Companies has received any written notices or complaints from any Person with respect to any such access or breach. The Group Companies are and, since the Lookback Date, have been in compliance in all material respects with the Processing of Personal Information related to the Business and information privacy and security representations, warranties, agreements, covenants and obligations they have given to their customers in business associate agreements or otherwise, and have provided all certifications to applicable Governmental Entities as required under Information Privacy and Security Laws, including Part 500 of the regulations administered by the New York State Department of Financial Services. The Group Companies maintain, and, since the Lookback Date, have remained in compliance, in all material respects, with, a comprehensive written information security program that includes commercially reasonable administrative, physical and technical measures to protect the confidentiality, integrity, availability and security of Personal Information related to the Information Technology used or relied upon by the Group Companies in the conduct of their business ("Business

Information Technology") against any unauthorized control, use, access, interruption, modification or corruption related to the business of the Group Companies and to ensure the continued, uninterrupted and error-free operation of the Business Information Technology. Since the Lookback Date, there has been no data security breach or other third-party unauthorized access or Processing of data related to the Business or the Business Information Technology, or other security incident.

1. Information Technology, Business Continuity and Disaster Recovery. The Business Information Technology is sufficient for the current and currently anticipated needs of such business, including as to capacity, scalability and ability to process current and anticipated peak volumes in a timely manner, and are subject to commercially reasonable disaster recovery procedures. The Group Companies have taken commercially reasonable measures to (i) protect the confidentiality, integrity and security of the Business Information Technology from any unauthorized use, access, interruption, or modification; (ii) prevent the introduction of any virus, worm, or similar disabling code or program into such Business Information Technology; (iii) defend the Business Information Technology against denial of service attacks, distributed denial of service attacks, hacking attempts, and like attacks and security breaches by any Person; and (iv) ensure the continued, uninterrupted and error-free operation of Business Information Technology, including protecting and maintaining the security, maintenance, recovery, redundancy and integrity of the Business Information Technology. The Business Information Technology have not had, since the Lookback Date, any material errors, bugs or defects, in each case, which have not been remedied in all material respects, nor do the Business Information Technology contain any malicious code or device designed to disrupt, disable, harm, distort or otherwise impede in any material manner the legitimate operation of such Business Information Technology (including any viruses, "worms", "time bombs" or "back doors"). No material part of the Business Information Technology is currently inoperative or prone to material malfunction or error.

1. Open Source Software. The Group Companies do not use any Software that is subject to any "open source", "copyleft" or analogous license or obligation (including any license approved by the Open Source Initiative and listed at http://www.opensource.org/licenses, GPL, AGPL or other open source software license) requiring the Group Companies to disclose or distribute the Group Companies' proprietary source code or make available at no charge or otherwise license such proprietary software to third parties.

Section m. Governmental Authorizations; Compliance with Law

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2. Each Group Company holds and at all times since the Extended Lookback Date, held, all material Permits necessary for the lawful conduct of their respective businesses. The Permits held by the Group Companies as of the date hereof are listed on Schedule 3.13(a) of the Company Disclosure Letter, and each such Permit has been duly obtained and is in full force and effect. Each Group Company is, and since the Extended Lookback Date, has been, in compliance in all material respects with all applicable Permits. Since the Extended Lookback Date, no Group Company has received any written notice of non-compliance or alleged non-

compliance with any applicable Permit, except with respect to matters that are not material and have either been resolved or are no longer outstanding. To the Company's Knowledge, no suspension or cancellation of any Permit is threatened by any Governmental Entity.

3. Except in each case as would not reasonably be likely to be, either individually or in the aggregate, material to the Group Companies, taken a whole, each Group Company has since the Extended Lookback Date complied with and is not in default or violation under any Law applicable to such Group Company. Since the Extended Lookback Date, neither any Group Company nor, to the Company's Knowledge, any other Person, has received any written notice of any non-compliance or alleged non-compliance with any applicable Law, except with respect to matters that are not material and have either been resolved or are no longer outstanding.

4. Except where the actions would not reasonably be likely to be, either individually or in the aggregate, material to the Group Companies, taken as a whole, the Group Companies have, since the Extended Lookback Date, complied with and are not in default or violation under any applicable bylaws, operating rules, regulations and requirements of the National Automated Clearinghouse Association and any applicable payment network, exchange or association, including any ATM networks and payment networks (including VISA, MasterCard/Discover and AMEX). Since the Extended Lookback Date, neither any Group Company nor, to the Company's Knowledge, any other Person, has received any written notice of any non-compliance or alleged non-compliance with any such bylaws, operating rules, regulations or requirements, except with respect to matters that are not material and have either been resolved or are no longer outstanding.

5. Except for normal examinations conducted by a Governmental Entity in the Ordinary Course of Business, since the Extended Lookback Date no Governmental Entity has initiated or, to the Company's Knowledge, threatened, any Proceeding with respect to the Business or the business or operations of any Group Company. Each Group Company has resolved all areas or incidents of material non-compliance identified by any Governmental Entity with respect to any report, form, schedule, registration, statement or other document filed by, or relating to any examinations by any such Governmental Entity of any Group Company.

6. Each Group Company is, and has at all times since the Extended Lookback Date been, in compliance in all material respects with all applicable Laws related to financial recordkeeping or reporting, or the prevention of money laundering or terrorist financing, in the jurisdictions in which it is organized and conducts the Business, including the Bank Secrecy Act of 1970 and its implementing regulations, 31 C.F.R. Chapter X, each as amended, and Part 504 of the regulations administered by the New York State Department of Financial Services (collectively, the "Anti-Money Laundering Laws"). No Group Company or, to the Company's Knowledge, none of their respective directors, officers, or employees, since the Extended Lookback Date: (i) has been or is in material violation of any applicable Anti-Money Laundering Law; (ii) has engaged or engages in any transaction, investment, undertaking or activity (in each case, in the course of such Person's employment) that violates any Anti-Money Laundering Law in any material respect; or (iii) has received any written notice from a

Governmental Entity, outside of a routine regulatory examination, alleging that any Group Company has violated, or is otherwise subject to penalties or an enforcement action under, any applicable Anti-Money Laundering Laws. Each Group Company has adopted, implemented and maintains policies and procedures that reflect each company's obligations under applicable Anti-Money Laundering Laws. Each Group Company has, since the Extended Lookback Date, maintained all books and records required pursuant to Anti-Money Laundering Laws for such retention period as those Laws require.

7. Since the Extended Lookback Date, no Group Company or, to the Company's Knowledge, none of their respective directors, officers, or employees: (i) is or was a Restricted Person; (ii) conducts or has conducted any business, or engages or has engaged in, making or receiving any contribution of funds, goods or services to or for the benefit of any Restricted Person; (iii) deals or has dealt in, or otherwise engages or has engaged in any transaction related to, any property or interests in property blocked pursuant to any applicable sanctions administered by OFAC or other applicable Sanctions; (iv) engages or has engaged in, or conspires or has conspired, to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the applicable prohibitions set forth in any of the foregoing clauses of this Section 3.13(f); (v) engages or has been engaged in any transaction, activity or conduct that could reasonably be expected to result in it breaching any Sanctions or its being designated as a Restricted Person; or (vi) has received notice of, or is otherwise aware of, any Proceeding involving it with respect to Sanctions.

8. No Group Company or, to the Company's Knowledge, none of their respective directors, officers, employees, agents, representatives and Affiliates has directly or indirectly made or offered any contribution, gift, bribe, rebate, payoff, influence payment, kickback or any other things of value to or for the benefit of any official, employee or individual acting on behalf of any Governmental Entity, candidate for public office, political party, political campaign or other Person, private or public, regardless of form, whether in money, property, or services, for the purpose of: (i) influencing any act or decision of such government official, candidate, party, campaign or other Person; (ii) inducing such government official, candidate, party, campaign or other Person to do or omit to do any act in violation of a lawful duty; (iii) obtaining or retaining business for or with any Person; (iv) expediting or securing the performance of official acts of a routine nature; or (v) otherwise securing any improper advantage. Each Group Company and, to the Company's Knowledge, their respective directors, officers, employees, agents, representatives and Affiliates have not violated, and are in compliance in all material respects with, the Foreign Corrupt Practices Act of 1977, 15 U.S.C. §§ 78dd-1, et seq., or in all material respects other applicable anti-bribery or anti-corruption related provisions in criminal and anti-competition Laws in any applicable jurisdiction (collectively, the "Bribery Legislation"). No Group Company is, or has at any time been, subject to any Proceeding, or made any voluntary disclosures to any Governmental Entity, involving any Group Company in any way relating to applicable Bribery Legislation. Each Group Company has in place, in accordance with the Bribery Legislation, adequate policies, procedures, controls and systems (including accounting systems, purchasing systems and billing systems) designed to prevent their directors, officers, employees, agents, representatives and Affiliates from unlawfully offering, promising or giving anything of value to another Person to obtain or retain

business or an advantage in the conduct of their business and to otherwise ensure compliance with the Bribery Legislation, and has kept accurate records of its activities, including financial records, in a form and manner appropriate for a business of its size and resources.

Section n. Litigation

. Except as set forth on Schedule 3.14 of the Company Disclosure Letter, (a) since the Lookback Date, there has been no Proceeding pending or, to the Company's Knowledge, threatened against the Group Companies or any of their respective properties or assets, and (b) there are no settlement agreements or similar written agreements with any Governmental Entity and no outstanding orders, judgments, stipulations, decrees, injunctions, determinations or awards issued by any Governmental Entity against the Group Companies or any of their respective properties or assets, except, in each case, as would not result in material liability to the Group Companies, taken as a whole.

Section o. Taxes

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9. Filing and Payment. All material Tax Returns required to be filed by, on behalf of or with respect to the Group Companies have been duly and timely filed and are complete and correct in all material respects. All material Taxes (whether or not reflected on such Tax Returns) required to be paid by or with respect to the Group Companies have been duly and timely paid. All material Taxes required to be withheld by the Group Companies have been duly and timely withheld, and such withheld Taxes have been either paid to the proper Governmental Entity or properly set aside in accounts for such purpose.

10. Procedure and Compliance. As of the date hereof: (i) no written agreement waiving or extending the statute of limitations or the period of assessment or collection of any material Taxes with respect to the Group Companies has been filed or entered into with (or been requested by) any Governmental Entity that is still in effect; (ii) no Tax Return reflecting material Taxes of the Group Companies is under audit or examination by any Governmental Entity; (iii) no Governmental Entity has asserted in writing any deficiency, claim or issue with respect to material Taxes against the Group Companies with respect to any taxable period for which the period of assessment or collection remains open, which has not been resolved; and (iv) none of the Group Companies have approached any state or local Governmental Entity to initiate any voluntary disclosure agreement proceeding or similar proceeding.

11. Closing Agreements and Consolidation. None of the Group Companies (i) has received or applied for a Tax ruling or entered into a closing agreement pursuant to Section 7121 of the Code (or any predecessor provision or any similar provision of state, local or foreign Law), in either case that would be binding upon the Group Companies after the Closing Date, (ii) is or has been during the past three (3) years a member of any affiliated, consolidated, combined or unitary group that includes any Person other than the Group Companies for purposes of filing Tax Returns on net income or (iii) has any liability for the Taxes of any Person (other than the

Group Companies) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign Law), as transferee or successor, or by contract (other than any commercial contract entered into the Ordinary Course of Business and the principal purpose for which is not the allocation or sharing of Taxes).

12. Certain Events. Within the last five (5) years, none of the Group Companies (i) has participated in a "listed transaction" within the meaning of Treasury Regulations Section 1.6011-4(c), or (ii) has distributed stock of another Person, or has had its stock distributed by another Person, in a transaction that was purported or intended to be governed in whole or in part by Sections 355 or 361 of the Code.

13. Income Shifting. None of the Group Companies will be required to include any material item or amount of income in, or exclude any material item or amount of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any (i) change in or improper use of a method of accounting for a taxable period (or portion thereof) ending on or prior to the Closing Date, (ii) intercompany transaction or excess loss account described in the Treasury regulations under Section 1502 of the Code (or any similar provision of Tax Law), (iii) prepaid amount received on or prior to the Closing Date, (iv) installment sale or open transaction disposition made on or prior to the Closing Date, or (v) election by any Group Company under Section 108(i) or Section 965(h) of the Code.

14. Entity Classification. Each Group Company is, and at all times since its formation has been, properly classified in the manner set forth on Schedule 3.15(f) of the Company Disclosure Letter for U.S. federal and applicable state Tax purposes.

15. Tax Sharing and Tax Indemnities. None of the Group Companies are a party to any agreement or understanding providing for the allocation of liability for or sharing of Taxes or providing indemnification of a third party for Taxes.

16. Power of Attorney. None of the Group Companies have granted any person any power of attorney with respect to any Tax matter that continues in force after the Closing.

17. U.S. Real Property Holding Corporation. The Company has not been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code.

18. Affiliated Group. Other than group for which the Company acts as the parent, neither the Company nor any Group Company has been a member of an "affiliated group" within the meaning of Section 1504 of the Code or the unitary group or similar group of companies for which any Group Company may have joint, several or other liability.

Section p. Absence of Changes

. Since the date of the Most Recent Financial Statements, other than in connection with the transactions contemplated by this Agreement, (a) the Group Companies have conducted their business in all material respects in the Ordinary Course of Business, (b) there has been no Company Material Adverse Effect and (c) other than as contemplated by this Agreement, no Group Company has taken any action that, if taken by a Group Company between the date of this Agreement and the Closing Date, would have required the consent of Parent under Section 5.1.

Section q. Insurance

. Schedule 3.17 of the Company Disclosure Letter lists all material policies of insurance maintained by the Group Companies as of the date hereof, and true, correct and complete copies of such policies have been made available to Parent. Such policies are in full force and effect and all premiums due with respect to such insurance policies have either been paid or adequate provisions for the payment by the Company thereof have been made. As of the date hereof, to the Company's Knowledge, no written notice of cancellation, termination or revocation or other written notice that any such insurance policy is no longer in full force or effect or that the issuer of any policy is not willing or able to perform its obligations thereunder has been received by the Company or any Company Subsidiary. None of the Group Companies are in material breach or default under any such policy.

Section r. Environmental Matters

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19. The Group Companies are, and since the Lookback Date have been, in compliance in all material respects with all applicable Environmental Laws and are in possession of, and in compliance in all material respects with all Permits required under applicable Environmental Laws.

20. Since the Lookback Date, none of the Group Companies has received from any Governmental Entity any notice of violation or alleged violation of any Environmental Law, other than any such violation or alleged violation that has been resolved and for which there are no additional obligations.

21. No Proceeding is pending or, to the Company's Knowledge, threatened against the Group Companies arising under or relating to any Environmental Law.

22. Since the Lookback Date, none of the Group Companies (nor any of their respective predecessors or controlled Affiliates) has (i) treated, stored, disposed of, arranged for the disposal of, transported, handled, or released, or exposed any Person to, any hazardous substances, or (ii) owned or operated any facility or property (including the Leased Real Property) which is or has been contaminated by any hazardous substances, in each case, so as to give rise to any material current or future liability (including any obligation to conduct any investigation or remediation) for the Group Companies under applicable Environmental Laws.

Section s. Brokers

23. . Except for Truist Securities, Inc., there is no investment banker, broker or finder retained by or authorized to act on behalf of the Group Companies who might be entitled to any fee or commission from Parent, Merger Sub or any of their respective Affiliates (including, after the Closing, the Surviving Entity and its Subsidiaries) upon consummation of the transactions contemplated hereby.

Section t. Transactions with Affiliates

. Except for employment-related arrangements (cash or equity), Schedule 3.20 of the Company Disclosure Letter lists all contracts, agreements, arrangements and other commitments or transactions of any kind to or by which the Group Companies, on the one hand, and any officer or director of the Group Companies, any Equityholder or any Affiliate of the Company (other than the Company's Subsidiaries), on the other hand, are parties or are otherwise bound or affected.

Section u. No Other Representations and Warranties

. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS ARTICLE 3 (AS MODIFIED BY THE COMPANY DISCLOSURE LETTER), NONE OF THE GROUP COMPANIES, NOR ANY OF THEIR RESPECTIVE AFFILIATES OR REPRESENTATIVES, MAKE OR HAVE MADE ANY REPRESENTATION OR WARRANTY IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED HEREBY AND EXPRESSLY DISCLAIM ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, WHETHER MADE BY THE GROUP COMPANIES, THEIR RESPECTIVE AFFILIATES OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, PARTNERS, MEMBERS, EQUITYHOLDERS, MANAGERS, EMPLOYEES, AGENTS OR OTHER REPRESENTATIVES, AS TO THE CONDITION, VALUE, PROBABLE SUCCESS, PROFITABILITY OR QUALITY OF THEIR RESPECTIVE BUSINESSES OR ASSETS, AND THE GROUP COMPANIES SPECIFICALLY DISCLAIM ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THEIR RESPECTIVE ASSETS, ANY PART THEREOF, THE WORKMANSHIP THEREOF, AND THE ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT OR PATENT, IT BEING UNDERSTOOD THAT SUCH ASSETS ARE BEING ACQUIRED "AS IS, WHERE IS" ON THE CLOSING DATE, AND IN THEIR PRESENT CONDITION, AND PARENT AND MERGER SUB SHALL RELY ON THEIR OWN EXAMINATION AND INVESTIGATION THEREOF, NOTWITHSTANDING THE DELIVERY OR DISCLOSURE TO PARENT, MERGER SUB OR THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR REPRESENTATIVES OF ANY DOCUMENTATION OR OTHER INFORMATION (INCLUDING ANY FINANCIAL PROJECTIONS OR OTHER SUPPLEMENTAL DATA).

Article 4.

REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB

Except (a) as set forth in the disclosure letter delivered to the Company on the date hereof and constituting an integral part of this Agreement (the "Parent Disclosure Letter") and (b) as otherwise disclosed in the Parent SEC Documents filed prior to the date hereof (other than any forward-looking disclosures contained in the "Forward Looking Statements" and "Risk Factors" sections of the Parent SEC Documents, but including any historical or factual matters disclosed in such sections), Parent and Merger Sub hereby represent and warrant to the Company as follows:

Section a. Organization

. Each of Parent and Merger Sub is a corporation, duly organized, validly existing and in good standing under the Laws of the jurisdiction of its incorporation and has all requisite power and authority to carry on its business as now being conducted, except where the failure to have such power or authority would not prevent or materially delay the consummation of the transactions contemplated hereby.

Section b. Authority

. Each of Parent and Merger Sub has all necessary power and authority to execute and deliver this Agreement and each other Transaction Document to which it is a party and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and each other Transaction Document to which it is a party and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of Parent or Merger Sub, as applicable, and no other proceeding (including by its equityholders) on the part of Parent or Merger Sub is necessary to authorize this Agreement or such other Transaction Documents or to consummate the transactions contemplated hereby or thereby. This Agreement has been, and each other Transaction Document to which Parent or Merger Sub is a party when executed will be, duly and validly executed and delivered by Parent and Merger Sub, as applicable, and constitutes or will constitute a valid, legal and binding agreement of Parent and Merger Sub (assuming the due and valid authorization, execution and delivery hereof and thereof by each of the other applicable parties hereto and thereto), enforceable against Parent or Merger Sub, as applicable, in accordance with its terms, subject to the Enforceability Exceptions.

Section c. No Conflicts; Consents and Approvals

. No notices to, filings with, or authorizations, consents or approvals of any Governmental Entity or other Person is necessary for the execution, delivery or performance of this Agreement, the other Transaction Documents or the consummation by Parent and Merger Sub of the transactions contemplated hereby and thereby, except for (a) compliance with and filings under the HSR Act, (b) the filing of the Certificate of Merger, (c) the Licensee Consents and (d) those set forth on Schedule 4.3 of the Parent Disclosure Letter. Neither the execution, delivery and performance of this Agreement, the other Transaction Documents or the consummation by Parent and Merger Sub of the transactions contemplated hereby or thereby will (i) conflict with or result in any breach of any provision of Parent's or Merger Sub's Organizational Documents, (ii) result in a violation or breach of or loss of any benefit under, or

cause acceleration, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, lease, license, contract, agreement or other instrument or obligation to which Parent or Merger Sub is or will be a party or by which any of them or any of their respective properties or assets may be bound, or (iii) subject to the receipt of filings and other matters referred to on Schedule 4.3 of the Parent Disclosure Letter, violate any Law applicable to Parent, Merger Sub, or any of Parent's or Merger Sub's Subsidiaries or any of their respective material properties or assets, except in the case of clauses (ii) and (iii), for violations which would not prevent or materially delay the consummation of the transactions contemplated hereby. Parent is not prohibited or restricted, directly or indirectly, from paying the Termination Fee in cash to the Company.

Section d. Capital Stock

. As of the date hereof, the authorized capital stock of Parent consists of (a) 1,000,000,000 shares of common stock, par value $0.001 per share (the "Parent Common Shares"), of which 67,476,093 shares are issued and outstanding and (b) 100,000,000 shares of preferred stock, par value $0.001 per share, of which none are outstanding. As of the date hereof, 3,549,495 Parent Common Shares are subject to outstanding warrants. All outstanding Parent Common Shares been duly authorized and validly issued and are fully paid and non-assessable. Except as set forth above, as of the date hereof, there are no (i) shares of capital stock of or other voting or equity interests in Parent, (ii) securities of Parent convertible into or exercisable or exchangeable for shares of capital stock or other voting or equity interests in Parent, (iii) options, warrants, subscription rights or other rights or agreements, commitments or understandings to acquire from Parent, or other obligation of Parent to issue, transfer or sell, any shares of capital stock or other voting or equity interests in Parent or securities convertible into or exercisable or exchangeable for shares of capital stock of or other voting or equity interests in Parent or (iv) stock appreciation, phantom stock, profit participation or similar rights with respect to any shares of capital stock or any other equity securities of Parent to which Parent is bound. Neither Parent nor any of its Subsidiaries have any authorized or outstanding bonds, debentures, notes or other indebtedness for which the holders thereof have the right to vote (or which are convertible into or exercisable for securities having the right to vote) on any matter on which the equityholders of Parent or any of its Subsidiaries may vote.

Section e. Parent SEC Filings

. Parent has timely filed or furnished all reports, schedules, forms, registration statements and other documents required to be filed or furnished by Parent with the SEC since the Lookback Date (together with any documents furnished during such period by Parent to the SEC on a voluntary basis on Current Reports on Form 8-K and any reports, schedules, forms, registration statements and other documents filed with the SEC subsequent to the date hereof, collectively, the "Parent SEC Documents"). Each of the Parent SEC Documents, as amended prior to the date of this Agreement, complied (and each Parent SEC Document filed subsequent to the date hereof will comply) in all respects with, to the extent in effect at the time of filing or furnishing, the requirements of the Securities Act and the Exchange Act applicable to such Parent SEC

Documents, and none of the Parent SEC Documents when filed or furnished or, if amended prior to the date of this Agreement, as of the date of such amendment, contained, or with respect to Parent SEC Documents filed subsequent to the date hereof, will contain, any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. There are no unresolved comments received from the SEC staff with respect to the Parent SEC Documents on or prior to the date hereof. To Parent's Knowledge, none of the Parent SEC Documents filed on or prior to the date hereof is subject to ongoing SEC review or investigation.

Section f. <u>Financial Statements</u>

. The consolidated financial statements (including all related notes thereto) included in the Parent SEC Documents (if amended, as of the date of the last such amendment) comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared from the books and records of Parent and its Subsidiaries, were prepared in accordance with GAAP applied on a consistent basis (except as may be indicated in the notes thereto and, in the case of the unaudited financial statements included therein, for the absence of footnotes and normal year-end adjustments) and present fairly in all material respects the consolidated financial position, results of operations and cash flows of Parent at and for the respective periods indicated (subject, in the case of the unaudited statements, to normal year-end audit adjustments and to the absence of information or notes not required by GAAP or the SEC's rules and regulations to be included in interim or unaudited financial statements). Parent has established and maintains disclosure controls and procedures and internal control over financial reporting (as such terms are defined in paragraphs (e) and (f), respectively, of Rule 13a-15 and paragraph (e) of Rule 15d-15 under the Exchange Act) as required by Rules 13a-15 and 15d-15 under the Exchange Act. Parent's disclosure controls and procedures are designed to ensure that all information (both financial and non-financial) required to be disclosed by Parent in the reports that it files or furnishes under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that all such information is accumulated and communicated to Parent's management as appropriate to allow timely decisions regarding required disclosure and to make the certifications required pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act. Parent's management has completed an assessment of the effectiveness of Parent's disclosure controls and procedures and, to the extent required by applicable Law, presented in any applicable Parent SEC Document that is a report on Form 10-K or Form 10-Q, or any amendment thereto, its conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by such report or amendment based on such evaluation. Parent's management has not identified any significant deficiencies or material weaknesses in the design or operation of its internal control over financial reporting that would reasonably be expected to adversely affect Parent's ability to record, process, summarize and report financial information and, to Parent's Knowledge, there has been no fraud, whether or not material, that involves management or other employees who have a significant role in Parent's internal control over financial reporting.

Section g. **Absence of Undisclosed Liabilities**

. Parent does not have any liabilities or obligations of any nature, whether absolute, accrued, contingent or otherwise and whether due or to become due, in each case, that would be required by GAAP to be set forth in the consolidated balance sheet of Parent, except (a) as reflected on and reserved against in the most recent consolidated balance sheet included in the Parent SEC Documents (the "Parent Balance Sheet Date") or in the notes thereto (if any), (b) liabilities and obligations incurred in the ordinary course of business, consistent with past practice, since the Parent Balance Sheet Date (none of which is a material liability for breach of contract, tort, or infringement or a claim or lawsuit or an environmental liability), (c) executory obligations of Parent and its Subsidiaries under the agreements, contracts, leases and licenses to which they are a party (other than as a result of a material breach of or default under such agreements, contracts, leases and licensees), and (d) liabilities or obligations that would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

Section h. **Governmental Authorizations; Compliance with Law**

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24. All of the material Permits necessary to conduct the business of Parent and its Subsidiaries as currently conducted have been duly obtained and are in full force and effect. Such Permits are listed on Schedule 4.8 of the Parent Disclosure Letter. Except in each case as would not reasonably be likely to be, either individually or in the aggregate, material to Parent and its Subsidiaries, taken as a whole, Parent and its Subsidiaries are, and since the Lookback Date, have been in compliance with all applicable Laws and Permits. Since the Lookback Date, none of Parent or its Subsidiaries has received any written notice of any non-compliance with any applicable Law or Permit, except in each case with respect to matters that are not material and have been resolved or are no longer outstanding.

25. Parent is in compliance in all material respects with (i) the applicable rules and regulations of the Nasdaq, (ii) the applicable listing requirements of the Nasdaq and (iii) the applicable provisions of the Sarbanes-Oxley Act, and has not, since the Lookback Date, received any notice asserting any non-compliance with the rules and regulations of the Nasdaq, the listing requirements of the Nasdaq or the applicable provisions of the Sarbanes-Oxley Act.

Section i. **Litigation**

. Except as set forth on Schedule 4.9 of the Parent Disclosure Letter (a) since the Lookback Date, there has been no Proceeding pending, or to Parent's Knowledge, threatened against Parent or its Subsidiaries or any of their respective properties or assets, and (b) there are no settlement agreements or similar written agreements with any Governmental Entity and no outstanding orders, judgments, stipulations, decrees, injunctions, determinations or awards issued by any Governmental Entity against Parent or any of its Subsidiaries or any of their respective properties or assets, except, in each case, as would not result in material liability to Parent and its Subsidiaries, taken as a whole.

Section j. Absence of Changes

. Except as set forth on Schedule 4.10 of the Parent Disclosure Letter, since the Parent Balance Sheet Date, other than in connection with the transactions contemplated by this Agreement, (a) Parent and its Subsidiaries have conducted their business in all material respects in the ordinary course of business, consistent with past practice, (b) there has been no Parent Material Adverse Effect and (c) other than as contemplated by this Agreement, neither Parent nor any of its Subsidiaries has taken any action that, if taken by Parent or any of its Subsidiaries between the date of this Agreement and the Closing Date, would have required the consent of the Company under Section 5.2.

Section k. Brokers

. Except for Cowen and Company, LLC, there is no investment banker, broker or finder retained by or authorized to act on behalf of Parent or Merger Sub (or any of their respective Affiliates) who might be entitled to any fee or commission from Parent, any of Parent's Subsidiaries, the Group Companies or any Equityholder or any of their respective Affiliates upon consummation of the transactions contemplated hereby.

Section l. Transactions with Affiliates

. Except for employment-related arrangements (cash or equity), Schedule 4.12 of the Parent Disclosure Letter lists all agreements, arrangements and other commitments or transactions of any kind to or by which Parent or any of its Subsidiaries, on the one hand, and any officer, director or Affiliate of Parent or any of its Subsidiaries (other than Parent's Subsidiaries), on the other hand, are parties or are otherwise bound or affected.

Section m. Acquisition of Equity For Investment

. Parent has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the transactions contemplated hereby. Parent confirms that it can bear the economic risk of its investment in the Company and can afford to lose its entire investment in the Company, has been furnished the materials relating to the transactions contemplated by this Agreement which Parent has requested, and the Company has provided Parent and its representatives the opportunity to ask questions of the officers and management employees of the business and to acquire additional information about the business and financial condition of the Group Companies.

Section n. Financing

. Concurrently with the execution hereof, Parent has delivered to the Company (i) a true, complete and correct copy of an executed equity commitment letter from Ares Capital Management LLC (together with its managed funds and accounts) and Ares Alternative Credit Management LLC (together with its managed funds and accounts), dated as of the date of this Agreement (together with all exhibits, schedules and annexes thereto, the "Equity Commitment Letter"), and an executed fee letter from Ares Capital Management LLC (together with its

managed funds and accounts) and Ares Alternative Credit Management LLC (together with its managed funds and accounts), dated as of the date of this Agreement (the "Equity Fee Letter" and, together with the commitment under the Equity Commitment Letter, the "Equity Financing Commitment"), pursuant to which, and subject to the terms and conditions of which, the applicable Equity Financing Sources have committed to provide cash in the aggregate amount set forth therein (the "Equity Financing") at or prior to the date and time at which the Closing is required to occur pursuant to Section 2.2 and (ii) a true, complete and correct copy of an executed debt commitment letter from Truist Bank and Truist Securities, Inc. (the "Lenders"), dated as of the date of this Agreement (together with all exhibits, term sheets, schedules, annexes and other attachments thereto, the "Debt Commitment Letter") and an executed fee letter from the Lenders, dated as of the date of this Agreement (the "Debt Fee Letter" and, together with the commitment under the Debt Commitment Letter, the "Debt Financing Commitment", and the Debt Financing Commitment together with the Equity Financing Commitment, the "Financing Commitments"), pursuant to which, and subject to the terms and conditions of which, the applicable Lenders party thereto have committed to provide loans in the amounts described therein, the net proceeds of which shall be used to fund the transactions contemplated hereby to be consummated by Parent at the date and time at which the Closing is required to occur pursuant to Section 2.2 (the "Debt Financing" and, together with the Equity Financing, the "Financing"); provided, however, that, solely in the case of the Equity Fee Letter and Debt Fee Letter, provisions related to fees, flex terms and pricing caps have been redacted (none of which individually or in the aggregate would reduce the amount of the Financing or adversely affect the availability of the Financing or delay or prevent the Closing or make the funding of the Financing less likely to occur). Each of the Financing Commitments is a legal, valid and binding obligation of Parent, and to Parent's Knowledge, the other parties thereto, and is enforceable in accordance with its terms, subject to the Enforceability Exceptions. Each of the Financing Commitments, in the form delivered to the Company, is valid and in full force and effect, and none of the Financing Commitments has been withdrawn, rescinded or terminated or otherwise amended or modified in any respect, and no such amendment or modification is contemplated by Parent, or to Parent's Knowledge, any other party to the Financing Commitments. Neither Parent, nor, to Parent's Knowledge, any other party to any Financing Commitment is in violation or breach of any of the terms or conditions set forth in any of the Financing Commitments and, as of the date hereof, to Parent's Knowledge, no event has occurred which, with or without notice, lapse of time or both, would reasonably be expected to constitute a breach, default or failure to satisfy any condition precedent set forth therein which would reasonably be expected to adversely affect the availability of the Financing. No party to any Financing Commitment has notified Parent of its intention to terminate any of the Financing Commitments or not to provide the Financing and, as of the date hereof, no termination of any Financing Commitment is contemplated by Parent. Assuming the Financing is funded in accordance with the terms of the Financing Commitments, the aggregate net proceeds from the Financing, together with resources available to Parent as of the date hereof, will be sufficient to consummate the transactions contemplated hereby, including the timely payment at the Closing of any amounts required to be paid under Section 2.8(c) and any fees and expenses of or payable by Parent and/or Merger Sub, and any other amounts required to be paid in connection with the consummation of the transactions contemplated by this Agreement. Parent has paid in full any and all commitment or other fees required by the Financing Commitments that are due as of the date hereof and will

pay, after the date of this Agreement, all such fees as they become due. Except for the Equity Fee Letter and the Debt Fee Letter (which have been provided to the Company in a redacted form as set forth above), there are no side letters, understandings or other agreements or arrangements relating to the Financing to which Parent or any of its Affiliates are a party. There are no conditions precedent related to the funding of the full amount of the Financing other than as expressly set forth in the Equity Commitment Letter and the Debt Commitment Letter (the "Disclosed Conditions"). Assuming that each of the conditions set forth in Section 6.1 and Section 6.3 are satisfied at Closing, Parent has no reason to believe that it will be unable to satisfy on a timely basis any of the Disclosed Conditions or that the full amount of the Financing will not be available on the Closing Date in order to fund the transactions contemplated hereby. For the avoidance of doubt, Parent acknowledges and agrees that it is not a condition to Closing under this Agreement for Parent or Merger Sub to obtain the Equity Financing, the Debt Financing or any Alternative Financing.

Section o. Solvency

. Parent is not entering into the transactions contemplated by this Agreement with the actual intent to hinder, delay or defraud either present or future creditors of the Group Companies. Parent is Solvent as of the date of this Agreement and, assuming the satisfaction of the conditions to the Equityholder Representative's and the Company's obligation to consummate the transactions contemplated hereby, Parent and each of the Group Companies (on both a stand-alone and on a combined basis) will, after giving effect to all of the transactions contemplated by this Agreement, including the payments required to be paid by Section 2.8(c) or otherwise, in connection with the consummation of the transactions contemplated by this Agreement and all related fees and expenses, be Solvent on and after the Closing Date.

Section p. No Prior Operations of Merger Sub

. Merger Sub was formed solely for the purpose of engaging in the transactions contemplated by this Agreement and has not engaged in any business activities or conducted any operations or incurred any obligation or liability, other than as contemplated by this Agreement.

Section q. Parent Shares

. When issued in accordance with the terms hereof, the Parent Common Shares to be delivered at Closing will be validly issued, fully paid, non-assessable, and free of preemptive rights.

Section r. Takeover Statutes

. Parent has taken all action necessary such that the restrictions contained in Section 203 of the DGCL or Article TENTH of Parent's Charter (or similar provision of Parent's Organizational Documents) do not and will not apply to the Merger, this Agreement and the transactions contemplated hereby. No other "fair price", "moratorium", "control share acquisition", "business combination" or other similar anti-takeover Law or provision of Parent's Organizational Documents is applicable to the transactions contemplated by this Agreement.

Section s. **No Other Representations and Warranties**

. EACH OF PARENT AND MERGER SUB ACKNOWLEDGES AND AGREES THAT IT (A) HAS CONDUCTED ITS OWN INDEPENDENT REVIEW AND ANALYSIS OF, AND, BASED THEREON, HAS FORMED AN INDEPENDENT JUDGMENT CONCERNING, THE BUSINESS, ASSETS, CONDITION, OPERATIONS AND PROSPECTS OF THE GROUP COMPANIES, AND (B) HAS BEEN FURNISHED WITH OR GIVEN ACCESS TO ALL INFORMATION ABOUT THE GROUP COMPANIES AND THEIR RESPECTIVE BUSINESSES AND OPERATIONS AS PARENT AND ITS REPRESENTATIVES AND ADVISORS HAVE REQUESTED. IN ENTERING INTO THIS AGREEMENT, PARENT HAS RELIED SOLELY UPON ITS OWN INVESTIGATION AND ANALYSIS AND THE REPRESENTATIONS AND WARRANTIES OF THE COMPANY SET FORTH IN ARTICLE 3 (AS MODIFIED BY THE COMPANY DISCLOSURE LETTER), AND PARENT ACKNOWLEDGES THAT, OTHER THAN AS SET FORTH IN ARTICLE 3 (AS MODIFIED BY THE COMPANY DISCLOSURE LETTER) AND IN THE CERTIFICATES OR OTHER AGREEMENTS OR INSTRUMENTS DELIVERED PURSUANT HERETO, NONE OF THE GROUP COMPANIES OR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, AFFILIATES, EQUITYHOLDERS, AGENTS OR REPRESENTATIVES MAKES OR HAS MADE ANY REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, (I) AS TO THE ACCURACY OR COMPLETENESS OF ANY OF THE INFORMATION PROVIDED OR MADE AVAILABLE TO PARENT OR ANY OF ITS RESPECTIVE AGENTS, REPRESENTATIVES, LENDERS OR AFFILIATES PRIOR TO THE EXECUTION OF THIS AGREEMENT AND (II) WITH RESPECT TO ANY PROJECTIONS, FORECASTS, ESTIMATES, PLANS OR BUDGETS OF FUTURE REVENUES, EXPENSES OR EXPENDITURES, FUTURE RESULTS OF OPERATIONS (OR ANY COMPONENT THEREOF), FUTURE CASH FLOWS (OR ANY COMPONENT THEREOF) OR FUTURE FINANCIAL CONDITION (OR ANY COMPONENT THEREOF) OF ANY GROUP COMPANY HERETOFORE OR HEREAFTER DELIVERED TO OR MADE AVAILABLE TO PARENT OR ANY OF ITS RESPECTIVE AGENTS, REPRESENTATIVES, LENDERS OR AFFILIATES. THE REPRESENTATIONS AND WARRANTIES MADE BY THE COMPANY IN ARTICLE 3 (AS MODIFIED BY THE COMPANY DISCLOSURE LETTER) ARE IN LIEU OF AND ARE EXCLUSIVE OF ALL OTHER REPRESENTATIONS, WARRANTIES AND STATEMENTS, INCLUDING ANY IMPLIED WARRANTIES AND OMISSIONS (EACH OF WHICH ARE HEREBY DISCLAIMED). PARENT AND MERGER SUB ACKNOWLEDGE THAT THE EQUITYHOLDERS AND THE COMPANY HEREBY DISCLAIM ANY SUCH OTHER OR IMPLIED REPRESENTATIONS, WARRANTIES OR STATEMENTS, NOTWITHSTANDING THE DELIVERY OR DISCLOSURE TO PARENT, MERGER SUB OR THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR REPRESENTATIVES OF ANY DOCUMENTATION OR OTHER INFORMATION (INCLUDING ANY FINANCIAL PROJECTIONS OR OTHER SUPPLEMENTAL DATA) AND THAT NO PERSON HAS BEEN AUTHORIZED BY THE EQUITYHOLDERS, THE GROUP COMPANIES, OR ANY OF THEIR RESPECTIVE AFFILIATES, TO MAKE ANY REPRESENTATION, WARRANTY OR STATEMENT RELATING TO THE EQUITYHOLDERS, THE GROUP COMPANIES, THE BUSINESS OF THE GROUP

COMPANIES OR OTHERWISE IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED HEREBY EXCEPT AS SET FORTH IN ARTICLE 3 (AS MODIFIED BY THE COMPANY DISCLOSURE LETTER).

Article 5.

COVENANTS

Section a. Conduct of Business of the Company

. Except as contemplated by this Agreement, set forth on Schedule 5.1 of the Company Disclosure Letter or as required by applicable Law, from and after the date hereof until the earlier of the Closing Date and the termination of this Agreement in accordance with its terms, the Company shall and shall cause each other Group Company to, except as consented to in writing by Parent (which consent shall not be unreasonably withheld, conditioned or delayed), (a) conduct its business in all material respects in the Ordinary Course of Business and (b) use commercially reasonable efforts to preserve substantially intact its business organization and to preserve in all material respects the present commercial relationships with key Persons with whom it does business. Without limiting the generality of this Section 5.1, except as contemplated by this Agreement, set forth on Schedule 5.1 of the Company Disclosure Letter, or as required by applicable law, from and after the date hereof until the earlier of the Closing Date and the termination of this Agreement in accordance with its terms, the Company shall not, and shall not permit any other Group Company to, directly or indirectly, do any of the following except as consented to in writing by Parent (which consent shall not be unreasonably withheld, conditioned or delayed):

i.split, combine or reclassify any of its capital stock;

ii.declare, set aside or pay any dividends on, or make any other distributions (whether payable in cash, stock, property or a combination thereof) in respect of, any of its capital stock (except as between the Company and its Subsidiaries or between the Subsidiaries of the Company);

iii.purchase, redeem or otherwise acquire any shares of capital stock of the Company or any other securities thereof or any options, warrants, commitments, subscriptions, rights to purchase or to acquire any such shares or other securities pursuant to and in accordance with the Option Plan, except (A) in connection with withholding to satisfy Tax obligations with respect to Company Options outstanding on the date hereof or (B) for repurchases from an employee in connection with such employee's termination of employment with the Company or any of its Subsidiaries in the Ordinary Course of Business;

iv.authorize for issuance, issue or sell (whether through the issuance or granting of options, warrants, commitments, subscriptions, rights to purchase or otherwise) any stock of any class or any other securities or equity equivalents, other than Company Options granted pursuant to and in accordance with the Option Plan that do not constitute nonqualified deferred compensation under Section 409A of the Code;

v.adopt a plan of complete or partial liquidation, dissolution or other reorganization;

vi.merge or consolidate with any Person;

vii.acquire any material assets other than in the Ordinary Course of Business;

viii.enter into any new line of business or acquire by merging or consolidating with, or by purchasing a material portion of the capital stock or assets of, directly or indirectly, any business or any corporation, partnership, association or other business organization or division thereof;

ix.make any change to its Organizational Documents;

x.sell, lease, license, pledge, otherwise dispose of, any material properties or material assets other than in the Ordinary Course of Business;

xi.materially change accounting policies or procedures, except as required by applicable law or by GAAP;

xii.make, rescind or change any Tax election (including any election to avail itself of any relief provision of, or of any Law similar to, the CARES Act or the Payroll Tax Order enacted or entering into force from and after the date of this Agreement permitting the deferral of Tax payments) or amend any Tax Return, except as required by Law;

xiii.implement any facility closings or employee layoffs requiring notice under the WARN Act;

xiv.except as required pursuant to the terms of any Company Benefit Plan in effect as of the date of this Agreement, or as otherwise required by any applicable Law, (A) grant, provide or increase any severance or termination payments or benefits to any current or former employee, officer, consultant, independent contractor or director, (B) increase in any manner the compensation or consulting fees, bonus, pension, welfare, fringe or other benefits of any current or former employee, officer, consultant, independent contractor or director, (C) become a party to, establish, adopt, amend, commence participation in or terminate any Company Benefit Plan or any arrangement that would have been a Company Benefit Plan had it been entered into prior to this Agreement, (D) other than Company Options granted pursuant to the Option Plan that do not constitute nonqualified deferred compensation under Section 409A of the Code, grant any equity- or equity-based awards or any long-term cash incentive awards, or amend or modify the terms of any outstanding awards, (E) take any action to accelerate the vesting or lapsing of restrictions or payment, or fund or in any other way secure the payment, of compensation or benefits under any Company Benefit Plan, (F) hire or retain any Person to be an officer or employee of a Group Company unless such service relationship can be terminated without the payment of severance; or (G) become a party to, establish, adopt, amend, extend, commence participation in or terminate any collective bargaining agreement or other agreement or arrangement with a labor union, labor organization or other employee-representative body;

xv.assign, transfer, license, permit to lapse, or abandon any Owned Intellectual Property, except in the Ordinary Course of Business;

xvi.except as set forth on Schedule 5.1(xvi) of the Company Disclosure Letter, make any loans, advances, guarantees or capital contributions to or investments in any Person (other than to or from the Company and any of its direct or indirect wholly owned Subsidiaries) in excess of $100,000;

xvii.settle or compromise any litigation for more than $50,000 individually or $100,000 in the aggregate;

xviii.initiate any voluntary disclosure agreement proceeding or similar proceeding with any state or local Governmental Entity;

xix.agree to any extension of the statute of limitations on assessment of Taxes with respect to any Tax year other than a routine extension of time to file a Tax Return;

xx.settle or compromise any audit, litigation or similar proceeding with respect to Taxes;

xxi.file or cause to be filed any Tax Return with respect to any Group Company other than in accordance with past practice, except as required by applicable Law;

xxii.enter into any ruling request, closing agreement or similar agreement with respect to Taxes;

xxiii.consent to any claim or assessment relating to Taxes; or

xxiv.enter into any binding agreement committing it to take any of the foregoing actions.

Section b. Conduct of Business of Parent

. Except as contemplated by this Agreement, set forth in Schedule 5.2 of the Parent Disclosure Letter or as required by applicable Law, from and after the date hereof until the earlier of the Closing Date and the termination of this Agreement in accordance with its terms, Parent shall and shall cause each of its Subsidiaries to, except as consented to in writing by the Company (which consent shall not be unreasonably withheld, conditioned or delayed), (a) conduct its business in all material respects in the ordinary course of business, consistent with past practice and (b) use commercially reasonable efforts to preserve substantially intact its business organization and to preserve in all material respects the present commercial relationships with key Persons with whom it does business. Without limiting the generality of this Section 5.2, except as contemplated by this Agreement, set forth in Schedule 5.2 of the Parent Disclosure Letter, or as required by applicable Law, from and after the date hereof until the earlier of the Closing Date and the termination of this Agreement in accordance with its terms, Parent shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, do

any of the following except as consented to in writing by the Company (which consent shall not be unreasonably withheld, conditioned or delayed):

i.split, combine or reclassify any of its capital stock;

ii.merge or consolidate with any Person;

iii.make any change to its Organizational Documents;

iv.sell, lease, license, pledge, otherwise dispose of, any material properties or material assets in which the proceeds of such transaction are used by Parent to (A) declare, set aside or pay any dividends on, or make any other distributions in respect of, any of its capital stock or (B) repurchase, redeem or otherwise acquire any shares of capital stock of Parent or any other securities thereof other than the repurchase, redemption or acquisition of any capital stock of Parent or any other securities thereof from employees of Parent in the Ordinary Course of Business;

v.take any action or omit to take any action for the purpose of preventing, delaying or impeding the consummation of the Merger or the other transactions contemplated by this Agreement;

vi.take any action or omit to take any action which would reasonably be expected to result in the issuance of Parent Common Shares to Stockholders pursuant to this Agreement in an amount in excess of the Capped Number of Parent Shares; or

vii.enter into any binding agreement committing it to take any of the foregoing actions.

Section c. <u>Access to Information</u>

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26. From and after the date hereof until the earlier of the Closing Date and the termination of this Agreement in accordance with its terms, upon reasonable advance notice, and subject to restrictions contained in any confidentiality agreement to which Parent or any Group Company is subject and subject to reasonable precautions related to COVID-19, each Group Company shall provide to Parent and its authorized representatives, and Parent shall provide to each Group Company and its authorized representatives, in each case, during normal business hours reasonable access to all books and records of the Group Companies or Parent, as applicable (in a manner so as to not interfere with the normal business operations of such Person). All of such information shall be treated as confidential information pursuant to the terms of the Confidentiality Agreement, the provisions of which are by this reference hereby incorporated herein. Notwithstanding anything to the contrary set forth in this Agreement, during the period from the date hereof until the earlier of the Closing Date and the termination of this Agreement in accordance with its terms, neither the Company nor any of its Affiliates (including the Group Companies), nor Parent or any of its Affiliates shall be required to provide

access or to disclose information where such access or disclosure (i) would violate any contract or Law to which it is a party or is subject or which it reasonably determined upon the advice of counsel could result in the loss of the ability to successfully assert attorney-client and work product privileges, or (ii) if the Company or any of its Affiliates, on the one hand, and Parent or any of its Affiliates, on the other hand, are adverse parties in a litigation and such information is reasonably pertinent thereto, or (iii) if it reasonably determines upon the advice of counsel that such information should not be so disclosed due to its competitively sensitive nature. In the event that Parent or any Group Company, as applicable, withholds access or information on the basis of the foregoing clauses (i) through (iii), Parent or such Group Company, as applicable, shall inform the other Party as to the general nature of what is being withheld and shall use reasonable best efforts to make appropriate substitute arrangements to permit reasonable access or disclosure that does not suffer from any of the foregoing impediments. Each of Parent and such Group Company, as it deems advisable and necessary, may reasonably designate competitively sensitive material provided to the other as "Outside Counsel Only Material" or with similar restrictions. Such materials and the information contained therein shall be given only to the outside legal counsel of the recipient, or otherwise as the restriction indicates, and be subject to any additional confidentiality or joint defense agreement between the Parties.

27. From and after the date hereof until the earlier of the Closing Date and the termination of this Agreement in accordance with its terms, the Group Companies shall provide to Parent and its authorized representatives, (i)(A) within ten (10) days following the end of each calendar month, a statement of the consolidated monthly income of the Group Companies and (B) within thirty (30) days following the end of each calendar quarter, a statement setting forth the Group Companies' good faith determination of the Pre-Closing Distributable Earnings, in each case with respect to the calendar quarter then ended (each, an "Earnings Statement") and (ii)(A) for each fiscal year, the audited consolidated financial statements of the Group Companies together with the reports thereon by the Company's accountants (in each case, including a consolidated balance sheet and consolidated statements of income, cash flows and stockholders' equity) and (B) for each calendar quarter, the unaudited consolidated financial statements of the Group Companies for the period ended at the end of such quarter (including a consolidated balance sheet and a consolidated statement of income only), in each case of clauses (ii)(A) and (ii)(B) within five (5) Business Days of the delivery of such financial statements by the Group Companies to their lenders under the Credit Facility and in each case of clause (ii)(A) and (ii)(B) prepared from the books and records of the Group Companies and in accordance with GAAP applied on a consistent basis (except as may be indicated in the notes thereto and, in the case of the unaudited financial statements, for the absence of footnotes and normal year-end adjustments). The Company shall and shall cause its Subsidiaries and its and their respective employees and representatives to provide Parent and its representatives reasonable access at reasonable times during normal business hours, upon prior written notice, to the books and records of the Group Companies for the purpose of reviewing the Earnings Statements; provided, however, that such access shall not unreasonably interfere with the business of any Group Company.

Section d. <u>Efforts to Consummate</u>

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28. On the terms and subject to the conditions herein provided, each of the Company and Parent shall use reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things reasonably necessary, proper or advisable under applicable Laws to consummate and make effective as promptly as practicable the transactions contemplated hereby (including the satisfaction, but not waiver, of the closing conditions set forth in <u>Article 6</u>). Each Party shall make an appropriate filing, if necessary, pursuant to all applicable Antitrust Laws, including the HSR Act (which, in the case of the HSR Act, filing shall not request early termination of the waiting period prescribed by the HSR Act) with respect to the transactions contemplated by this Agreement promptly (and in any event, within thirty (30) days after the date of this Agreement) and shall supply as promptly as practicable to the appropriate Governmental Entities any additional information and documentary material that may be requested pursuant to any Antitrust Laws. All of the filing fees under any Antitrust Laws will be paid in full by Parent. Without limiting the foregoing, (i) Parent and the Company and their respective Affiliates shall not take any action with respect to such filing that has or may have the effect of extending any waiting period or comparable period under any Antitrust Laws or enter into any agreement with any Governmental Entity not to consummate the transactions contemplated hereby, except with the prior written consent of the Company, and (ii) Parent agrees to take (and Parent's "reasonable best efforts" shall expressly include the taking of) all actions that are necessary or advisable or as may be required by any Governmental Entity to expeditiously (and in no event later than the Termination Date) consummate the transactions contemplated by this Agreement, including, (A) selling, licensing or otherwise disposing of, or holding separate and agreeing to sell, license or otherwise dispose of (x) any entities, assets or facilities of any Group Company after the Closing or (y) any entity, facility or asset of Parent or its Affiliates before or after the Closing, (B) terminating, amending or assigning existing relationships and contractual rights and obligations (other than terminations that would result in a breach of a contractual obligation to a third party) and (C) amending, assigning or terminating existing licenses or other agreements (other than terminations that would result in a breach of a license or such other agreement with a third party) and entering into such new licenses or other agreements, in each case, conditioned on Closing.

29. In the event any Proceeding by a Governmental Entity or other Person is commenced which questions the validity or legality of the transactions contemplated hereby or seeks damages in connection therewith, the Parties agree to cooperate and use all reasonable efforts to defend against such Proceeding and, if an injunction or other order is issued in any such action, suit or other proceeding, to use all reasonable efforts to have such injunction or other order lifted, and to cooperate reasonably regarding any other impediment to the consummation of the transactions contemplated hereby.

30. The Company and Parent shall permit counsel for the other Party reasonable opportunity to review in advance, and consider in good faith the views of the other Party in connection with, any proposed written communication to any Governmental Entity

relating to the transactions contemplated by this Agreement. Each of the Company and Parent agrees not to participate in any substantive meeting or discussion, either in person or by telephone with any Governmental Entity in connection with the transactions contemplated by this Agreement unless it consults with the other Party in advance and, to the extent not prohibited by such Governmental Entity, gives the other Party the opportunity to attend and participate in such meeting or discussion.

31. During the period from the date of this Agreement and continuing until the earlier of the Closing Date and the termination of this Agreement in accordance with its terms, except as required by this Agreement, Parent and its Affiliates shall not engage in any action or enter into any transaction (including any acquisition) or permit any action to be taken or transaction to be entered into, that would materially impair or delay Parent's or Merger Sub's ability to consummate the transactions contemplated by this Agreement or perform its obligations hereunder. Without limiting the generality of the foregoing, none of Parent, the Subsidiaries of Parent or their respective Affiliates shall acquire (whether by merger, consolidation, stock or asset purchase or otherwise), or agree to so acquire, any assets of or any equity in any other Person or any business or division thereof, unless that acquisition or agreement would not reasonably be expected to (i) increase the risk of not obtaining any Consent of any Governmental Entity contemplated by this Agreement (including pursuant to any Antitrust Laws and any Licensee Consent) or the expiration or termination of any waiting period under the HSR Act, or (ii) increase the risk of any Governmental Entity entering an order prohibiting the consummation of the transactions contemplated by this Agreement, or increase the risk of not being able to remove any such order on appeal or otherwise.

32. Without limiting the generality of Section 5.4(a), each of the Company, Licensee and Parent shall use reasonable best efforts to obtain all Licensee Consents; provided, however, that, upon the earlier of (i) the Specified Consent Deadline, or (ii) such date that Parent, the Company and Licensee mutually agree, the Company, Licensee and Parent shall use reasonable best efforts to eliminate the need to obtain any outstanding Licensee Consent(s) by implementing an Alternative Arrangement. An "Alternative Arrangement" shall mean, in any jurisdiction that requires Licensee to have a Permit as a money transmitter, money servicer or similar business (a "Money Transmitter License"), an arrangement sufficient to enable the Company to continue operating the Business in such jurisdiction as of the Closing Date in compliance in all material respects with all applicable Law without a Money Transmitter License. Subject to compliance with the foregoing, an Alternative Arrangement may include Licensee ceasing the conduct of regulated services under its Money Transmitter License as of the Closing Date in such jurisdiction in accordance with the Law of such jurisdiction and surrendering its Money Transmitter License in such jurisdiction and Licensee either (i) utilizing the program management or other service provider arrangement ("Program Management Relationship") with any of the Persons set forth on Schedule 5.4(e) of the Company Disclosure Letter, pursuant to its current program management agreement or other similar arrangement with such Persons, or (ii) making other arrangements sufficient to permit the Company to operate the Business, including utilizing a Program Management Relationship with any such other Person that maintains the necessary charter or Permit to enable the services that Licensee provides in such jurisdiction to continue as of the Closing Date. In any jurisdiction that requires Licensee to

have a Money Transmitter License, so long as it is not a Material Jurisdiction and to the extent it is not feasible to use a Program Management Relationship, the Licensee shall take all steps necessary to avoid a violation of Law in such non-Material Jurisdiction, including ceasing the conduct of services regulated by the Money Transmitter License as of the Closing Date in such jurisdiction in accordance with the Law of such jurisdiction and surrendering its Money Transmitter License in such jurisdiction. Each of the Company, Licensee and Parent agrees to use reasonable best efforts to cooperate with one another to implement and effect any Alternative Arrangement (or ceasing of the conduct of regulated services with a corresponding surrender of the relevant Money Transmitter License) as soon as reasonably practicable in order to permit the Closing Date to occur as promptly as possible thereafter (subject to the satisfaction or waiver of the conditions set forth in Article 6). For the avoidance of doubt, the receipt of any Licensee Consents described in this Section 5.4(e) shall not be a condition to Closing except to the extent expressly set forth in Article 6.

Section e. Public Announcements

. Parent and Merger Sub, on the one hand, and the Company, on the other hand, shall not issue any press release or make any public statement with respect to this Agreement or the transactions contemplated hereby without the prior written consent of the Company or Parent, respectively, except as may be required by applicable Law or the rules or regulations of any applicable United States securities exchange or Governmental Entity to which the relevant Party is subject, in which case the Party required to make the release or announcement shall use its commercially reasonable efforts to allow each other Party reasonable time to comment on such release or announcement in advance of such issuance. The press release announcing the execution and delivery of this Agreement shall be a joint release of, and shall not be issued prior to the written approval of each of, the Company and Parent. Nothing in this Section 5.5 shall prohibit the Company or the Equityholders (or their beneficial owners) from disclosing any information related to the transactions contemplated by this Agreement to any direct or indirect investor, limited partner or financing source of the Company, the Equityholders or their respective Affiliates or any prospective investor, limited partner or financing source of any Affiliate of the Company or the Equityholders, in each case, so long as such current or prospective investor, limited partner or financing source is subject to customary confidentiality obligations.

Section f. Indemnification; Directors' and Officers' Insurance

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33. Parent and Merger Sub agree that all rights to indemnification, exculpation and advancement of expenses existing as of the date of this Agreement in favor of the directors, officers, employees, fiduciaries, trustees and agents of each Group Company, as provided in the Group Companies' respective Organizational Documents or otherwise in effect as of the date hereof with respect to any matters occurring prior to the Closing Date, shall survive the transactions contemplated by this Agreement and shall continue in full force and effect and that Parent, from and after the Closing, shall cause the Group Companies to perform and discharge the Group Companies' obligations to provide such indemnification, exculpation and advancement of expenses. To the maximum extent permitted by applicable Law, such

indemnification shall be mandatory rather than permissive, and Parent, from and after the Closing, shall cause the Group Companies to advance expenses in connection with such indemnification as provided in the applicable Group Company's Organizational Documents as in effect as of the date hereof or other applicable agreements. For not less than six (6) years from and after the Closing Date, the indemnification, liability limitation, exculpation or advancement of expenses provisions of the Group Companies' respective Organizational Documents shall not be amended, repealed or otherwise modified with respect to any matters occurring prior to the Closing Date in any manner that would adversely affect the rights thereunder of individuals who, as of the Closing Date or at any time prior to the Closing Date, were directors, officers, employees, fiduciaries, trustees or agents of any Group Company, unless such modification is required by applicable law.

34. Notwithstanding anything to the contrary in this Section 5.6, Parent agrees that any indemnification, advancement of expenses or insurance available to any of the directors, officers, employees, fiduciaries, trustees and agents of each Group Company by virtue of such Person's service as a partner or employee of any investment fund or manager of any investment fund that is an Affiliate of the Company or any of its Subsidiaries on or prior to the Closing Date (any such Person, a "Sponsor Director") shall be secondary to the indemnification, advancement of expenses and insurance to be provided by Parent, the Surviving Entity and its Subsidiaries pursuant to this Section 5.6 and that Parent, the Surviving Entity and their respective Subsidiaries (i) shall be the primary indemnitors of first resort for Sponsor Directors pursuant to this Section 5.6, (ii) shall be fully responsible for the advancement of expenses, indemnification and exculpation from liabilities with respect to Sponsor Directors which are addressed by this Section 5.6, and (iii) shall not make any claim for contribution, subrogation or any other recovery of any kind in respect of any other indemnification or insurance available to any Sponsor Director with respect to any matter addressed by this Section 5.6.

35. Parent shall (or shall cause the Group Companies to) purchase a "tail" policy providing employees', fiduciaries', trustees', directors' and officers' liability insurance coverage for a period of six (6) years after the Closing Date for the benefit of those Persons who are covered by the Group Companies' employees', fiduciaries', trustees', directors' and officers' liability insurance policies as of the date hereof or at the Closing, with respect to matters occurring prior to the Closing. Such a policy shall provide coverage that is at least equal to the coverage provided under the Group Companies' current employees', fiduciaries', trustees', directors' and officers' liability insurance policies; provided, however, that the Group Companies may substitute therefor policies of at least the same coverage containing terms and conditions which are no less advantageous to the beneficiaries thereof so long as such substitution does not result in gaps or lapses in coverage with respect to matters occurring prior to the Closing Date. The costs and expenses of such policy shall be borne 50% by Parent, and 50% by the Equityholders.

36. If Parent, any Group Company or any of their respective successors or assigns (i) shall merge or consolidate with or merge into any other corporation or entity and shall not be the surviving or continuing corporation or entity of such consolidation or merger or (ii) shall transfer all or substantially all of their respective properties and assets as an entity in one or

a series of related transactions to any individual, corporation or other entity, then in each such case, proper provisions shall be made so that the successors or assigns of Parent or such Group Company shall assume all of the obligations set forth in this Section 5.6.

37. The directors, officers, employees, fiduciaries, trustees and agents of each Group Company entitled to the indemnification, liability limitation, advancement of expenses, exculpation and insurance set forth in this Section 5.6 are intended to be third party beneficiaries of this Section 5.6. This Section 5.6 shall survive the consummation of the transactions contemplated by this Agreement and shall be binding on all successors and assigns of Parent.

Section g. Exclusive Dealing

. During the period from the date of this Agreement until the earlier of the Closing Date or the termination of this Agreement in accordance with its terms, the Company shall not, and the Company shall cause its Affiliates not to, and shall direct its officers, directors, employees, representatives, consultants, financial advisors, attorneys, accountants and other agents not to: (a) solicit, initiate discussions or engage in discussions with any Person, other than Parent or its Affiliates, relating to the possible acquisition of any material portion of the equity or assets of the Company (whether by way of merger, purchase of equity, recapitalization, purchase of assets, loan or otherwise) (an "Acquisition Transaction"); (b) provide non-public information or documentation with respect to the Group Companies to any Person, other than Parent or its Affiliates or its or their representatives, relating to an Acquisition Transaction; or (c) enter into any definitive agreement with any Person, other than Parent or its Affiliates effecting an Acquisition Transaction.

Section h. Documents and Information

. After the Closing Date, Parent and the Company shall, and shall cause the Company's Subsidiaries to, until the seventh (7th) anniversary of the Closing Date, retain all books, records and other documents pertaining to the business of the Group Companies in existence on the Closing Date and to make the same available for inspection and copying by the Equityholder Representative (at the Equityholder Representative's expense) during normal business hours of the Group Companies, as applicable, for any reasonable business purpose relating to this Agreement, the Transaction Documents or the business and operations of the Company and its Subsidiaries, including in connection with, among other things, any insurance claims by, legal proceedings or Tax audits against, or examinations, investigations or audits by any Governmental Entity of any of the Equityholders or any of their respective Affiliates, upon reasonable request and upon reasonable notice. No such books, records or documents shall be destroyed after the seventh (7th) anniversary of the Closing Date by Parent or the Group Companies, without first advising the Equityholder Representative in writing and giving the Equityholder Representative a reasonable opportunity to obtain possession thereof.

Section i. Contact with Customers, Suppliers and Other Business Relations

. During the period from the date of this Agreement until the earlier of the Closing Date or the termination of this Agreement in accordance with its terms, each of Parent and Merger Sub

hereby agrees that it is not authorized to and shall not (and shall not permit any of its employees, agents, representatives or Affiliates to) contact any employee, client or other material business relation of any Group Company regarding any Group Company, its business or the transactions contemplated by this Agreement without the prior consent of the Company, such consent not to be unreasonably withheld, delayed or conditioned; provided, however, that each of Parent, Merger Sub and their respective employees, agents, representatives or Affiliates shall be entitled to maintain contact with any employee of any Group Company with whom it has had authorized contact prior to the date hereof.

Section j. Transfer Taxes

. All transfer Taxes, recording fees and other similar Taxes that are imposed on any of the Parties by any Governmental Entity in connection with the transactions contemplated by this Agreement shall be borne 50% by Parent, and 50% by the Equityholders.

Section k. Termination of Funded Indebtedness

. The Company shall, and shall cause each other Group Company to, use commercially reasonable efforts to (a) obtain from each holder of Closing Date Indebtedness that is Funded Indebtedness a payoff letter in a customary form (collectively, the "Debt Payoff Letters"), (b) provide Parent with a copy of such Debt Payoff Letters at least two (2) Business Days prior to the Closing Date and (c) make arrangements for the release of all Liens and the release of all obligations and guarantees under the Credit Facility over the Group Companies' properties and assets securing such obligations, in each case subject to delivery of funds as arranged by Parent.

Section l. Financing

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38. Parent shall, and shall cause each of its Affiliates to, use reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, to obtain the Financing on a timely basis, but in any event no later than the Closing Date, on the terms and conditions (including the full exercise of any "flex" provisions contained in the Debt Fee Letter and the Equity Fee Letter) described in the Financing Commitments, including using its reasonable best efforts to (i) maintain in effect the applicable Financing Commitments, (ii) negotiate and enter into definitive agreements with respect to the applicable Financing Commitments on a timely basis on terms and conditions (including any "flex" provisions contained in the Debt Fee Letter and Equity Fee Letter) contained therein (the "Definitive Financing Agreements"), (iii) satisfy on a timely basis all conditions and covenants contained in the applicable Financing Commitments (or any Definitive Financing Agreements) that are within the control of Parent and its Affiliates, including the payment of any commitment, engagement or placement fees required as a condition to the Financing on or prior to the Closing Date and (iv) consummate and cause the Lenders and Equity Financing Sources to consummate the Financing at or prior to the Closing. Parent shall keep the Company informed on a reasonable basis and in reasonable detail of the status of its efforts to arrange the Financing. Parent shall give the Company prompt written notice after the occurrence or discovery (A) of any

material breach, default, termination or repudiation by any party of any of the Financing Commitments of any provision thereto of which Parent becomes aware that could adversely affect the availability of the Financing on or prior to the Closing Date, (B) of the receipt by Parent of any notice or other communication with respect to any actual or potential material breach, default, termination or repudiation by any party to the Financing Commitments, of any provisions thereto that could adversely affect the availability of the Financing on or prior to the Closing Date or (C) of any termination or notice of termination of any of the Financing Commitments. Parent shall not, without the prior written consent of the Company, amend, modify, supplement or waive any of the conditions to funding contained in the Financing Commitments (or any Definitive Financing Agreements) or any other provision of, or remedies under, the Financing Commitments (or any Definitive Financing Agreements), in each case to the extent such amendment, modification, supplement or waiver would (x) reduce the aggregate amount of the Financing, (y) delay the Closing or make the Closing materially less likely to occur or (z) impose new or additional conditions or expand in a material respect upon the conditions precedent to the Financing as set forth in the Financing Commitments; provided, however, that Parent may, upon reasonably prompt notice to the Company but without the Company's prior written consent, amend, replace, supplement or otherwise modify the Financing Commitments to add lenders, lead arrangers, book runners, agents, equity investors or similar entities that had not executed the Financing Commitments as of the date hereof (and reduce the relative commitments of the lenders or equity investors that executed the Financing Commitments in connection therewith so long as the aggregate amount of the Financing is not reduced). In the event all conditions applicable to the Financing Commitments have been satisfied and all of the conditions set forth in Section 6.1, Section 6.2 and Section 6.3 (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions) have been satisfied (or waived), Parent shall use its reasonable best efforts to cause the applicable Lenders and Equity Financing Sources, as applicable, to fund the Financing required to consummate the transactions contemplated by this Agreement at or prior to the time the Closing should occur pursuant to Section 2.2. Parent and Merger Sub shall use their reasonable best efforts to maintain in effect the Financing Commitments (including any Definitive Financing Agreements) until the Transactions are consummated. Neither Parent nor Merger Sub shall release or consent to the termination of the obligations of the Lenders or Equity Financing Sources under the Financing Commitments or the Definitive Financing Agreements (except as provided above in connection with the addition of lenders, lead arrangers, book runners, agents, equity investors or similar entities).

39. If all or any portion of the Financing becomes unavailable on the terms and conditions (including any "flex" provisions contained in the Debt Fee Letter and the Equity Fee Letter) contemplated in the Debt Commitment Letter or Equity Commitment Letter, as applicable, or Parent becomes aware of any event or circumstance that makes all or any portion of the Financing unavailable, Parent shall give the Company prompt written notice thereof (and the reasons therefor) and shall use its reasonable best efforts to, as promptly as reasonably practicable following the occurrence of such event but no later than the fifth (5th) Business Day immediately preceding the Termination Date, (i) arrange and obtain the Financing or such portion of the Financing from the same or alternative sources, which may include one or more of a senior secured debt financing, an offering and sale of notes, or any other debt or equity

financing or offer and sale of other debt or equity securities, or any combination thereof (the "Alternative Financing") or (ii) obtain a new financing commitment letter (the "Alternative Commitment Letter") and new definitive agreement(s) with respect thereto that, in either case, provides for financing containing conditions to draw and funding, conditions to Closing and other terms that would reasonably be expected to affect the availability thereof that (x) are not more onerous, taken as a whole, than those conditions and terms contained in the Debt Commitment Letter or Equity Commitment Letter, as applicable, as of the date hereof, (y) would not reasonably be expected to delay the Closing or make the Closing materially less likely to occur and (z) in an amount that is sufficient, when added to any portion of the Financing that is available on or prior to the Closing Date, to pay in cash all amounts that Parent would have been able to pay in connection with the transactions contemplated by this Agreement if the Financing had been funded on the date hereof. Parent shall deliver promptly to the Company true, complete and correct copies of the Alternative Commitment Letter and all other agreements related thereto. The terms of Section 5.12(a) and this Section 5.12(b) with respect to the Financing and Debt Commitment Letter and Equity Commitment Letter, as applicable, shall apply to the Alternative Financing and the Alternative Commitment Letter, *mutatis mutandis*. In such event, the term "Financing" as used in this Agreement shall be deemed to include any Alternative Financing, and the terms "Debt Commitment Letter" and "Equity Commitment Letter" as used in this Agreement shall be deemed to include any Alternative Commitment Letter.

40. Prior to the Closing, the Company shall provide, and shall cause each other Group Company to provide, and shall use reasonable best efforts to cause its and their respective officers, directors, employees, accountants, consultants, legal counsel and agents to provide, at Parent's sole expense, such commercially reasonable cooperation in connection with the arrangement of the Financing as may be reasonably requested by Parent, including to (i) furnish Parent and the Debt Financing Sources and Equity Financing Sources, as applicable, with (A) the Required Information (as defined in the Debt Commitment Letter as of the date hereof) and (B) such other financial and pertinent information regarding the Company and its Subsidiaries as may be reasonably requested by Parent (and readily available to the Company) to satisfy the obligations and conditions set forth in Section 4 of the Debt Commitment Letter; (ii) upon reasonable advance notice, cause the Company's senior management to participate in a reasonable number of rating agency presentations, lender meetings and meetings with parties acting as arrangers, bookrunners, and/or other lenders and investors for the Debt Financing, during normal business hours; (iii) provide information regarding the Company reasonably necessary to enable Parent to prepare *pro forma* financial statements, it being understood that the Company need only assist in the preparation thereof, but shall not be required to independently prepare any separate *pro forma* financial statement; (iv) assist in the preparation of appropriate and customary bank books, confidential information memoranda, lender and investor presentations, ratings agency presentations and similar documents required in connection with the Debt Financing (including, in each case, by participating in drafting sessions with respect thereto) and execute customary authorization and management representation letters in connection therewith; (v) furnish all documentation and other information, at least three (3) business days prior to the Closing Date, required by Governmental Entities under applicable "know your customer" and anti-money laundering rules and regulations, including the U.S.A.

Patriot Act of 2001, and a beneficial ownership certificate for any entity that qualifies as a "legal entity customer" under the Beneficial Ownership Regulation (31 C.F.R. § 1010.230), in each case to the extent requested by Parent at least ten (10) Business Days prior to the Closing Date and (vi) assist with the Parent's preparation of definitive financing documents as may be required by the Financing, including providing information reasonably necessary for the completion of any schedules thereto; provided, however, that nothing in this Agreement (including this Section 5.12(c)) will require any such cooperation to the extent that it would (i) require the Company to waive or amend any terms of this Agreement or agree to pay any fees or reimburse any expenses prior to the Closing for which it has not received prior reimbursement or is not otherwise indemnified by or on behalf of Parent, (ii) cause any closing condition set forth in this Agreement to fail to be satisfied or otherwise cause any breach of this Agreement that would provide Parent or Merger Sub the right to terminate this Agreement, (iii) require the Company or any other Person to enter into any certificate, agreement, arrangement, document or instrument that is not contingent upon the Closing or that would be effective prior to the Closing, (iv) require the Company to give to any other Person any indemnities in connection with the Financing that are effective prior to the Closing or to commit to take any action that is not contingent upon the Closing or that would be effective at or prior to the Effective Time, (v) require the Group Companies to enter into or approve any Financing or execute or deliver any definitive agreement, certificate, instrument or legal opinion in connection with the Financing that would be effective prior to the Closing, (vi) unreasonably interfere with the ongoing business operations of the Group Companies, or (vii) require the Company or any Company Subsidiaries to take any action that would reasonably be expected to (A) conflict with, or result in any violation or breach of, or default (with or without notice or lapse of time, or both) under, the Organizational Documents of the Company or any Company Subsidiary, any applicable Laws or any Material Contract or (B) result in any employee, officer or director of such Person incurring any personal liability (as opposed to any liability in his or her capacity as an officer of such Person) with respect to any matters related to the Financing and provided further, however, that (A) no personal liability shall be imposed on any of the employees of any Group Company involved in the foregoing cooperation, (B) the Group Companies or their respective directors, officers or employees will not be required to pay any commitment or other fees or expenses in connection with the Financing prior to the Closing and (C) none of the directors or officers of the Group Companies who will not be a director or officer of a Group Company after Closing shall be required to take any action in any capacity to authorize or approve the Financing. The Company hereby consents to the use of the logos of the Group Companies in connection with the Financing; provided, however, that such logos shall be used solely in a manner that is not intended or reasonably likely to harm, disparage or otherwise adversely affect the Group Companies or their reputation or goodwill. Notwithstanding anything to the contrary in this Agreement, the condition set forth in Section 6.2(b) as it applies to the Company's obligations under this Section 5.12(c), shall be deemed satisfied unless the Financing (or any Alternative Financing) has not been obtained solely as a result of the Company's knowing and willful material breach of its obligations under this Section 5.12(c).

41. Parent shall (i) reimburse the Group Companies and their Affiliates on an as-incurred basis for any out of pocket costs or expenses incurred or otherwise payable by the Group Companies or their respective Affiliates in connection with their cooperation pursuant to

Section 5.12(c) (other than ordinary course compensation of their respective employees) and (ii) indemnify and hold harmless the Group Companies and their respective Affiliates, and the directors, managers, officers, employees, attorneys, successors and assigns of each of the foregoing Persons from and against any and all liabilities, losses, damages, claims, costs, expenses, interest, awards, judgments and penalties suffered or incurred by them in complying with their obligations in connection with the arrangement of the Financing or Alternative Financing in accordance with Section 5.12 and any information utilized in connection therewith.

42. Each of Parent and Merger Sub acknowledges and agrees that neither the obtaining of the Financing or Alternative Financing or any other alternative financing will be a condition to the Closing, and reaffirms its obligation to consummate the Merger irrespective and independently of the availability of the Financing or any Alternative Financing, subject to the applicable conditions set forth in Section 6.1 and Section 6.2.

Section m. Representation and Warranty Policy

. A buyer-side representation and warranty insurance policy underwritten by Euclid Transactional is being conditionally bound as of the date hereof (the "R&W Insurance Policy"). Parent agrees to comply in all material respects with all of its obligations under the R&W Insurance Policy. The R&W Insurance Policy shall include a provision whereby the insurer under the R&W Insurance Policy expressly waives, and agrees not to pursue, directly or indirectly, any subrogation rights against the Company, the Company Subsidiaries, the Equityholders, or any former or current equityholder(s), managers, members, directors, officers, employees, agents or representatives of any of the foregoing with respect to any claim made by an insured thereunder, except in the case of Fraud, which waiver and agreement the Equityholder Representative, on behalf of the Equityholders, may enforce directly against the insurer. Parent agrees to not seek to make, enter into or consent to, any amendment to the R&W Insurance Policy following the Closing that would materially and adversely affect the rights of the Equityholders (or the other Persons identified above in relation to the waiver of subrogation rights) hereunder without the prior written consent of the Equityholder Representative (such consent not to be unreasonably withheld, conditioned or delayed). The R&W Insurance Policy premium shall constitute Transaction Expenses; provided, however, that the R&W Insurance Policy shall not be required to have a limit of liability in excess of $15,000,000 of coverage.

Section n. Company Stockholder Vote

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43. Promptly following the execution and delivery of this Agreement, the Company shall prepare and distribute a written consent to the Stockholders holding at least the number and class of Shares sufficient to provide the requisite written consent of holders of Shares adopting this Agreement and the Merger in accordance with the DGCL and the Company's Organizational Documents and waiving any appraisal rights under Section 262 of the DGCL, with respect thereto, in form and substance reasonably acceptable to Parent (the "Company Stockholder Written Consent"). The Company shall use its reasonable best efforts to cause such holders of Shares to execute the Company Stockholder Written Consent, and the

Company shall deliver such executed Company Stockholder Written Consent to Parent and Merger Sub promptly and in any event within forty-eight (48) hours following the execution and delivery of this Agreement by the Parties.

44. To the extent that (x) any "disqualified individual" (as such term is defined for purposes of Section 280G of the Code) of the Company (a "Disqualified Individual") would be entitled to any payment or benefit as a result of the transactions contemplated by this Agreement and (y) such payment or benefit could reasonably be expected to constitute a "parachute payment" under Section 280G of the Code or could reasonably be expected to result in the imposition of any excise Tax imposed under Section 4999 of the Code, the Company shall, prior to the Closing Date:

viii.use its commercially reasonable efforts to obtain a binding written waiver by such Disqualified Individual (each, an "Excess Parachute Waiver") of any portion of such parachute payment as exceeds three times such individual's "base amount" within the meaning of Section 280G(b)(3) of the Code less one dollar (collectively, the "Excess Parachute Payments") to the extent such Excess Parachute Payments are not subsequently approved pursuant to a stockholder vote in accordance with the requirements of Section 280G(b)(5)(B) of the Code and Treasury Regulation Section 1.280G-1 thereunder (the "280G Shareholder Approval Requirements");

ix.for any Excess Parachute Waivers obtained by the Company, use its commercially reasonable efforts to obtain stockholder approval in a manner that satisfies the 280G Shareholder Approval Requirements in respect of the Excess Parachute Payments payable to all such Disqualified Individuals; and

x. for any Excess Parachute Waivers obtained by the Company, deliver to Parent written certification that (A) the requisite stockholder approval of the Excess Parachute Payments was obtained or (B) such stockholder approval was not obtained and, as a consequence, that the Excess Parachute Payments shall not be made or provided. Notwithstanding the foregoing, to the extent that any contract, agreement or understanding is entered into by Parent and a Disqualified Individual on or before the Closing ("Parent Arrangements"), Parent shall provide a copy of such contract or agreement to the Company at least five (5) Business Days before the Closing and shall cooperate with the Company in good faith in order to calculate or determine the value (for the purposes of Section 280G of the Code) of any payments or benefits granted or contemplated therein, which may be paid or granted in connection with the transactions contemplated by this Agreement that could constitute a "parachute payment" under Section 280G of the Code.

45. Parent shall be given a reasonable advance opportunity to review and approve each Excess Parachute Waiver and any other documents, including any written agreements and stockholder approval proposal, necessary to effectuate this Section 5.14(c) and the Group Companies shall incorporate any revisions to such documents reasonably requested by Parent.

Section o. Takeover Statutes

. Parent shall (a) take all action necessary to ensure that no “business combination”, “control share acquisition,” “fair price,” “moratorium” or other similar anti-takeover Law or provision of Parent’s Organizational Documents, including Section 203 of the DGCL or Article TENTH of Parent’s Charter, is or becomes applicable to the transactions contemplated by this Agreement (including the issuance and delivery of the Parent Common Shares) or to the ownership and voting of such securities and (b) if any such anti-takeover Law or provision of Parent’s Organizational Documents becomes applicable to the transactions contemplated by this Agreement (including the issuance and delivery of the Parent Common Shares) or to the ownership and voting of such securities, take all action necessary to ensure that the transactions contemplated by this Agreement may be consummated as promptly as practicable on the terms contemplated hereby and otherwise act to render such anti-takeover Law or provision of Parent’s Organizational Documents inapplicable to the foregoing.

Section p. Listing of Parent Common Shares

. Parent shall take all steps necessary to cause the Parent Common Shares issuable in the Merger to be listed on the Nasdaq at the Effective Time. The Company and the Equityholder Representative will cooperate and take all reasonable steps necessary to assist with the listing of such shares.

Section q. Intentionally omitted

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Section r. Company Actions

. Prior to the Closing, the Company shall take the actions set forth on Schedule 5.18 of the Company Disclosure Letter.

Section s. Stockholders’ Agreement

. Certain of the Stockholders, Parent and the Principal Parent Stockholders shall, prior to the Closing Date, enter into a stockholders’ agreement substantially in the form attached hereto as Exhibit F (the “Stockholders’ Agreement”), which Stockholders’ Agreement shall become effective at the Effective Time.

Section t. Registration Rights Agreement

. The Stockholders, Parent, Thomas C. Priore and the other signatories thereto shall, prior to the Closing Date, enter into an amendment and restatement of that certain Registration Rights Agreement, dated as of July 25, 2018, by and among Parent, Thomas C. Priore and the other signatories thereto substantially in the form attached hereto as Exhibit G (the “Registration Rights Agreement”), with respect to the Parent Common Shares issued to the Stockholders in exchange for the Shares hereunder, which Registration Rights Agreement shall become effective as of the Effective Time.

Section u. Priore Support Agreement

. Prior to the date hereof, Parent has delivered to the Company the letter agreement attached hereto as Exhibit H, executed by Thomas C. Priore pursuant to which he has agreed to execute and deliver the Stockholders' Agreement and the Registration Rights Agreement on the Closing Date.

Section v. Termination Fee

. From and after the date hereof until the earliest of (i) the Closing, (ii) the termination of this Agreement in accordance with its terms other than circumstances in which the Termination Fee is payable pursuant to Section 7.2(b) hereof or (iii) the payment in full in cash by Parent of the Termination Fee to the Company, Parent shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any contractual prohibition or restriction on the ability of Parent to pay the Termination Fee in cash to the Company.

Section w. Retained Cash

. The Group Companies shall take any actions necessary to ensure that $2,000,000 of cash is retained by the Group Companies at the Closing in respect of the items set forth on Schedule 1.1(d) of the Company Disclosure Letter.

Section x. Nasdaq Listing Limitations

. Parent shall not issue any Parent Common Shares pursuant to this Agreement to the extent the issuance of such Parent Common Shares would exceed the maximum aggregate number of Parent Common Shares which Parent may issue pursuant to this Agreement without breaching the Parent's obligations under the rules or regulations of Nasdaq (the maximum number of Parent Common Shares which may be issued without violating such rules and regulations, including Nasdaq Listing Rule 5635, the "Capped Number of Parent Shares"), except that such limitation shall not apply in the event that the Parent obtains the approval of its stockholders as required by the applicable rules of Nasdaq for issuances of Parent Common Shares in excess of such Capped Number of Parent Shares or obtains a written opinion from outside counsel to Parent that such approval is not required, which opinion shall be reasonably satisfactory to the Equityholder Representative. If Parent cannot issue the full amount of Parent Common Shares it is obligated to issue pursuant to this Agreement solely as a result of the immediately preceding sentence, then, at the Closing, Parent shall issue a number of Parent Common Shares equal to the Capped Number of Parent Shares, and with respect to the Excess Number of Parent Shares, the Equityholder Representative can elect, in its sole discretion, to either: (i) require Parent to increase the Closing Cash Consideration by an amount equal to the product of (A) the Excess Number of Parent Shares multiplied by (B) the Parent Common Stock Per Share Price; (ii) require Parent to amend the definition of "Parent Common Stock Per Share Price" by increasing the Parent Common Stock Per Share Price to a price which would permit Parent to issue the full amount of Parent Common Shares it is obligated to issue pursuant to this Agreement without violating the rules or regulations of Nasdaq; or (iii) a combination of clauses (i) and (ii) (as determined by the Equityholder Representative in its sole discretion).

Article 6.

CONDITIONS TO CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT

Section a. Conditions to the Obligations of the Company, Parent and Merger Sub

. The obligations of the Company, Parent and Merger Sub to consummate the transactions contemplated by this Agreement are subject to the satisfaction (or, if permitted by applicable Law, waiver by the Party for whose benefit such condition exists) of the following conditions:

46. any applicable waiting period under the HSR Act relating to the transactions contemplated by this Agreement shall have expired or been terminated;

47. no order, decree or ruling (including by temporary restraining order or preliminary or permanent injunction) issued by any court of competent jurisdiction or other Governmental Entity or other legal restraint or prohibition preventing the consummation of the transactions contemplated by this Agreement shall be in effect;

48. the Company shall have obtained the Company Stockholder Written Consent; and

49. all Specified Consents shall have been received; provided, however, that notwithstanding the foregoing, upon the earlier of (i) the Specified Consent Deadline or (ii) such date that Parent, the Company and Licensee mutually agree, this condition shall be deemed satisfied by the implementation of Alternative Arrangements (or any combination thereof) in the Material Jurisdictions; provided, further, however, that in the event this condition is deemed satisfied pursuant to clause (ii) of the preceding proviso, the Closing Parent Stock Consideration shall be reduced by $10,000,000; and provided further, however, that with respect to each jurisdiction that is not a Material Jurisdiction and in which a Licensee Consent has not been received or an Alternative Arrangement implemented, Licensee shall take all steps necessary to ensure compliance with applicable Law in such non-Material Jurisdiction, including ceasing the conduct of services regulated by the Permit in such non-Material Jurisdiction in accordance with the Law of such non-Material Jurisdiction and surrendering its Permit in such non-Material Jurisdiction.

Section b. Other Conditions to the Obligations of Parent and Merger Sub

. The obligations of Parent and Merger Sub to consummate the transactions contemplated by this Agreement are subject to the satisfaction or waiver by Parent and Merger Sub of the following further conditions:

50. (i) each of the representations and warranties of the Company contained in Section 3.1(a), Section 3.2 and Section 3.19 shall be true and correct in all but de minimis respects as of the Closing Date as though made on and as of the Closing Date and (ii) each of the

representations and warranties of the Company set forth in Article 3 other than those listed in clause (i) of this Section 6.2(a) (in each case, provided that the qualifications as to "materiality" and "Company Material Adverse Effect" (and similar qualifications) contained in such representations and warranties shall not be given effect (other than in Section 3.8(a))) shall be true and correct in all respects as of the Closing Date as though made on and as of the Closing Date, except to the extent (A) in the case of clauses (i) and (ii), such representations and warranties are made on and as of a specified date, in which case the same shall on the Closing Date be true and correct as of the specified date and (B) in the case of clause (ii), the failure of such representations and warranties to be true and correct as of such dates would not individually or in the aggregate have a Company Material Adverse Effect;

51. the Company shall have performed and complied in all material respects with all covenants required to be performed or complied with by the Company under this Agreement on or prior to the Closing Date;

52. no event or events shall have occurred since the date of this Agreement which individually or in the aggregate constitutes a Company Material Adverse Effect;

53. the Company shall have delivered to Parent a certificate of an authorized officer of the Company, dated as of the Closing Date, to the effect that the conditions specified in Section 6.2(a), Section 6.2(b), and Section 6.2(c) have been satisfied;

54. the Bank Relationships (or similar agreements with one or more other Financial Institutions) shall be in full force and effect and the applicable Financial Institution party thereto shall not have indicated that it intends to terminate or modify the parties' relationship thereunder in any material respect that would be, or would reasonably be expected to be, adverse to the Group Companies; and

55. the DSP Relationship shall be in full force and effect and the DSP Relationship shall not have indicated that it intends to terminate or modify the parties' relationship thereunder in any material respect that would be, or would reasonably be expected to be, adverse to the Group Companies.

Section c. Other Conditions to the Obligations of the Company

. The obligations of the Company to consummate the transactions contemplated by this Agreement are subject to the satisfaction or waiver by the Company of the following further conditions:

56. (i) each of the representations and warranties of Parent and Merger Sub contained in Section 4.1, Section 4.2, Section 4.4, and Section 4.11 shall be true and correct in all but de minimis respects as of the Closing Date as though made on and as of the Closing Date, (ii) the representations and warranties of Parent and Merger Sub contained in Section 4.17 shall be true and correct in all respects as of the Closing Date as though made on and as of the Closing Date and (iii) each of the representations and warranties of Parent and Merger Sub set forth in Article 4 other than those listed in clauses (i) and (ii) of this Section 6.3(a) (in each case,

provided that the qualifications as to "materiality" and "Parent Material Adverse Effect" (and similar qualifications) contained in such representations and warranties shall not be given effect) shall be true and correct in all respects as of the Closing Date as though made on and as of the Closing Date, except to the extent (A) in the case of clauses (i), (ii) and (iii), such representations and warranties are made on and as of a specified date, in which case the same shall on the Closing Date be true and correct as of the specified date and (B) in the case of clause (iii), the failure of such representations and warranties to be true and correct as of such dates would not individually or in the aggregate have a Parent Material Adverse Effect;

57. each of Parent and Merger Sub shall have performed and complied in all material respects with all covenants required to be performed or complied with by it under this Agreement on or prior to the Closing Date;

58. Parent and Merger Sub shall have each delivered to the Company a certificate of an authorized officer of Parent or Merger Sub, as applicable, dated as of the Closing Date, to the effect that the conditions specified in Section 6.3(a) and Section 6.3(b) have been satisfied;

59. the Parent Common Shares issuable in the Merger shall have been authorized for listing on the Nasdaq upon official notice of issuance; and

60. the Stockholders' Agreement and the Registration Rights Agreement shall be in full force and effect and neither Parent nor any Principal Parent Stockholder, if party thereto, shall have terminated or repudiated the Stockholders' Agreement and the Registration Rights Agreement.

Section d. Frustration of Closing Conditions

. No Party may rely on the failure of any condition set forth in this Article 6 to be satisfied if such failure was caused by such Party's failure to use reasonable best efforts to cause the Closing to occur, as required by Section 5.4.

Article 7.

TERMINATION

Section a. Termination

. This Agreement may be terminated and the transactions contemplated by this Agreement may be abandoned at any time prior to the Closing:

61. by mutual written consent of Parent and the Company;

62. by Parent, if (i) any of the representations and warranties of the Company set forth in Article 3 shall not be true and correct such that the condition to Closing set forth in Section 6.2(a) would not be satisfied and the breach or breaches causing such representations or warranties not to be so true and correct is not cured, if capable of being cured, within the earlier of (A) 30 days after written notice thereof is delivered to the Company by Parent and (B) two (2)

Business Days prior to the Termination Date, or (ii) if any of the covenants of the Company set forth in this Agreement shall not have been performed and complied with such that the condition to Closing set forth in Section 6.2(b) would not be satisfied and the failure to comply or perform with such covenants is not cured, if capable of being cured, within the earlier of (A) 30 days after written notice thereof is delivered to the Company by Parent and (B) two (2) Business Days prior to the Termination Date; provided, however, that Parent shall not have the right to terminate this Agreement pursuant to this Section 7.1(b) if Parent or Merger Sub is then in material breach of any of its representations, warranties, covenants or other agreements hereunder such that it would give rise to the failure of a condition set forth in Section 6.3(a) or Section 6.3(b) to be satisfied;

63. by the Company, if (i) any of the representations and warranties of Parent or Merger Sub set forth in Article 4 shall not be true and correct such that the condition to Closing set forth in Section 6.3(a) would not be satisfied and the breach or breaches causing such representations or warranties not to be so true and correct is not cured, if capable of being cured, within the earlier of (A) 30 days and after written notice thereof is delivered to Parent by the Company and (B) two (2) Business Days prior to the Termination Date, or (ii) if any of the covenants of Parent or Merger Sub set forth in this Agreement shall not have been performed and complied with such that the condition to Closing set forth in Section 6.3(b) would not be satisfied and the failure to comply or perform with such covenants is not cured, if capable of being cured, within the earlier of (A) 30 days after written notice thereof is delivered to Parent by the Company and (B) two (2) Business Days prior to the Termination Date; provided, however, that the Company shall not have the right to terminate this Agreement pursuant to this Section 7.1(c) if it is then in material breach of any of its representations, warranties, covenants or other agreements hereunder such that it would give rise to the failure of a condition set forth in Section 6.2(a) or Section 6.2(b) to be satisfied;

64. by Parent, if the transactions contemplated by this Agreement shall not have been consummated by February 28, 2022 (the "Termination Date"), unless the failure to consummate the transactions contemplated by this Agreement is primarily the result of a breach by Parent or Merger Sub of their respective representations, warranties, obligations or covenants under this Agreement;

65. by the Company, if the transactions contemplated by this Agreement shall not have been consummated by the Termination Date, unless the failure to consummate the transactions contemplated by this Agreement is primarily the result of a breach by the Company of its representations, warranties, obligations or covenants under this Agreement;

66. by either Parent or the Company, if any Governmental Entity shall have issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the transactions contemplated by this Agreement and such order, decree or ruling or other action shall have become final and non-appealable; provided, however, that the right to terminate this Agreement pursuant to this Section 7.1(f) shall not be available to a Party if the issuance of such final and non-appealable order, decree or ruling was primarily due to the failure of such Party (and, in the case of a termination by Parent, the failure by Parent or Merger Sub to have complied with its obligations under this Agreement, including under Section 5.4); or

67. by the Company, by providing two (2) Business Days advance written notice to Parent, if (i) all the conditions set forth in Section 6.1 and Section 6.2 shall have been satisfied or waived if the Closing were to have occurred at such time (other than those conditions that by their terms are to be satisfied by actions taken at the Closing), (ii) the Company shall have given written notice to Parent that the Company will waive any unsatisfied condition in Section 6.3 (other than those conditions that by their terms are to be satisfied by actions taken at the Closing), and the Company stands ready, willing and able to consummate the Merger, and (iii) the Merger shall not have been consummated by Parent and Merger Sub within two (2) Business Days of the date otherwise specified to be the Closing Date in accordance with Section 2.2 and the Company stood ready, willing and able to consummate the Closing through such period; provided, however, that, during such period no Party shall be entitled to terminate this Agreement pursuant to this Section 7.1(g).

Section b. Effect of Termination

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68. In the event of the termination of this Agreement pursuant to Section 7.1, this entire Agreement shall forthwith become void (and there shall be no liability or obligation on the part of any Party, the Lenders or their respective Non-Party Affiliates) with the exception of (a) the provisions of this Section 7.2, Article 9, Section 5.6, Section 5.12(c) and Section 5.12(d), each of which provisions shall survive such termination and remain valid and binding obligations of the Parties and (b) subject to Section 7.2(b) and (d), any liability of any Party for any Willful Breach of this Agreement prior to such termination.

69. In the event that (i) Parent terminates this Agreement pursuant to Section 7.1(d) at a time when the Company would have been entitled to terminate this Agreement pursuant to either of Section 7.1(c) or Section 7.1(g) or (ii) the Company terminates this Agreement pursuant to Section 7.1(c) or Section 7.1(g), then, in each case, Parent shall pay to the Company a termination fee of $22,500,000 (the "Termination Fee"). Parent shall pay, or cause to be paid, the Termination Fee to the Company (or its designee), by wire transfer of immediately available funds, within three (3) Business Day after the termination of this Agreement under the circumstances described in the foregoing clauses (i) and (ii). The Company may pursue both a grant of specific performance in accordance with (and subject to the limitations set forth in) Section 9.14 and the payment of the Termination Fee and the fees and expenses pursuant to this Section 7.2; provided, however, that under no circumstances shall the Company be permitted or entitled to receive both a grant of specific performance resulting in the consummation of the Closing and of payment of the Termination Fee. If payable hereunder, the Termination Fee shall be considered liquidated damages (and not a penalty).

70. The Parties acknowledge that the agreements contained in this Section 7.2 are an integral part of the transactions contemplated by this Agreement and that, without these agreements, the Parties would not enter into this Agreement. If Parent fails to timely pay the Termination Fee in accordance with Section 7.2(b) when due hereunder, then Parent shall pay to

the Company (or its designee) its costs and expenses (including reasonable attorneys' fees and the fees and expenses of any expert or consultant engaged by the Company) in connection with any steps taken to collect such fee, together with interest on the amount of such payment from the date such payment was required to be made until the date of payment at a per annum rate of 10%. Any amount payable pursuant to this Section 7.2 shall be paid by Parent by wire transfer of same day funds prior to or on the date the Termination Fee is required to be made under Section 7.2(b).

71. Notwithstanding anything to the contrary in this Agreement, in any circumstance (which, for the avoidance of doubt, shall be deemed to include any failure by Parent or Merger Sub to consummate the transactions contemplated by this Agreement if it is obligated to do so hereunder) in which this Agreement is validly terminated and the Termination Fee is paid to the Company (or its designee) by Parent pursuant to this Section 7.2, and the Company (or its designee) is reimbursed for any costs and expenses of the Company in accordance with Section 7.2(c), the receipt of the Termination Fee and reimbursements under Section 7.2(c) shall be the sole and exclusive monetary remedy of the Company against Parent, Merger Sub, the Equity Financing Sources, the Lenders (including the Debt Financing Sources) or any of their respective former, current or future general or limited partners, stockholders, controlling Persons, managers, members, directors, officers, employees, Affiliates, representatives, agents or any their respective assignees or successors or any former, current or future general or limited partner, stockholder, controlling Person, manager, member, director, officer, employee, Affiliate, representative, agent, assignee or successor of any of the foregoing (collectively, the "Parent Related Parties") for, and the Company shall be deemed to have waived all other remedies (including equitable remedies) with respect to, any loss or damage suffered as a result of the failure of the Merger to be consummated or for a breach of, or failure to perform under, this Agreement or otherwise or in respect of any representation made or alleged to have been made in connection herewith and upon payment of such amounts, none of the Parent Related Parties shall have any further liability for any obligations or liabilities of Parent or Merger Sub for any claim (whether in tort, contract or otherwise) based on, in respect of, or by reason of, the Merger or the other transactions contemplated by this Agreement, whether by or through attempted piercing of the corporate veil, or in respect of any oral representations made or alleged to be made in connection herewith, except that nothing shall relieve Parent of its obligations under Section 5.6, Section 5.12(c), Section 5.12(d) and this Section 7.2 or Parent and its Affiliates of their obligations under the Confidentiality Agreement.

Article 8.

REPRESENTATIVE OF THE EQUITYHOLDERS

Section a. Authorization of Representative

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72. Stone Point Capital LLC (or any of its Affiliates as designated by Stone Point Capital LLC) is hereby appointed, authorized and empowered by the Company, with such appointment to be confirmed by the Equityholders in the Letter of Transmittal, to act as the "Equityholder Representative" (or any other Person from time to time designated by the

Equityholders who hold a majority of the Shares as of immediately prior to the Effective Time) for the benefit of the Equityholders, as the exclusive agent and attorney-in-fact to act on behalf of each Equityholder, in connection with and to facilitate the consummation of the transactions contemplated hereby, including pursuant to the Escrow Agreement, which shall include the power and authority (in its sole discretion):

xi.to execute and deliver the Escrow Agreement and any other Transaction Documents and any other documents, certificates or instruments delivered in connection herewith or therewith (with such modifications or changes therein as to which the Equityholder Representative, in its sole discretion, shall have consented) and to agree to such amendments or modifications thereto as the Equityholder Representative, in its sole discretion, determines to be desirable;

xii.to execute and deliver such waivers and consents in connection with this Agreement, the Escrow Agreement and any other Transaction Documents and the consummation of the transactions contemplated hereby and thereby as the Equityholder Representative, in its sole discretion, may deem necessary or desirable;

xiii.to use the Equityholder Representative Expense Amount to satisfy costs, expenses and/or liabilities of the Equityholder Representative in connection with matters related to this Agreement and/or the other Transaction Documents, with any balance of the Equityholder Representative Expense Amount not used for such purposes to be disbursed and paid to the Paying Agent (for further distribution to the Stockholders) and the Surviving Entity (for further distribution to the Optionholders (solely with respect to Vested Company Options)) based on each Equityholder's respective Equityholder Percentage Interest at such time as the Equityholder Representative determines in its sole discretion that no additional costs, expenses and/or liabilities shall become due and payable;

xiv.to collect and receive all moneys and other proceeds and property payable to the Equityholders as described herein, and, subject to any applicable withholding retention Laws, and net of any out-of-pocket expenses incurred by the Equityholder Representative (including any expenses paid by the Equityholder Representative in excess of the Equityholder Representative Expense Amount), the Equityholder Representative shall pay to the Paying Agent (for further distribution to the Stockholders) and the Surviving Entity (for further distribution to the Optionholders (solely with respect to Vested Company Options)) the same based on each Equityholder's respective Equityholder Percentage Interest at such time as the Equityholder Representative determines in its sole discretion;

xv.to review the Proposed Closing Date Calculations and to determine whether to deliver a Purchase Price Dispute Notice and to resolve any disputes regarding the Proposed Closing Date Calculations;

xvi.as the Equityholder Representative, to enforce and protect the rights and interests of the Equityholders and to enforce and protect the rights and interests of the Equityholder Representative arising out of or under or in any manner relating to the rights of the Equityholders to receive consideration from this Agreement and the Escrow Agreement, and

each other agreement, document, instrument or certificate referred to herein or therein or the transactions provided for herein or therein, and to take any and all actions which the Equityholder Representative believes are necessary or appropriate under the Escrow Agreement and/or this Agreement for and on behalf of the Equityholders in connection therewith;

xvii.to refrain from enforcing any right of any Equityholder and/or the Equityholder Representative arising out of or under or in any manner relating to this Agreement, the Escrow Agreement or any other agreement, instrument or document in connection with the foregoing; provided, however, that no such failure to act on the part of the Equityholder Representative shall be deemed a waiver of any such right or interest by the Equityholder Representative or by any Equityholder unless such waiver is in writing signed by the waiving Equityholder or by the Equityholder Representative; and

xviii.to make, execute, acknowledge and deliver all such other agreements, guarantees, orders, receipts, endorsements, notices, requests, instructions, certificates, stock powers, letters and other writings, and, in general, to do any and all things and to take any and all action that the Equityholder Representative, in its sole and absolute discretion, may consider necessary or proper or convenient in connection with or to carry out the transactions contemplated by this Agreement, the Escrow Agreement, and all other agreements, documents or instruments referred to herein or therein or executed in connection herewith and therewith.

73. The Equityholder Representative shall not be entitled to any fee, commission or other compensation for the performance of its services hereunder, but shall be entitled to the payment from the Equityholders of all its expenses and losses incurred as the Equityholder Representative. In connection with this Agreement, the Escrow Agreement and any other Transaction Documents, and in exercising or failing to exercise all or any of the powers conferred upon the Equityholder Representative hereunder (i) the Equityholder Representative shall incur no responsibility whatsoever to any Person by reason of any error in judgment or other act or omission performed or omitted, excepting only responsibility to the Equityholders for any act or failure to act which represents gross negligence or willful misconduct, and (ii) the Equityholder Representative shall be entitled to rely on the advice of counsel, public accountants or other independent experts experienced in the matter at issue, and any error in judgment or other act or omission of the Equityholder Representative pursuant to such advice shall in no event subject the Equityholder Representative to liability to any Equityholder. Each Equityholder shall indemnify, pro rata based upon such Equityholder's respective Equityholder Percentage Interest, the Equityholder Representative against all losses of any nature whatsoever (including any and all expense whatsoever reasonably incurred in investigating, preparing or defending against any litigation, commenced or threatened or any claims whatsoever), arising out of or in connection with any claim, investigation, challenge, action or proceeding or in connection with any appeal thereof, relating to the acts or omissions of the Equityholder Representative hereunder, under the Escrow Agreement, any other Transaction Documents or otherwise in its capacity as the Equityholder Representative. The foregoing indemnification shall not apply in the event of any Proceeding which finally adjudicates the liability of the Equityholder Representative hereunder for its gross negligence or willful misconduct.

74. All of the indemnities, immunities and powers granted to the Equityholder Representative under this Agreement shall survive the Closing Date and/or any termination of this Agreement and/or the Escrow Agreement.

75. Parent and the Surviving Entity shall have the right to rely upon all actions taken or omitted to be taken by the Equityholder Representative on behalf of the Equityholders pursuant to this Agreement and the Escrow Agreement, all of which actions or omissions shall be legally binding upon the Equityholders and such Equityholders shall have no right to pursue any claim or action against Parent or the Surviving Entity other than change the Equityholder Representative. Parent and Merger Sub agree and acknowledge that the Equityholder Representative shall not be liable for any claims that Parent or Merger Sub asserts in connection with this Agreement, the Escrow Agreement or any other Transaction Documents or any transactions contemplated hereunder or thereunder.

76. The grant of authority provided for herein (i) is coupled with an interest and shall be irrevocable and survive the death, incompetency, bankruptcy or liquidation of any Equityholder, and (ii) shall survive the consummation of the Merger.

Article 9.

MISCELLANEOUS

Section a. Entire Agreement; Assignment; Amendment

. This Agreement, together with all exhibits and schedules hereto, as the same may from time to time be amended, modified, supplemented or restated in accordance with the terms hereof, and together with the Confidentiality Agreement and the other Transaction Documents, (a) constitute the entire agreement among the Parties with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, among the Parties with respect to the subject matter hereof and (b) shall not be assigned by any Party (whether by operation of Law or otherwise), other than for collateral purposes (provided, that no such assignment shall relieve Parent or Merger Sub of their obligations hereunder) or with respect to the replacement of the Equityholder Representative, without the prior written consent of the Company, the Equityholder Representative and Parent. Any attempted assignment of this Agreement not in accordance with the terms of this Section 9.1 shall be void. This Agreement may be amended or modified only by a written agreement executed and delivered by the Company, the Equityholder Representative and Parent. This Agreement may not be modified or amended except as provided in the immediately preceding sentence and any amendment by any Party or Parties effected in a manner which does not comply with this Section 9.1 shall be void. Notwithstanding the foregoing, no amendment or waiver to the definition of "Equity Financing Source," or to this Section 9.1 or Section 4.14, Section 5.12, Section 7.2(d), Section 9.3, Section 9.7, Section 9.8, Section 9.12, Section 9.13 or Section 9.15 (or to any other provision or definition of this Agreement to the extent that such amendment or waiver would modify the substance of any such foregoing definition or Section or any defined term used therein) that is adverse to any Debt Financing Source or Equity Financing Source shall be effective as to such Debt Financing Source or Equity Financing Source, as applicable, without the written consent of such Debt Financing Source or Equity Financing Source, as applicable.

Section b. Notices

. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt with written acknowledgement thereof) by delivery in person, by E-mail, or by registered or certified mail (postage prepaid, return receipt requested) to the other Parties as follows:

To Parent, Merger Sub or the Surviving Entity:

c/o PSD Partners LP

1156 Avenue of the Americas
Suite 620
New York, NY 10036
Attention: Thomas C. Priore
E-mail: tpriore@pps.io

with a copy (which shall not constitute notice to Parent, Merger Sub or the Surviving Entity) to:

Schulte Roth & Zabel LLP
919 Third Avenue
New York, NY 10022
Attention: Michael E. Gilligan
E-mail: michael.gilligan@srz.com

To the Equityholder Representative:

20 Horseneck Lane
Greenwich, CT 06830
Attention: Joshua S. Goldman
E-mail: jgoldman@stonepoint.com

with a copy (which shall not constitute notice to the Equityholder Representative) to:

Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, New York 10036
Attention: Howard T. Spilko and Todd E. Lenson
Email: hspilko@kramerlevin and tlenson@kramerlevin.com

To the Company (prior to the Closing):

c/o Stone Point Capital LLC
20 Horseneck Lane
Greenwich, CT 06830

Attention: Joshua S. Goldman
E-mail: jgoldman@stonepoint.com

with a copy (which shall not constitute notice to the Company) to:

Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, New York 10036
Attention: Howard T. Spilko and Todd E. Lenson
Email: hspilko@kramerlevin and tlenson@kramerlevin.com

or to such other address as the Party to whom notice is given may have previously furnished to the others in writing in the manner set forth above.

Section c. Governing Law

. This Agreement, together with any and all disputes or Proceedings arising out of or relating to this Agreement, whether sounding in contract, tort or statute, shall be governed by and construed in accordance with the Laws of the State of Delaware, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the Law of any jurisdiction other than the State of Delaware. Notwithstanding anything to the contrary contained herein, any right or obligation with respect to any Debt Financing Source or Equity Financing Source in connection with this Agreement, the Financing, the Debt Commitment Letter, the Equity Commitment Letter and the transactions contemplated hereby and thereby, and any claim, controversy, dispute, suit, action or proceeding relating thereto or arising thereunder, shall be governed by, construed and interpreted in accordance with the law of the State of New York (without giving effect to any conflicts of law principles that would result in the application of the laws of another state).

Section d. Fees and Expenses

. Except as otherwise set forth in this Agreement (including, for the avoidance of doubt, the fees and expenses to be borne by Parent in accordance with Section 5.4(a), Section 5.6(c) and Section 5.10), all fees and expenses incurred in connection with this Agreement and the transactions contemplated by this Agreement, including the fees and disbursements of counsel, financial advisors and accountants, shall be paid by the Party incurring such fees or expenses; provided, however, that in the event that the transactions contemplated by this Agreement are consummated, Parent shall, or shall cause the Company to, pay all Unpaid Transaction Expenses in accordance with Section 2.8(c)(ii) or Section 2.8(c)(iii), as applicable.

Section e. Construction

. The headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement. No Party, nor its respective counsel, shall be deemed the drafter of this Agreement for purposes of construing the provisions hereof, and all provisions of this Agreement shall be construed according to their fair

meaning and not strictly for or against any Party and no presumption or burden of proof will arise favoring or disfavoring any Person by virtue of its authorship of any provision of this Agreement.

Section f. Exhibits and Schedules

. All Exhibits and Schedules, or documents expressly incorporated into this Agreement, are hereby incorporated into this Agreement and are hereby made a part hereof as if set out in full in this Agreement. Any item disclosed in any Schedule referenced by a particular Section in this Agreement shall be deemed to have been disclosed with respect to every other Section in this Agreement if the relevance of such disclosure to such other sections is reasonably apparent from the face of such disclosure. The specification of any dollar amount in the representations or warranties contained in this Agreement or the inclusion of any specific item in any Schedule is not intended to imply that such amounts, or higher or lower amounts or the items so included or other items, are or are not material, and no Party shall use the fact of the setting of such amounts or the inclusion of any such item in any dispute or controversy as to whether any obligation, items or matter not described herein or included in a Schedule is or is not material for purposes of this Agreement. Any capitalized term used in any Exhibit or Schedule but not otherwise defined therein shall have the meaning given to such term in this Agreement.

Section g. Parties in Interest

. This Agreement shall be binding upon and inure solely to the benefit of each Party and its successors and permitted assigns and, except as expressly provided in Section 5.6, Section 7.2(d), Section 9.15 and Section 9.16, nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement; provided, however, that the Lenders (including any Debt Financing Sources) or Equity Financing Sources may enforce (and each is an intended third party beneficiary of) the provisions of Section 7.2(d) (solely to the extent that there can be no recourse after the Termination Fee has been paid-in-full), Section 9.1, Section 9.8, Section 9.12, Section 9.13, Section 9.15 and this Section 9.7, in each case, that are related to such Lenders or Equity Financing Sources; and provided further, however, that after the Closing, the Equityholder Representative on behalf of the Equityholders may enforce their rights to receive the Per Share Optionholder Closing Consideration, the Per Share Closing Cash Consideration or the Per Share Closing Parent Stock Consideration, as applicable, any Deferred Payments in accordance with Article 2.

Section h. Extension; Waiver

. At any time prior to the Closing, the Company may, and at any time after the Closing, the Equityholder Representative may, (a) extend the time for the performance of any of the obligations or other acts of Parent or Merger Sub contained herein, (b) waive any inaccuracies in the representations and warranties of Parent or Merger Sub contained herein or in any document, certificate or writing delivered by Parent or Merger Sub pursuant hereto, or (c) waive compliance by Parent or Merger Sub with any of the agreements or conditions contained herein, as applicable. At any time prior to the Closing, Parent or Merger Sub may (i) extend the time for

the performance of any of the obligations or other acts of the Company contained herein, (ii) waive any inaccuracies in the representations and warranties of the Company contained herein or in any document, certificate or writing delivered by the Company pursuant hereto, or (iii) waive compliance by the Company with any of the agreements or conditions contained herein, as applicable. Any agreement on the part of any Party to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of such Party. The failure of any Party to assert any of its rights hereunder shall not constitute a waiver of such rights. Notwithstanding anything herein to the contrary, each of the Parties agrees that in the case of any amendments to or waivers of Section 7.2(d) (solely to the extent that there can be no recourse after the Termination Fee has been paid-in-full), Section 9.1, Section 9.7, this Section 9.8, Section 9.12, Section 9.13 or Section 9.15 that are materially adverse to the interests of any Lender (including any Debt Financing Sources) or any Equity Financing Source the consent of such Lender (or such Debt Financing Source) or Equity Financing Source, as applicable, shall be required.

Section i. Severability

. Whenever possible, each provision of this Agreement will be interpreted in such a manner as to be effective and valid under applicable Law, but if any term or other provision of this Agreement is held to be invalid, illegal or unenforceable under applicable Law, all other provisions of this Agreement shall remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision of this Agreement is invalid, illegal or unenforceable under applicable Law, 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 an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

Section j. Counterparts; Facsimile Signatures

. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or scanned pages shall be effective as delivery of a manually executed counterpart to this Agreement.

Section k. Non-Survival of Representations, Warranties and Covenants

. The representations and warranties of the Company, Parent and Merger Sub contained in this Agreement and in any certificate delivered pursuant hereto shall terminate and be of no further force or effect at Closing (and no Party shall have liability thereunder at or after the Closing). The covenants and agreements of the Company, Parent and Merger Sub contained in this Agreement that by their terms are to be performed prior to the Closing shall terminate and be of no further force or effect at Closing (and no Party shall have liability thereunder at or after the Closing). Notwithstanding the foregoing, nothing herein shall be deemed to limit the liability of a Party for Fraud by such Party.

Section l. WAIVER OF JURY TRIAL

. EACH PARTY HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION (A) ARISING UNDER THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR ARISING UNDER THE DEBT COMMITMENT LETTER, THE EQUITY COMMITMENT LETTER OR THE PERFORMANCE THEREOF, THE FINANCING CONTEMPLATED THEREBY OR INVOLVING ANY DEBT FINANCING SOURCE OR EQUITY FINANCING SOURCE OR (B) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES IN RESPECT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS RELATED HERETO OR ARISING UNDER THE DEBT COMMITMENT LETTER, THE EQUITY COMMITMENT LETTER OR THE PERFORMANCE THEREOF, THE FINANCING CONTEMPLATED THEREBY OR INVOLVING ANY DEBT FINANCING SOURCE OR EQUITY FINANCING SOURCE, IN EACH CASE, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY, OR OTHERWISE. EACH PARTY HEREBY FURTHER AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT THE PARTIES MAY FILE AN ORIGINAL COUNTERPART OF 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.

Section m. Jurisdiction and Venue

. Each of the Parties (a) submits to the exclusive jurisdiction of the Chancery Court of the State of Delaware (or, if the Chancery Court of the State of Delaware declines to accept jurisdiction over a particular matter, any state or U.S. federal court within the State of Delaware) (and appellate courts thereof) in any action or proceeding arising out of or relating to this Agreement, (b) agrees that all claims in respect of such action or Proceeding may be heard and determined in any such court and (c) agrees not to bring any Proceeding arising out of or relating to this Agreement in any other court. Each of the Parties waives any defense of inconvenient forum to the maintenance of any Proceeding so brought and waives any bond, surety or other security that might be required of any other Party with respect thereto. Each Party agrees that service of summons and complaint or any other process that might be served in any Proceeding may be made on such Party by sending or delivering a copy of the process to the Party to be served at the address of the Party and in the manner provided for the giving of notices in Section 9.2. Nothing in this Section 9.13, however, shall affect the right of any Party to serve legal process in any other manner permitted by applicable Law. Each Party agrees that a final, non-appealable judgment in any action or Proceeding so brought shall be conclusive and may be enforced by suit on the judgment or in any other manner provided by Law. Notwithstanding anything herein to the contrary, each of the Parties (i) agrees that any claim, action, suit, legal proceeding, investigation or arbitration (each, an "Action"), whether in Law or in equity, whether in contract or in tort or otherwise, involving the Equity Financing Sources or Debt Financing Sources, arising out of or relating to, this Agreement, the Financing, the Financing Commitments

or any of the agreements entered into in connection with the Financing or any of the transactions contemplated hereby or thereby or the performance of any services thereunder shall be subject to the exclusive jurisdiction of the Supreme Court of the State of New York, County of New York, or, if under applicable Law exclusive jurisdiction is vested in the U.S. federal courts, the United States District Court for the Southern District of New York located in the Borough of Manhattan (and appellate courts thereof) and each Party irrevocably submits itself and its property with respect to any such Action to the exclusive jurisdiction of such court, (ii) agrees it will not bring or support or permit any of its Affiliates to bring or support any Action, whether in Law or equity, whether in contract or tort or otherwise, against the Equity Financing Sources or Debt Financing Sources in any way relating to this Agreement, the Financing, the Financing Commitments or any of the agreements entered into in connection with the Financing or any of the transactions contemplated hereby or thereby or the performance of any services thereunder, in any forum other than the Supreme Court of the State of New York, County of New York, or, if under applicable Law exclusive jurisdiction is vested in the U.S. federal courts, the United States District Court for the Southern District of New York located in the Borough of Manhattan (and appellate courts thereof) and (iii) irrevocably waives, to the fullest extent that it may effectively do so, the defense of an inconvenient forum to the maintenance of such Action in any such court.

Section n. Remedies

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77. Any and all remedies provided herein will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by Law or equity upon such Party, and the exercise by a Party of any one remedy will not preclude the exercise of any other remedy. Parent, Merger Sub and the Company agree that irreparable harm for which monetary damages, even if available, would not be an adequate remedy, would occur in the event that the Parties do not fully and timely perform their respective obligations under or in connection with this Agreement in accordance with their specific terms or otherwise breach such provisions. It is accordingly agreed that, prior to the valid termination of this Agreement pursuant to Section 7.1, the Parties shall be, subject to the limitations set forth in Section 9.14(b), entitled to an injunction or injunctions, specific performance and other equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, in each case without proof of damages and without posting a bond or undertaking, this being in addition to any other remedy to which they are entitled at Law or in equity. Each of Parent, Merger Sub, the Company and the Equityholder Representative agrees that it will not oppose the granting of an injunction, specific performance and other equitable relief when expressly available pursuant to the terms of this Agreement on the basis that the other Parties have an adequate remedy at Law or an award of specific performance is not an appropriate remedy for any reason at Law or equity.

78. Notwithstanding any provision of this Agreement to the contrary, it is agreed that the Company shall be entitled to seek specific performance of Parent's obligation to consummate the Closing only if (i) the Company has provided two (2) Business Days' written notice to the effect that (A) all the conditions set forth in Section 6.1 and Section 6.2 shall have

been satisfied or waived if the Closing were to have occurred at such time (other than those conditions that by their terms are to be satisfied by actions taken at the Closing), (B) the Company will waive any unsatisfied condition in Section 6.3 (other than those conditions that by their terms are to be satisfied by actions taken at the Closing) and the Company stands ready, willing and able to consummate the Merger, and (C) the Merger shall not have been consummated by Parent and Merger Sub within two (2) Business Days of the date otherwise specified to be the Closing Date in accordance with Section 2.2 and the Company stood ready, willing and able to consummate the Closing through such period, (ii) the Debt Financing (and/or, if applicable, the Alternative Financing) has been funded or the Lenders thereunder have indicated in writing that the Debt Financing (and/or, if applicable, the Alternative Financing) will be funded at the Closing, (iii) the Equity Financing (and/or, if applicable, the Alternative Financing) has been funded or the Equity Financing Sources thereunder have indicated in writing that the Equity Financing (and/or, if applicable, the Alternative Financing) will be funded at the Closing, and (iv) the Company has confirmed in writing that, if the Financing (or, if applicable, the Alternative Financing) is funded, then it would take such actions within its control to cause the Closing to occur.

Section o. Non-Recourse

. All claims or causes of action (whether in contract or in tort, in Law or in equity) that may be based upon, arise out of or relate to this Agreement or the other Transaction Documents, or the negotiation, execution or performance of this Agreement or the other Transaction Documents (including any representation or warranty made in or in connection with this Agreement or the other Transaction Documents or as an inducement to enter into this Agreement or the other Transaction Documents), may be made only against the entities that are expressly identified as parties hereto and thereto. No Person who is not a named party to this Agreement or the other Transaction Documents, including any past, present or future director, officer, employee, incorporator, member, partner, stockholder, equityholder, Affiliate, agent, attorney or representative of any named party to this Agreement or the other Transaction Documents nor the Equityholder Representative (collectively, "Non-Party Affiliates"), shall have any liability (whether in contract or in tort, in Law or in equity, or based upon any theory that seeks to impose liability of an entity party against its owners or affiliates) for any obligations or liabilities arising under, in connection with or related to this Agreement or such other Transaction Documents (as the case may be) or for any claim based on, in respect of, or by reason of this Agreement or such other Transaction Document (as the case may be) or the negotiation or execution hereof or thereof; and each Party waives and releases all such liabilities, claims and obligations against any such Non-Party Affiliates. Non-Party Affiliates are expressly intended as third party beneficiaries of this provision of this Agreement. For the avoidance of doubt, the Company (on behalf of itself and its Affiliates and each officer, director, employee, member, manager, partner, controlling person, advisor, attorney, agent and representative thereof) (i) hereby waives any claims or rights against any Debt Financing Source or Equity Financing Source relating to or arising out of this Agreement, the Debt Commitment Letter, the Equity Commitment Letter, the Financing and the transactions contemplated hereby and thereby, whether at law or in equity and whether in tort, contract or otherwise, (ii) hereby agrees not to bring or support any suit, action or proceeding against any Debt Financing Source or Equity Financing Source in connection with

this Agreement, the Debt Commitment Letter, the Equity Commitment Letter, the Financing and the transactions contemplated hereby and thereby, whether at law or in equity and whether in tort, contract or otherwise, and (iii) hereby agrees to cause any suit, action or proceeding asserted against any Debt Financing Source or Equity Financing Source by or on behalf of the Company or any of its Affiliates or any officer, director, employee, member, manager, partner, controlling person, advisor, attorney, agent and representative thereof in connection with this Agreement, the Debt Commitment Letter, the Equity Commitment Letter, the Financing and the transactions contemplated hereby and thereby to be dismissed or otherwise terminated. In furtherance and not in limitation of the foregoing waivers and agreements, it is acknowledged and agreed that no Debt Financing Source or Equity Financing Source shall have any liability for any claims or damages to the Company in connection with this Agreement, the Debt Commitment Letter, the Equity Commitment Letter, the Financing and the transactions contemplated hereby and thereby.

Section p. Legal Representation; Privilege

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79. It is acknowledged by each of the Parties that the Company has retained Kramer Levin Naftalis & Frankel LLP ("KLNF") to act as its counsel in connection with this Agreement and the agreements and transactions discussed herein and contemplated hereby (the "Current Representation"), and that no other party has the status of a client of KLNF for conflict of interest or any other purposes as a result thereof.

80. Each Party agrees that after the Closing, KLNF may represent one or more of the Surviving Entity, the Equityholder Representative and/or its and their Affiliates or any of its or their equityholders, partners, members, directors, managers, employees or representatives (any such Person, a "Designated Person") in any matter involving or arising from the Current Representation, including any interpretation or application of this Agreement and the agreements and transactions discussed herein and contemplated hereby, even though the interests of such Designated Person may be directly adverse to Parent, the Company or any of their respective Subsidiaries or Affiliates, and even though KLNF may have represented the Group Companies in a substantially related matter, or may be representing any of the foregoing in ongoing matters.

81. Each Party hereto hereby waives and agrees not to, and Parent agrees to cause the Company and its Subsidiaries not to, assert (i) any claim that KLNF has a conflict of interest in the Current Representation and any representation described in Section 9.16(b), and (ii) any confidentiality obligation with respect to any communication between KLNF and any Designated Person occurring during the Current Representation. Each of the Parties acknowledges that its acknowledgments, agreements, consents and/or waivers made under this Section 9.16 are voluntary, made after careful consideration, and made after consultation with counsel or after having been advised that such Person should do so.

82. Parent and Merger Sub hereby agree that as to all communications (i) whether before, at or after the Closing, between KLNF and any Designated Person or any of their representatives and (ii) prior to the Closing, between KLNF and the Company, its Subsidiaries or any of their respective representatives, in each case, that relate in any way to the Current

Representation, the attorney-client privilege and all rights to any other evidentiary privilege, and the protections afforded to information relating to representation of a client under applicable rules of professional conduct, belong to the Equityholder Representative and may be controlled by the Equityholder Representative and shall not pass to or be claimed by Parent, Merger Sub, the Company, any of their respective Subsidiaries or any of their respective representatives. Without limiting the foregoing, notwithstanding any policy of Parent, Merger Sub, the Company or any of their respective Subsidiaries or any agreement between or among the Company, its Subsidiaries or any of their respective representatives and any Designated Person, whether established or entered into before, at or after the Closing, Parent, Merger Sub, the Company and their respective Subsidiaries shall not review or use for any purpose without the Equityholder Representative's prior written consent, or seek to compel disclosure to Parent, Merger Sub, the Company or any of their respective Subsidiaries or any of their representatives any communication or information (whether written, oral, electronic or in any other medium) described in the previous sentence.

(e) Each of Parent and Merger Sub agree to take, and to cause its Affiliates to take, all steps necessary to implement the intent of this Section 9.16. The Parties further agree that KLNF and its partners and employees are intended third party beneficiaries of this Section 9.16.

[Signature Pages to Follow.]

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be duly executed on its behalf as of the day and year first above written.

Finxera HOLDINGS, inc.

By:/s/ Sanjoy Goyle____
Name: Sanjoy Goyle
Title: Chief Executive Offier

STONE POINT CAPITAL LLC, solely in its capacity as the Equityholder Representative

By:/s/ Scott Bronner ______
Name: Scott Bronner
Title: Managing Director

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be duly executed on its behalf as of the day and year first above written.

PRIORITY TECHNOLOGY HOLDINGS, INC.

By: /s/ Thomas C. Priore___
Name: Thomas C. Priore
Title: Chief Executive Officer and Chairman

PRIME WARRIOR ACQUISITION CORP.

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

Exhibit A

Example Statement of Net Working Capital

Exhibit B

Example Statement of Pre-Closing Distributable Earnings

Exhibit C

Form of Letter of Transmittal

Exhibit D

Form of Certificate of Merger

EXHIBIT 2.2

Exhibit E

Form of Escrow Agreement

Exhibit F

Form of Stockholders' Agreement

Exhibit G

Form of Registration Rights Agreement

Exhibit H

Priore Support Agreement

Exhibit I

Parent's Charter

Exhibit 4.5

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

The following is a summary description of the Common Stock, par value $0.001 per share (the "Common Stock"), of Priority Technology Holdings, Inc. ("Priority"), which is the only security of Priority registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended.

DESCRIPTION OF COMMON STOCK

General

The following description of our Common Stock is based on our Second Amended and Restated Certificate of Incorporation ("Certificate of Incorporation") and Amended and Restated Bylaws ("Bylaws"), and applicable provisions of law. We have summarized certain portions of our Certificate of Incorporation and Bylaws below. The summary is subject to, and is qualified in its entirety by, our Certificate of Incorporation and our Bylaws, each of which is filed as an exhibit to our Annual Report on Form 10-K, and the applicable provisions of the Delaware General Corporation Law ("DGCL"). You should read our Certificate of Incorporation, Bylaws, and the applicable provision of the DGCL for additional information. For purposes of this description, references to "Company," "Priority," "Registrant," "we," "our," and "us" refer to Priority Technology Holdings, Inc. and its subsidiaries.

Authorized Capitalization

Our authorized capitalization consists of 1,000,000,000 shares of Common Stock and 100,000,000 shares of preferred stock, par value $.001 per share.

As of March [xx], 2021, there were [xx,xxx,xxx] shares of Common Stock issued and outstanding and no shares of preferred stock issued and outstanding. This amount for issued shares of Common Stock includes approximately 451,000 shares held by Priority as "treasury shares." On December 31, 2020, there were employee stock options and restricted stock awards outstanding to issue approximately [x,xxx,000] shares of Priority's Common Stock and warrants to issue approximately [x.xxx.000] shares of our Common Stock. A former underwriter holds options for 300,000 shares of our common stock and 300,000 warrants whereby each warrant represents one share of Priority's common stock.

Common Stock

Voting Rights. Each holder of Priority's Common Stock is entitled to one vote for each share of Common Stock held of record on the applicable record date on all matters submitted to a vote of stockholders. Holders of Common Stock do not have cumulative voting rights in the election of directors.

Our Bylaws provide for a majority vote standard for all corporate actions. Except as otherwise provided by law or by the Certificate of Incorporation, the holders of a majority of the votes entitled to be cast by the stockholders entitled to vote generally, present in person or by proxy, shall constitute a quorum at any meeting of the stockholders; provided, however, that in the case of any vote to be taken by classes or series, the holders of a majority of the votes entitled to be cast by the stockholders of a particular class or series, present in person or by proxy, shall constitute a quorum of such class or series.

Dividend Rights. Subject to any preferential dividend rights of outstanding preferred stock, holders of Common Stock are entitled to receive equally and ratably, share for share, dividends, if any, as may be declared by our board of directors (our "Board") out of funds legally available therefor.

Liquidation Rights. Upon liquidation, dissolution of assets or other winding up, the holders of Common Stock are entitled to receive ratably the assets available for distribution to the stockholders after payment of liabilities and the liquidation preference of any outstanding shares of preferred stock.

Fully Paid and Nonassessable. The outstanding shares of our Common Stock are fully paid and non-assessable.

Other Matters. Holders of our Common Stock have no preemptive or conversion rights and are not subject to further calls or assessment by us. There are no redemption or sinking fund provisions applicable to the Common Stock.

Listing and Transfer Agent. Our Common Stock is listed for trading on the NASDAQ Stock Market under the symbol "PRTH." The transfer agent and registrar for our Common Stock is American Stock Transfer.

Anti-Takeover Provisions

Certain provisions in our Certificate of Incorporation, Bylaws and the DGCL may have the effect of delaying, deferring or discouraging another party from acquiring us. These provisions, which are summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions also are designed to encourage persons seeking to acquire control of us to first negotiate with our Board.

Amendment to Certificate of Incorporation and Bylaws. Our Bylaws may be amended, altered, changed or repealed by a majority vote of our Board. In addition to any other vote otherwise required by law, any amendment, alteration, change, or repeal of our Bylaws by our stockholders will require the affirmative vote of at least $66^{2/3}$% of the voting power of our outstanding shares of common stock, voting as a single class. Additionally, the affirmative vote of at least $66^{2/3}$% of the voting power of our outstanding shares of common stock, voting as a single class, will be required to amend or repeal certain provisions of our Certificate of Incorporation or to adopt any provision inconsistent with specified provisions of our Certificate of Incorporation. This requirement of a supermajority vote to approve amendments to our Certificate of Incorporation and Bylaws could enable a minority of our stockholders to exercise veto power over any such amendments.

Advance Notice Requirements for Stockholder Proposals and Director Nominations. Our Bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors. In order for any matter to be "properly brought" before a meeting, a stockholder will have to comply with advance notice requirements and provide us with certain information. Our Bylaws allow the presiding officer at a meeting of the stockholders to adopt rules and

regulations for the conduct of meetings which may have the effect of precluding the conduct of certain business at a meeting if the rules and regulations are not followed. These provisions may defer, delay or discourage a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of Priority.

Choice of Forum. Our Certificate of Incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the United States District Court for the District of Delaware) will be the sole and exclusive forum for (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (3) any action asserting a claim against the Company or any director or officer of our Company arising pursuant to any provision of the DGCL, our Certificate of Incorporation or our Bylaws or (4) any other action asserting a claim against our Company or any director or officer of our Company that is governed by the internal affairs doctrine. Although we believe these provisions benefit us by providing increased consistency in the application of Delaware law for the specified types of actions and proceedings, the provisions may have the effect of discouraging lawsuits against us or our directors and officers. The exclusive forum provision does not apply to any actions under United States federal securities laws.

***Controlled Company*.** Mr. Thomas Priore controls a majority of the voting power of Priority's outstanding Common Stock. As a result, Priority is 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.

No Cumulative Voting. The DGCL provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless our Certificate of Incorporation provides otherwise. Our Certificate of Incorporation prohibits cumulative voting.

Delaware General Corporation Law. As a Delaware corporation, we are subject to certain anti-takeover provisions of the DGCL. Subject to certain exceptions, Section 203 of the DGCL prevents a publicly held Delaware corporation from engaging in a "business combination" with any "interested stockholder" for three years following the date that the person became an interested stockholder, unless the interested stockholder attained such status with the approval of our Board or unless the business combination is

approved in a prescribed manner. A "business combination" includes, among other things, a merger or consolidation involving us and the "interested stockholder" and the sale of more than 10% of our assets. In general, an "interested stockholder" is any entity or person beneficially owning 15% or more of our outstanding voting stock and any entity or person affiliated with or controlling or controlled by such entity or person. Section 203 of the DGCL makes it more difficult for an interested stockholder to effect various business combinations with a corporation for a three-year period. This statute could prohibit or delay mergers or other takeover or change in control attempts not approved in advance by our Board and as a result could discourage attempts to acquire us, which could depress the market price of our Common Stock.

Undesignated Preferred Stock. Our Certificate of Incorporation authorizes our Board to issue preferred stock in one or more series and to fix the number of shares constituting such series and the designation of such series, the voting powers (if any) of the shares of such series, and the preferences and relative, participating, optional or other special rights, if any, and any qualifications, limitations or restrictions thereof, of the shares of such series. The powers, preferences and relative, participating, optional and other special rights of each series of preferred stock, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding. Except as otherwise required by the Certificate of Incorporation or by applicable law, holders of a series of preferred stock, as such, shall be entitled only to such voting rights, if any, as shall expressly be granted to such holders by the Certificate of Incorporation (including any certificate of designation relating to such series). Our authorized preferred stock consists of 100,000,000 shares of preferred stock, par value $.001 per share. Issuance of preferred stock in the future could discourage bids for the Common stock at a premium as well as create a depressive effect on the market price of the Common stock.

Removal of Directors; Vacancies. Our Certificate of Incorporation provides that directors may be removed from office only for cause and only upon the affirmative vote of at least $66^{2/3}$% of the voting power of our outstanding shares of common stock entitled to vote in the election of directors. In addition, any newly-created directorship on our Board that results from an increase in the number of directors and any vacancy occurring on our Board shall be filled only by a majority of the directors then in office, although less than a quorum, or by a sole remaining director.

Special Meetings. A special meeting of stockholders of Priority may be called only by (a) the Board or (b) the Secretary of the Company upon the written request of stockholders owning at least twenty-five percent (25%) in amount of the entire capital stock of the Company issued and outstanding, or entitled to vote at the special meeting.

SUPPORT AGREEMENT

THIS SUPPORT AGREEMENT, dated as of March 5, 2021, is made by and among Finxera Holdings, Inc., a Delaware corporation (the "Company"), and each of the undersigned (each, a "Stockholder" and collectively, the "Stockholders").

Reference is hereby made to the Agreement and Plan of Merger, dated as of March 5, 2021 (the " Merger Agreement") by and among the Company, Priority Technology Holdings, Inc., a Delaware corporation ("Parent"), Prime Warrior Acquisition Corp., a Delaware corporation and wholly-owned subsidiary of Parent, and, solely in its capacity as the representative of the Equityholders (as defined therein), Stone Point Capital LLC, a Delaware limited liability company. Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Merger Agreement.

In connection with the transactions contemplated by the Merger Agreement, each of the Stockholders hereby agrees (a) to execute and deliver the Stockholders' Agreement and the Registration Rights Agreement on the Closing Date, and (b) after the date hereof and prior to the Closing Date, shall not sell, assign, transfer or otherwise dispose of any of such Stockholder's Parent Common Shares, unless as a condition to such sale, assignment, transfer or other disposition, each such transferee executes and delivers a joinder agreement to this Support Agreement in a form reasonably acceptable to the Company; provided, however, that such Stockholder shall be permitted to sell up to an aggregate of 5% of such Stockholder's Parent Common Shares to transferees that are not Affiliates of any Stockholder upon written notice to the Company.

Sections 9.3, 9.10 9.12, 9.13 and 9.14(a) of the Merger Agreement are hereby incorporated into this Support Agreement, *mutatis mutandis*, as if set forth in full herein.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have executed this Support Agreement as of the date and year first written above.

FINXERA HOLDINGS, INC.

By: /s/ Sanjoy Goyle____________
Name: Sanjoy Goyle
Title: Chief Executive Officer

/s/ Thomas C. Priore_____________
Thomas C. Priore

/s/ Lori Priore__________________
Lori Priore, as Trustee for the Thomas Priore 2019 GRAT

Thomas C. Priore Irrevocable Insurance Trust u/a/d 1/8/2010

By: /s/ Lori A. Priore____________
Lori A. Priore, as Trustee

By: /s/ Bertrand H. Smyers________
Bertrand H. Smyers, as Trustee

EXHIBIT 10.16

TRUIST BANK
TRUIST SECURITIES, INC.
3333 Peachtree Road
Atlanta, Georgia 30326

CONFIDENTIAL

March 5, 2021

Priority Holdings, LLC
2001 Westside Parkway, Suite 155
Alpharetta, Georgia 30004
Attention: Thomas Priore

Project Warrior

Commitment Letter
Ladies and Gentlemen:

You have advised each of Truist Bank (" ***Truist Bank***") and Truist Securities, Inc. (" ***Truist Securities***" and, together with Truist, and any other commitment party that becomes a party hereto (if any) pursuant to Section 2 below, "***we***", "***us***" or the "***Commitment Parties***") that Priority Holdings, LLC ("***Holdings***" or "***you***") intends to acquire via a merger (the "***Acquisition***"), directly or indirectly, 100% of the outstanding equity interests of Finxera Holdings, Inc., a Delaware corporation (together with its subsidiaries, the "***Target***"), pursuant to the Merger Agreement (as defined in the Transaction Description (as defined below)). You have further advised us that, in connection with the foregoing, you intend to consummate the other Transactions described in the Transaction Description attached hereto as Exhibit A (the " ***Transaction Description*** "). Capitalized terms used but not defined herein shall have the meanings assigned to them in the Transaction Description or the Summary of Principal Terms and Conditions attached hereto as Exhibit B (the "***Term Sheet***"); this commitment letter, the Transaction Description, the Term Sheet and the Summary of Additional Conditions attached hereto as Exhibit C (the "***Summary of Additional Conditions***"), collectively, the "***Commitment Letter***").

1. Commitment.

In connection with the Transactions, (i) Truist Bank (together with any other Initial Lender that becomes a party hereto (if any) pursuant to Section 2 below, each an "***Initial Lender***" and, collectively, the "***Initial Lenders***") is pleased to advise that it commits to provide 100% of the aggregate principal amount of each of the Credit Facilities upon the terms set forth herein and subject to no conditions precedent other than those set forth in Section 6 below, in the Section entitled "Conditions Precedent to Borrowings and Issuances on the Closing Date" in Exhibit B (limited on the date of the initial funding of

the Credit Facilities (the "***Closing Date***") as indicated therein) and in the Summary of Additional Conditions.

2. Titles and Roles.

It is agreed that (i) Truist Securities will act as lead arranger and bookrunner for the Credit Facilities (the "***Lead Arranger***" and, together with any Additional Arrangers (as defined below) appointed pursuant to the immediately succeeding paragraph in respect of the Credit Facilities, the "***Lead Arrangers***") and (ii) Truist Bank will act as sole administrative agent and sole collateral agent (in such capacities, the "***Administrative Agent***") for the Credit Facilities. It is further agreed that (i) in any Information Materials (as defined below) and all other offering or marketing materials in respect of the Credit Facilities, Truist Securities shall have "left side" designation and shall appear on the top left and shall hold the leading role and responsibility customarily associated with such "top left" placement and (ii) any Additional Arrangers (or their affiliates, as applicable) will be listed to the immediate right of Truist Securities in such order to be agreed among you, Truist Securities and such Additional Arrangers, in any Information Materials and all other offering or marketing materials in respect of the Credit Facilities. Subject to the immediately succeeding paragraph, you agree that no other agents, co-agents, arrangers or bookrunners will be appointed, no other titles will be awarded and no compensation (other than compensation expressly contemplated by this Commitment Letter and the Fee Letter (as defined below)) will be paid to any Lenders (as defined below) in connection with the Credit Facilities unless you and we shall so agree.

Notwithstanding the foregoing, you may, on or prior to the date which is **fifteen (15) business days** after the date on which you execute and deliver this Commitment Letter, appoint additional arrangers, bookrunners, agents, co-agents, managers or co-managers or confer other titles (other than administrative agent or collateral agent pursuant to the Fee Letter) in respect of the Credit Facilities (any such agent, co-agent, manager, co-manager or other titled institution, an "***Additional Arranger***") and in a manner and with economics determined by you in consultation with Truist Securities; provided that Truist Securities (or its affiliate) shall have **no less than 60.0% of the total economics** (excluding for this purpose any agency fees paid to Truist Bank for acting as Administrative Agent) under the Fee Letter with respect to the Credit Facilities (it being understood that, (a) any such Additional Arranger's (or its affiliates') several commitment shall be pro rata among the Credit Facilities, (b) such Additional Arranger (or its affiliates) shall assume a proportion of the commitments with respect to the Credit Facilities that is equal to the proportion of the economics allocated to such Additional Arranger (or its affiliates) and (c) to the extent you appoint (or confer titles on) an Additional Arranger in respect of the Credit Facilities, the economics allocated to, and the commitment amounts of, Truist Bank and Truist Securities will be proportionately reduced by the amount of the economics allocated to, and the commitment amount of, such Additional Arranger (or its affiliate), in each case upon the execution and delivery by such Additional Arranger of customary joinder documentation within such period reasonably acceptable to you, us and such Additional Arranger and, thereafter, such Additional Arranger shall constitute a "Commitment Party", "Lead Arranger" and an "Initial Lender," as applicable, under this Commitment Letter and under the Fee Letter).

3. Syndication.

The Lead Arrangers reserve the right, prior to or after the Closing Date (as defined below), to syndicate all or a portion of the Initial Lenders' respective commitments hereunder to the Credit Facilities to a group of banks, financial institutions, institutional lenders and other investors (together with the Initial Lenders, the "***Lenders***") identified by the Lead Arrangers in consultation with and reasonably

acceptable to you (such consent not to be unreasonably withheld, conditioned or delayed); *provided* that we agree not to syndicate our commitments to Disqualified Lenders (as defied below). Notwithstanding the Lead Arrangers' right to syndicate the Credit Facilities and receive commitments with respect thereto, except in connection with any assignment to an Additional Arranger and as otherwise agreed by you in writing, (i) no Initial Lender shall be relieved, released or novated from its obligations hereunder (including its obligation to fund the Credit Facilities on the Closing Date) in connection with any syndication, assignment or participation of the Credit Facilities, including its commitments in respect thereof, until after the Closing Date, (ii) no assignment or novation by any Initial Lender shall become effective in respect of the Credit Facilities until after the Closing Date has occurred, including, without limitation, as between you and the Initial Lenders with respect to all or any portion of any Initial Lender's commitments and (iii) each Initial Lender shall retain exclusive control over all rights and obligations with respect to its commitments in respect of the Credit Facilities, including all rights with respect to consents, modifications, supplements, waivers and amendments, until the Closing Date has occurred.

As used herein, "***Disqualified Lenders***" means (i) those banks, financial institutions and other institutional lenders, in each case separately identified by name in writing to us by you prior to the date hereof, (ii) competitors that, directly or through a controlled affiliate or subsidiary or portfolio company, are engaged in the same or substantially similar line of business as you or your subsidiaries or the Target and its subsidiaries and identified by name in writing by you to us from time to time (which list of competitors may be supplemented by the Borrowers after the Closing Date by means of a written notice to the Administrative Agent) or (iii) in the case of each of clauses (i) and (ii), any of their affiliates (which, for the avoidance of doubt, shall not include any bona fide debt investment funds that are affiliates of the persons referenced in clause (ii) above) that are either (a) identified in writing by you from time to time to us (or, if after the Closing Date, by the Borrowers to the Administrative Agent) or (b) clearly identifiable solely on the basis of the similarity of such affiliate's name (as may be updated by you from time to time after the date hereof in accordance with the terms of this Commitment Letter, the "***Disqualified Lenders***"); provided, that (x) Disqualified Lenders referenced in clauses (ii) and (iii) above shall not include a bona fide debt fund, investment vehicle, regulated bank entity or unregulated lending entity that is engaged in, or that advises funds or investment vehicles that are engaged in, making, purchasing, holding or otherwise investing in commercial loans, debt securities and similar extensions of credit or securities in the ordinary course of business which is managed, sponsored or advised by any person controlling, controlled by or under common control with any competitor of you, the Target and your and their respective Subsidiaries or any affiliate of such competitor, but with respect to which no personnel involved with any investment in such person (other than a limited number of senior employees in connection with internal legal, compliance, risk management or credit practices) directly or indirectly makes, has the right to make or participates with others in making any investment decisions with respect to such debt fund, investment vehicle, regulated bank entity or unregulated lending entity, and (y) any supplementations shall not apply retroactively to disqualify any parties that have previously acquired an assignment or participation interest in the Credit Facilities.

Notwithstanding anything to the contrary contained in this Commitment Letter, the Fee Letter or any other letter agreement to the contrary, we agree that the Initial Lenders' commitments hereunder are not conditioned upon the syndication of, or receipt of commitments in respect of, the Credit Facilities, and in no event shall the commencement or successful completion of syndication of the Credit Facilities, constitute a condition to the availability of the Credit Facilities on the Closing Date. The Lead Arrangers intend to commence syndication efforts promptly upon the execution of this Commitment Letter and as part of its syndication efforts, it is the intent of the Lead Arrangers to have Lenders commit to the Credit Facilities prior to the Closing Date (subject to the limitations set forth in the preceding paragraph). Until the earlier of the date upon which a Successful Syndication (as defined in the Fee Letter) has been

completed and the day that is 30 days following the Closing Date (such earlier date, the "***Syndication Date***"), you agree to actively assist (and, to the extent practical and appropriate and not in contravention of the Merger Agreement to use your commercially reasonable efforts to cause the Target to actively assist) in completing a timely syndication of the Credit Facilities that is reasonably satisfactory to the Lead Arrangers and you. Such assistance shall include, without limitation, (a) your using commercially reasonable efforts to ensure that any syndication efforts benefit materially from your existing lending and investment banking relationships, (b) direct contact between appropriate members of your senior management, certain representatives and certain advisors of you, on the one hand, and the proposed Lenders, on the other hand (and to the extent practical and appropriate and not in contravention of the Merger Agreement, your using commercially reasonable efforts to ensure such contact between appropriate members of the senior management of the Target, on the one hand, and the proposed Lenders, on the other hand), in all such cases at times and locations mutually agreed upon, (c) your assistance (including, to the extent practical and appropriate and not in contravention of the Merger Agreement, the use of commercially reasonable efforts to cause the Target to assist) in the preparation and delivery of the Information Materials to be used in connection with the syndication, (d) the hosting, with the Lead Arrangers, of one meeting (or conference call in lieu of any such meeting) to be mutually agreed upon of prospective Lenders at a reasonable time and location to be mutually agreed upon (and, to the extent practical and appropriate and not in contravention of the Merger Agreement, your using commercially reasonable efforts to cause certain officers of the Target to be available for such meetings), (e) your using commercially reasonable efforts to provide prior to the launch of syndication of the Credit Facilities, customary pro forma projections of Holdings and its subsidiaries (including, for the avoidance of doubt, the Target and its subsidiaries) for fiscal year 2021 and for each fiscal year thereafter during the term of the Credit Facilities (the "***Projections***") and (f) prior to the Syndication Date (or, if later, the Closing Date), there being no competing issues, offerings, placements or arrangements of debt securities or commercial bank or other credit facilities by or on behalf of you, the Borrowers or any of your or its subsidiaries (and, prior to the Closing Date, to the extent practical and appropriate and not in contravention of the Merger Agreement, your using commercially reasonable efforts to ensure that no competing issues, offerings, placements or arrangements of debt securities or commercial bank or other credit facilities by or on behalf of the Target or any of its subsidiaries) announced, offered, placed or arranged (other than the Credit Facilities), in each case that could reasonably be expected to materially impair the primary syndication of the Credit Facilities, without the consent of the Lead Arrangers; it being agreed that the foregoing shall not apply to any debt permitted to be incurred by the Target or any of its subsidiaries under the Merger Agreement, drawings under existing revolving credit facilities or any ordinary course working capital facilities, capital leases, letters of credit, purchase money debt or equipment financings. For the avoidance of doubt (but without limiting your obligations to assist with syndication efforts as set forth herein), none of the foregoing shall constitute a condition to the commitments of the Commitment Parties hereunder or the funding of the Facilities on the Closing Date. Notwithstanding anything to the contrary in the foregoing, the only Projections, financial statements and other financial information that shall be required to be provided to the Lead Arrangers shall be the Projections, financial statements and other financial information already provided as of the date hereof, or required to be delivered pursuant to paragraphs __and __ of Exhibit C attached hereto.

The Lead Arrangers, in their capacities as such, will manage, in consultation with you, all aspects of any syndication of the Credit Facilities, including decisions as to the selection of institutions to be approached (excluding Disqualified Lenders) and when they will be approached, when their commitments will be accepted, which institutions will participate (excluding Disqualified Lenders) (subject to your consent, not to be unreasonably withheld, conditioned or delayed), the allocation of the commitments among the Lenders and the amount and distribution of fees among the Lenders. For the avoidance of doubt, you will not be required to provide any information to the extent that the provision thereof would

violate any law, rule or regulation, or any obligation of confidentiality binding on, or waive any privilege that may be asserted by, you, the Target or your or its respective affiliates; *provided* that, at the request of the Lead Arrangers, to the extent practical and appropriate and not in contravention of the Merger Agreement, you shall use commercially reasonable efforts to obtain the relevant consents under such obligations of confidentiality to allow for the provision of such information.

You hereby acknowledge that (a) the Lead Arrangers will make available Information (as defined below), Projections and other customary offering and marketing material and presentations, including customary confidential information memoranda (the "***Information Memorandum***") to be used in connection with the syndication of the Credit Facilities (such Information, Projections, other customary offering and marketing material and the Information Memorandum, collectively, with the Term Sheet, the "***Information Materials***") on a confidential basis to the proposed syndicate of Lenders by posting the Information Materials on Intralinks, Debt X, SyndTrak Online or by similar electronic systems and (b) certain of the Lenders may be "public side" Lenders (i.e. Lenders that have personnel who do not wish to receive material non-public information (within the meaning of U.S. federal and state securities law, "***MNPI***") with respect to you, your subsidiaries, the Target or your, your subsidiaries' or its respective securities and who may be engaged in investment and other market related activities with respect to you, your subsidiaries, the Target or your, your subsidiaries' or its respective securities) (each, a "***Public Sider***" and each Lender that is not a Public Sider, a " ***Private Sider***"). You will be solely responsible for the contents of the Information Materials and each of the Lead Arrangers shall be entitled to use and rely upon the information contained therein without responsibility for the independent verification thereof. Each of the Lead Arrangers shall be entitled to use and rely upon the information contained therein without responsibility for independent verification thereof. For the avoidance of doubt (but without limiting your obligations to assist with syndication efforts as set forth herein), none of the foregoing shall constitute a condition to the commitments of the Commitment Parties hereunder or the funding of the Credit Facilities on the Closing Date.

At the reasonable request of the Lead Arrangers, you agree to assist (and, to the extent not in contravention of the Merger Agreement, to use commercially reasonable efforts to cause the Target to assist) us in preparing an additional version of the Information Materials to be used in connection with the syndication of the Credit Facilities that consists exclusively of information or documentation that is either (x) publicly available or of a type that would be publicly available (or could be derived from publicly available information) if you, the Target or any of your or its respective subsidiaries were public reporting companies or (y) not material with respect to you, the Target or any of your or its respective subsidiaries for the purpose of U.S. federal and state securities laws to be used by Public Siders (as determined by you in good faith and shall have been marked by you as "PUBLIC"). It is understood that in connection with your assistance described above, customary authorization letters will be included in any Information Memorandum authorizing the distribution of such information marked with "PUBLIC" as described in this paragraph to prospective Lenders and containing (i) a customary "10b-5" representation with respect to the information set forth therein consistent with the "10b-5" representation set forth in Section 4 of this Commitment Letter and (ii) a representation that the additional versions of the Information Memorandum do not include any MNPI about you, the Target, your or its subsidiaries or your or its securities. In addition, the Information Memorandum shall contain provisions in the "Notice and Undertaking by Recipients" section that exculpate you with respect to any liability related to the use or misuse of, and each Lead Arranger and its affiliates with respect to any liability related to the use or misuse of, the contents of the Information Memorandum or related offering and marketing materials by the recipients thereof. Before distribution of any Information Materials, you agree to use commercially reasonable efforts to identify that portion of the Information Materials that may be distributed to Public Siders, which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first

page thereof. By marking Information Materials as "PUBLIC", you shall be deemed to have authorized the Lead Arrangers and the proposed Lenders to treat such Information Materials as not containing any MNPI (it being understood that you shall not be under any obligation to mark the Information Materials "PUBLIC").

You acknowledge and agree that the following documents may be distributed to both Private Siders and Public Siders to the extent you shall have been given a reasonable opportunity to review such documents prior to their distribution unless you advise the Lead Arrangers in writing (including by email) within a reasonable time prior to their intended distribution that such materials should only be distributed to Private Siders or otherwise contain private information: (a) administrative materials prepared by the Lead Arrangers for prospective Lenders (such as a lender meeting invitation, bank allocation, if any, and funding and closing memoranda), (b) the Term Sheet (including a customary marketing version of the Term Sheet) and notification of changes in the Credit Facilities' terms and conditions and (c) drafts and final versions of the Credit Facilities Documentation (as defined below). If you advise us in writing (including by email), within a reasonable period of time prior to dissemination, that any of the foregoing should be distributed only to Private Siders, then Public Siders will not receive such materials without your consent.

4. Information.

You hereby represent and warrant that (to your knowledge with respect to information relating to the Target and its subsidiaries): (a) all written information and written data other than the Projections, budgets, estimates and other forward-looking information (other than information of a general economic or general or specific industry nature) that has been or will be made available to any Commitment Party, directly or indirectly, by you, or by any of your representatives in connection with the transactions contemplated hereby for use in evaluating such transactions (the "***Information***"), when taken as a whole, does not and will not, when furnished, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made (giving effect to all supplements and updates thereto) and (b) the Projections have been or will be prepared in good faith based upon assumptions that are believed by you to be reasonable at the time such Projections are so furnished; it being understood that the Projections are as to future events and are not to be viewed as facts, the Projections are subject to significant uncertainties and contingencies, many of which are beyond your control, that no assurance can be given that any particular Projections will be realized and that actual results during the period or periods covered by any such Projections may differ significantly from the projected results and such differences may be material. You agree that, if at any time prior to the Syndication Date (or, if later, the Closing Date), you become aware that any of the representations and warranties in the preceding sentence would be incorrect in any material respect if the Information and the Projections were being furnished, and such representations and warranties were being made, at such time, then you will (or, with respect to Information or Projections with respect to the Target or any of its subsidiaries, subject to any applicable limitations on your rights under the Merger Agreement, you will use your commercially reasonable efforts to) promptly supplement or cause to be supplemented the Information and such Projections such that (and to your knowledge with respect to the Target and its subsidiaries) such representations and warranties are correct in all material respects under those circumstances at such time. In arranging and syndicating the Credit Facilities, the Lead Arrangers (a) will be entitled to use and rely primarily on the Information and the Projections contained in the Information Memorandum without responsibility for independent verification thereof and (b) do not assume responsibility for the accuracy or completeness of the Information or the Projections. Notwithstanding anything to the contrary contained in this Commitment Letter or the Fee Letter, none of the making of any

representation under this Section 4, the making of any supplementation thereof, or the accuracy of any such representation shall constitute a condition precedent to the availability and initial funding of the Credit Facilities on the Closing Date.

5. Fees.

As consideration for the commitments of the Initial Lenders hereunder and for the agreement of the Lead Arrangers to perform the services described herein, you agree to pay (or cause to be paid) the fees set forth in the Term Sheet and in the Fee Letter dated the date hereof among you and the Initial Lenders (the "***Fee Letter***") to the extent, on the terms and subject to the conditions expressly set forth therein. Once paid, such fees shall not be refundable under any circumstances.

6. Conditions.

The commitments of the Initial Lenders hereunder to fund the Credit Facilities on the Closing Date and the agreements of the Lead Arrangers to perform the services described herein are subject only to the conditions precedent set forth in the Section entitled "Conditions Precedent to Borrowings and Issuances on the Closing Date" in Exhibit B hereto, and upon satisfaction (or waiver by the Initial Lenders) of such conditions, the initial funding of the Credit Facilities shall occur (it being understood that there are no other conditions (implied or otherwise) to the commitments hereunder (including compliance with the terms of this Commitment Letter, the Fee Letter and the Credit Facilities Documentation).

7. Indemnity.

To induce the Commitment Parties to enter into this Commitment Letter and the Fee Letter and to proceed with the Credit Facilities Documentation, you agree (a) to indemnify and hold harmless each Commitment Party, their respective affiliates and the respective officers, directors, employees, members, partners, managers, investment managers, controlling persons, agents and other representatives of each of the foregoing and their respective successors and permitted assigns (each, an "***Indemnified Person***"), from and against any and all losses, claims, damages and liabilities and reasonable and documented or invoiced out-of-pocket expenses (including legal fees and expenses as set forth below), joint or several, to which any such Indemnified Person may become subject to the extent arising out of, resulting from or in connection with, this Commitment Letter, the Fee Letter, the Transactions or any related transaction contemplated hereby, the Credit Facilities or any use of the proceeds thereof or any claim, litigation, investigation or proceeding (including any inquiry or investigation) relating to any of the foregoing (any of the foregoing, a "***Proceeding***"), regardless of whether any such Indemnified Person is a party thereto, whether or not such Proceedings are brought by you, the Target, your or its equity holders, affiliates, creditors or any other third person, and within 30 days following written demand therefor (together with reasonable backup documentation supporting such reimbursement) to reimburse each such Indemnified Person for any reasonable and documented or invoiced out-of-pocket legal expenses of one firm of counsel for all such Indemnified Persons, taken as a whole and, if reasonably necessary, of a single local counsel in each appropriate jurisdiction (which may include a single special counsel acting in multiple jurisdictions) for all such Indemnified Persons, taken as a whole, and, solely in the case of an actual or perceived conflict of interest, one additional counsel in each applicable jurisdiction to each group of similarly situated Indemnified Persons affected by such conflict) and other reasonable and documented invoiced out-of-pocket expenses incurred in connection with investigating, preparing to defend or defending against, or participating in, any of the foregoing; provided that the foregoing indemnity will not, as to any Indemnified Person, apply to losses, claims, damages, liabilities, or related expenses to the

extent that they have resulted from (i) the willful misconduct, bad faith or gross negligence of such Indemnified Person or any of its Related Indemnified Persons (as defined below) (as determined by a court of competent jurisdiction in a final and non-appealable decision), (ii) a material breach of the obligations of such Indemnified Person or any of its Related Indemnified Persons under this Commitment Letter, the Term Sheet, the Fee Letter or the Credit Facilities Documentation (as determined by a court of competent jurisdiction in a final and non-appealable decision), or (iii) disputes solely between and among Indemnified Persons to the extent such disputes do not arise from any act or omission of you, the Borrowers or any of your or its affiliates (other than claims against an Indemnified Person acting in its capacity as an agent or arranger or similar role under the Credit Facilities) and (b) to the extent that the Closing Date occurs, on the Closing Date (to the extent an invoice therefor is received by the Invoice Date) or, if invoiced after the Invoice Date, within 30 days of receipt of an invoice therefor, to reimburse each Commitment Party from time to time, for all reasonable and documented out-of-pocket expenses, syndication expenses (if applicable), travel expenses and reasonable fees, disbursements and other charges of a single counsel to the Commitment Parties, identified in the Term Sheet and of a single local counsel to the Commitment Parties, taken as a whole, in each appropriate jurisdiction (which may include a single special counsel acting in multiple jurisdictions)), in each case incurred in connection with the Credit Facilities and the preparation, negotiation and enforcement of this Commitment Letter, the Fee Letter, the Credit Facilities Documentation and any security arrangements in connection therewith (the foregoing clause (b), collectively, the "***Expenses***"). The foregoing provisions in this paragraph shall be superseded in each case thereby, by the applicable provisions contained in the Credit Facilities Documentation upon execution thereof and thereafter shall have no further force and effect.

For purposes hereof, a "***Related Indemnified Person***" of an Indemnified Person means (1) any controlling person or controlled affiliate of such Indemnified Person, (2) the respective directors, officers partners, members or employees of such Indemnified Person or any of its controlling persons or controlled affiliates and (3) the respective agents or representatives of such Indemnified Person or any of its controlling persons or controlled affiliates, in the case of this clause (3), acting on behalf or at the instructions of such Indemnified Person, controlling person, or such controlled affiliate; provided that each reference to a controlled affiliate, controlled person, director, officer or employee in this sentence pertains to a controlled affiliate, controlling person, director, officer or employee involved in the structuring, arrangement, negotiation or syndication of the Credit Facilities.

Notwithstanding any other provision of this Commitment Letter, (i) no Indemnified Person shall be liable for any damages arising from the use by others of information or other materials obtained through internet, electronic, telecommunications or other information transmission systems, except to the extent that such damages have resulted from the willful misconduct, bad faith or gross negligence of such Indemnified Person or any of its Related Indemnified Person as determined by a final, non-appealable judgment of a court of competent jurisdiction and (ii) without in any way limiting the indemnification obligations set forth above, none of us, you, the Borrowers, any Indemnified Person or any affiliate of any of the foregoing, any officer, director, employee, agent, controlling person, advisor or other representative of the foregoing or any successor or permitted assign of any of the foregoing shall be liable for any indirect, special, punitive or consequential damages (including, without limitation, any loss of profits, business or anticipated savings) in connection with this Commitment Letter, the Fee Letter, the Transactions (including the Credit Facilities and the use of proceeds thereunder), or with respect to any activities related to the Credit Facilities, including the preparation of this Commitment Letter, the Fee Letter and the Credit Facilities Documentation; provided, that nothing in this paragraph shall limit your indemnification and reimbursement obligations expressly set forth herein to the extent such damages are part of a third party claim in connection with which such Indemnified Person is entitled to indemnification or reimbursement hereunder.

You shall not be liable for any settlement of any Proceeding effected without your consent (which consent shall not be unreasonably withheld, conditioned or delayed), but if settled with your consent or if there is a judgment by a court of competent jurisdiction in any such Proceeding, you agree to indemnify and hold harmless each Indemnified Person from and against any and all losses, claims, damages, liabilities, obligations, penalties, actions, judgments, suits and expenses by reason of such settlement or judgment in accordance with the other provisions of this Section 7.

You shall not, without the prior written consent of any Indemnified Person (which consent shall not be unreasonably withheld, conditioned or delayed), effect any settlement of any pending or threatened Proceeding in respect of which indemnity could have been sought hereunder by such Indemnified Person unless such settlement (i) includes an unconditional release of such Indemnified Person, in form and substance reasonably satisfactory to such Indemnified Person, from all liability or claims that are the subject matter of such Proceeding, and (ii) does not include any statement as to or any admission of fault, culpability, wrongdoing or a failure to act by or on behalf of any Indemnified Person.

8. Sharing of Information, Absence of Fiduciary Relationships, Affiliate Activities.

You acknowledge that the Commitment Parties and their respective affiliates may be providing debt financing, equity capital or other services (including, without limitation, financial advisory services) to other persons in respect of which you, the Borrower and your and its respective affiliates may have conflicting interests regarding the transactions described herein and otherwise. None of the Commitment Parties or their respective affiliates will use confidential information obtained from you by virtue of the transactions contemplated by this Commitment Letter or their other relationships with you in connection with the performance by them or their respective affiliates of services for other persons, and none of the Commitment Parties or their respective affiliates will furnish any such information to other persons, except to the extent permitted below. You also acknowledge that none of the Commitment Parties or their respective affiliates has any obligation to use in connection with the transactions contemplated by this Commitment Letter, or to furnish to you, confidential information obtained by them from other persons.

As you know, certain of the Commitment Parties may be full service securities firms engaged, either directly or through their respective affiliates, in various activities, including securities trading, commodities trading, investment management, financing and brokerage activities and financial planning and benefits counseling for both companies and individuals. In the ordinary course of these activities, certain of the Commitment Parties and their respective affiliates may actively engage in commodities trading or trade the debt and equity securities (or related derivative securities) and financial instruments (including bank loans and other obligations) of you, the Borrower and other companies which may be the subject of the arrangements contemplated by this Commitment Letter for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities. Certain of the Commitment Parties or their respective affiliates may also co-invest with, make direct investments in, and invest or co-invest client monies in or with funds or other investment vehicles managed by other parties, and such funds or other investment vehicles may trade or make investments in securities of you, the Borrower or other companies which may be the subject of the arrangements contemplated by this Commitment Letter or engage in commodities trading with any thereof.

The Commitment Parties and their respective affiliates may have economic interests that conflict with those of you or the Borrower. You agree that the Commitment Parties will act under this Commitment Letter as independent contractors and that nothing in this Commitment Letter or the Fee Letter will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied

duty between the Commitment Parties and you, the Borrower, your and its respective equity holders or your and their respective affiliates with respect to the transactions contemplated by this Commitment Letter. You acknowledge and agree that (i) the transactions contemplated by this Commitment Letter and the Fee Letter are arm's-length commercial transactions between the Commitment Parties and, if applicable, their affiliates, on the one hand, and you and, if applicable, your affiliates, on the other, (ii) in connection with the transactions contemplated hereby and with the process leading to such transaction, each Commitment Party and its applicable affiliates (as the case may be) has been, is or will be acting solely as a principal and not as agents or fiduciaries of you, the Borrower, your and its management, equity holders, creditors, affiliates or any other person, (iii) the Commitment Parties and their applicable affiliates (as the case may be) have not assumed an advisory or fiduciary responsibility or any other obligation in favor of you or your affiliates with respect to the transactions contemplated hereby or the process leading thereto (irrespective of whether the Commitment Parties or any of their respective affiliates have advised or are currently advising you or the Borrower on other matters) except the obligations expressly set forth in this Commitment Letter and the Fee Letter and (iv) you have consulted your own legal, tax and financial advisors to the extent you deemed appropriate. You further acknowledge and agree that you are responsible for making your own independent judgment with respect to such transactions and the process leading thereto. You agree that you will not claim that the Commitment Parties or their applicable affiliates, as the case may be, have rendered advisory services of any nature or respect, or owe a fiduciary or similar duty to you or your affiliates, in connection with such transaction or the process leading thereto. You further acknowledge and agree that the Commitment Parties and their respective affiliates do not provide tax, accounting or legal advice.

You acknowledge that Truist Bank and/or one of its affiliates currently is acting as administrative agent, lead arranger, bookrunner and/or a lender under the Existing Credit Agreement (as defined in Exhibit A) and your and your subsidiaries' rights and obligation under any other agreement with Truist Bank (including the Existing Credit Agreement) that currently or hereafter may exist are, and shall be, separate and distinct from the rights and obligations of the parties pursuant to this Commitment Letter, and none of such rights and obligations under such other agreements shall be affected by Truist Bank's performance or lack of performance of services hereunder. You hereby agree that Truist Bank may render its services under this Commitment Letter notwithstanding of any actual or potential conflict of interest presented by the foregoing, and you agree that you will not claim any conflict of interest relating to the relationship between Truist Bank and you and your affiliates in connection with the commitment and services contemplated hereby, on the one hand, and the exercise by Truist Bank or any of its affiliates of any of its rights and duties under any credit agreement or other agreement (including the Existing Credit Agreement), on the other hand. The terms of this paragraph shall survive the expiration or termination of the Commitment Letter for any reason whatsoever.

9. Confidentiality.

You agree that you will not disclose, directly or indirectly, the Fee Letter and the contents thereof, this Commitment Letter and the contents hereof to any person or entity without prior written approval of the Lead Arrangers (such approval not to be unreasonably withheld or delayed), except (a) to your officers, directors, agents, employees, attorneys, accountants, advisors, controlling persons or equity holders on a confidential and need-to-know basis, (b) to Ares Capital Management LLC and Ares Alternative Credit Management, LLC, in their capacity as managers to the funds and accounts providing the Preferred Stock Facility, and their officers, directors, agents, attorneys and other advisors in connection therewith, (c) if the Commitment Parties consent in writing to such proposed disclosure, (d) pursuant to the order of any court or administrative agency in any pending legal, judicial or administrative proceeding, or otherwise as required by applicable law, regulation or compulsory legal process or to the

extent requested or required by governmental and/or regulatory authorities, in each case based on the reasonable advice of your legal counsel (in which case you agree, to the extent practicable and not prohibited by applicable law, to inform us promptly thereof prior to disclosure) or (e) to the extent reasonably necessary or advisable in connection with the exercise of any remedy or enforcement of any right under this Commitment Letter and/or the Fee Letter; provided that (i) you may disclose this Commitment Letter and/or the Fee Letter (so long as the Fee Letter is redacted in a customary manner reasonably satisfactory to the Lead Arrangers) and the contents hereof to the Target, its subsidiaries and their respective officers, directors, agents, employees, attorneys, accountants, advisors, or controlling persons or equity holders, on a confidential and need-to-know basis, (ii) you may disclose the Commitment Letter and its contents (but not the Fee Letter or the contents thereof) in connection with any public filing relating to the Transactions, (iii) you may disclose the Term Sheet and the contents thereof, to potential Lenders and, in each case, their officers, directors, agents, employees, attorneys, accountants, advisors, on a confidential basis, (iv) after your acceptance hereof, this Commitment Letter and the Fee Letter may be shared (in consultation with the Lead Arrangers) with potential Additional Arrangers on a confidential basis and (v) you may disclose the aggregate fee amount contained in the Fee Letter as part of Projections, pro forma information or a generic disclosure of aggregate sources and uses related to fee amounts related to the Transactions to the extent customary or required in offering and marketing materials for the Credit Facilities or in any public filing relating to the Transactions.

The Commitment Parties and their affiliates will use all confidential and other non-public information provided to them or such affiliates by or on behalf of you hereunder or in connection with the Acquisition and the related Transactions solely for the purpose of providing the services which are the subject of this Commitment Letter and negotiating, evaluating and consummating the Transactions and shall treat confidentially all such information and shall not publish, disclose or otherwise divulge, such information; provided that nothing herein shall prevent the Commitment Parties and their Representatives (as defined below) from disclosing any such information (a) pursuant to the order of any court or administrative agency or in any pending legal, judicial or administrative proceeding, or otherwise as required by applicable law, subpoena or compulsory legal process based on the advice of counsel (in which case the Commitment Parties agree (except with respect to any audit or examination conducted by bank accountants or regulatory or self-regulatory authority exercising routine examination or regulatory authority), to the extent practicable and not prohibited by applicable law, to inform you promptly thereof prior to such disclosure), (b) upon the request or demand of any regulatory or self-regulatory authority having or purporting to have jurisdiction over the Commitment Parties or any of their respective Representatives (in which case the Commitment Parties agree (except with respect to any audit or examination conducted by bank accountants or any regulatory or self-regulatory authority exercising examination or regulatory authority), to the extent practicable and not prohibited by applicable law, to inform you promptly thereof prior to disclosure), (c) to the extent that such information becomes publicly available other than by reason of disclosure by such Commitment Parties or any of their affiliates or any related parties thereto in violation of any confidentiality obligations owing to you, the Borrower or any of your or its respective affiliates (including those set forth in this paragraph), (d) to the extent that such information is received by the Commitment Parties from a third party that is not, to such Commitment Parties' knowledge, subject to contractual or fiduciary confidentiality obligations owing to you, the Target or any of your or its respective affiliates or related parties, (e) to the extent that such information is independently developed by the Commitment Parties without the use of any confidential information or any other information obtained in a manner that would otherwise violate the terms of this Commitment Letter, (f) to the Commitment Parties' affiliates and to its and their respective directors, officers, members, partners, managers, controlling persons, investment managers, financing sources, employees, legal counsel, independent auditors, attorneys, professionals, trustees, custodians and other experts or agents (collectively, together with their respective successors and permitted assigns, the

"***Representatives***") who need to know such information in connection with the Transactions and are informed of the confidential nature of such information and have been advised of their obligation to keep such information confidential, provided that such Commitment Party shall be responsible for its affiliates' and its and their directors, officers, financing sources, employees, legal counsel, independent auditors, professionals and other experts or agents compliance with this paragraph; provided further that unless you otherwise consent (such consent not to be unreasonably withheld, conditioned or delayed), no such disclosure shall be made by the Commitment Parties, their respective affiliates or any of its or their respective directors, officers, financing sources, employees, legal counsel, independent auditors, professionals and other experts or agents working on the financing contemplated by this Commitment Letter to (x) any affiliates or directors, officers, employees, legal counsel, independent auditors, professionals and other experts or agents of the Commitment Parties that are engaged as principals primarily in private equity or venture capital (other than, in each case, such persons engaged by the Borrower as part of the Borrower's transaction, senior employees who are required, in accordance with industry regulations or the applicable Commitment Party's internal policies and procedures, to act in a supervisory capacity and the applicable Commitment Party's internal legal, compliance, risk management, credit or investment commitment members) (collectively, the "***Excluded Parties***") or (y) Disqualified Lenders, (g) to potential or prospective Lenders, participants or assignees and to any direct or indirect contractual counterparty to any swap or derivative transaction relating to you or any of your subsidiaries, in each case who agree to be bound by the terms of this paragraph (or language substantially similar to this paragraph); provided that the disclosure of any such information to any Lenders or prospective Lenders or participants or assignees or prospective participants or assignees referred to above shall be made subject to the acknowledgment and acceptance by such Lender or assignee or prospective Lender or participant or prospective assignee or participant that such information is being disseminated on a confidential basis (on substantially the terms set forth in this paragraph or as is otherwise reasonably acceptable to you and each Commitment Party, including, without limitation, as agreed in any Information Materials or other marketing materials) in accordance with the standard syndication processes of such Commitment Party or customary market standards for dissemination of such type of information which shall in any event require "click through" or other affirmative action on the part of the recipient to access such confidential information, acknowledging its confidentiality obligations in respect thereof consistent with the foregoing, (h) in connection with the exercise of any remedy or enforcement of any right under this Commitment Letter and/or the Fee Letter, (i) for purposes of establishing a "due diligence" defense in any legal proceeding or (j) with your prior written consent. The Lead Arrangers shall be permitted to place customary advertisements in financial and other newspapers and periodicals or on a home page or similar place for dissemination of customary information on the Internet or worldwide web as the Lead Arrangers may choose, and circulate similar promotional materials, in the form of a "tombstone" or otherwise describing the names of the Borrower and its affiliates (or any of them), and the amount, type and closing date of the transactions contemplated hereby. The Commitment Parties' and their affiliates', if any, obligations under this paragraph shall terminate automatically and be superseded by the confidentiality provisions in the Credit Facilities Documentation upon the initial funding thereunder; provided that, in any event, the provisions of this paragraph shall automatically terminate on the first anniversary of the date hereof. Additionally, you acknowledge and agree that the Lead Arrangers and their Representatives may provide to industry trade organizations information with respect to all or any part of the Credit Facilities that is customary for inclusion in league table measurements.

10. Miscellaneous.

This Commitment Letter, the Fee Letter and the commitments hereunder shall not be assignable by any party hereto (other than pursuant to Section 2 hereof) without the prior written consent of each other party hereto (and any attempted assignment without such consent shall be null and void) This

Commitment Letter and the commitments hereunder are intended to be solely for the benefit of the parties hereto and their successors and permitted assigns (and Indemnified Persons) and are not intended to confer any benefits upon, or create any rights in favor of, any person other than the parties hereto and their successors and permitted assigns (and Indemnified Persons) and are not intended to create a fiduciary relationship among the parties hereto. Subject to the limitations set forth in Section 3 above, the Commitment Parties reserve the right to employ the services of their affiliates or branches in providing services contemplated hereby (it being understood that we will not thereby be relieved of any of our obligations hereunder with respect to such services prior to the initial funding under the Credit Facilities) and to allocate, in whole or in part, to their affiliates or branches certain fees payable to the Commitment Parties in such manner as the Commitment Parties and their affiliates or branches may agree in their sole discretion and, to the extent so employed, such affiliates and branches shall be entitled to the benefits and protections afforded to, and subject to the provisions governing the conduct of, the Commitment Parties hereunder. Each Commitment Party shall be liable solely in respect of its own commitment to the Credit Facilities, on a several, and not joint, basis with any other Initial Lender. This Commitment Letter may not be amended or any provision hereof waived or modified except by an instrument in writing signed by each of the Commitment Parties and you. This Commitment Letter may be executed in any number of counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one agreement. Delivery of an executed counterpart of a signature page of this Commitment Letter by facsimile transmission or other electronic transmission (e.g., a "pdf" or "tif") shall be effective as delivery of a manually executed counterpart hereof. The words "execution," "execute," "signed," "signature," and words of like import in or related to this Commitment Letter, the Fee Letter or any other document to be signed in connection with this Commitment Letter, the Fee Letter and the transactions contemplated hereby shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Commitment Parties, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act *provided* that notwithstanding anything contained herein to the contrary, the Commitment Parties are under no obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by such Commitment Party pursuant to procedures approved by it. This Commitment Letter, together with the Fee Letter, (i) are the only agreements that have been entered into among the parties hereto with respect to the Credit Facilities and (ii) supersede all prior and/or contemporaneous understandings, whether written or oral, among you and us with respect to the Credit Facilities and sets forth the entire understanding of the parties hereto with respect thereto. THIS COMMITMENT LETTER AND THE FEE LETTER AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER, INCLUDING THE VALIDITY, INTERPRETATION, CONSTRUCTION, BREACH, ENFORCEMENT OR TERMINATION HEREOF OR THEREOF, AND WHETHER ARISING IN CONTRACT OR TORT OR OTHERWISE, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Each of the parties hereto agrees that (i) this Commitment Letter is a valid and binding and enforceable agreement with respect to the subject matter contained herein (it being acknowledged and agreed that the commitments provided hereunder are subject to applicable conditions precedent, as set forth herein) and (ii) the Fee Letter are legally valid and binding agreements of the parties thereto with respect to the subject matter set forth therein, in each case, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by

proceedings in equity or at law). Reasonably promptly after the execution of this Commitment Letter, the parties hereto shall proceed with the negotiation in good faith of the Credit Facilities Documentation as soon as reasonably practicable for the purpose of executing and delivering the Credit Facilities Documentation substantially simultaneously with the consummation of the Refinancing.

EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT BY OR ON BEHALF OF ANY PARTY RELATED TO OR ARISING OUT OF THIS COMMITMENT LETTER OR THE FEE LETTER OR THE PERFORMANCE OF SERVICES HEREUNDER OR THEREUNDER.

Each of the parties hereto hereby irrevocably and unconditionally (a) submits, for itself and its property, to the exclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York County, and any appellate court thereof, in any action or proceeding arising out of or relating to this Commitment Letter, the Fee Letter or the transactions contemplated hereby or thereby, or for recognition or enforcement of any judgment, and agrees that all claims in respect of any such action or proceeding shall only be heard and determined in such New York State court or, to the extent permitted by law, in such federal court, (b) waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Commitment Letter, the Fee Letter or the transactions contemplated hereby or thereby in any New York State or in any such federal court, (c) waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court and (d) agrees that a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each of the parties hereto agrees that service of process, summons, notice or document by registered mail addressed to you or us at the addresses set forth above shall be effective service of process for any suit, action or proceeding brought in any such court.

We hereby notify you that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001) (as amended, the "***PATRIOT Act***") and 31 C.F.R. §1010.230 (as amended, the " ***Beneficial Ownership Regulation***"), each of us and each of the Initial Lenders may be required to obtain, verify and record information that identifies the Borrowers and the Guarantors, which information may include their names, addresses, tax identification numbers and other information that will allow each of us and the Initial Lenders to identify the Borrowers and the Guarantors in accordance with the PATRIOT Act and the Beneficial Ownership Regulation. This notice is given in accordance with the requirements of the PATRIOT Act and is effective for each of us and the Initial Lenders. You hereby acknowledge and agree that we shall be permitted to share any and all such information with the Initial Lenders.

This paragraph and the indemnification, compensation (and fee provisions contained in the Fee Letter), reimbursement, jurisdiction, governing law, venue, waiver of jury trial, syndication, information and confidentiality provisions contained herein and in the Fee Letter and the provisions of Section 8 hereof, shall remain in full force and effect regardless of whether Credit Facilities Documentation shall be executed and delivered and notwithstanding the termination or expiration of this Commitment Letter or the Initial Lenders' commitments hereunder; provided that your obligations under this Commitment Letter (other than your understanding and agreements regarding no agency or fiduciary duty and your obligations with respect to (a) assistance to be provided in connection with the syndication thereof (including as it relates to the "market flex" provisions of the Fee Letter), (b) information (including supplementation and/or correcting Information and Projections), (c) compensation and expense

reimbursement and (d) confidentiality of this Commitment Letter, the Fee Letter and the contents hereof and thereof) shall automatically terminate and be superseded by the provisions of the Credit Facilities Documentation upon the initial funding thereunder and the payment of all amounts owing at such time hereunder and under the Fee Letter, and you shall automatically be released from all liability in connection therewith at such time. You may terminate this Commitment Letter and/or the Initial Lenders' commitments with respect to the Credit Facilities hereunder on a ratable basis in accordance with paragraph 1 of Exhibit C at any time, subject to the provisions of the Fee Letter and the preceding sentence.

Section headings used herein are for convenience of reference only and are not to affect the construction of, or to be taken into consideration in interpreting, this Commitment Letter.

If the foregoing correctly sets forth our agreement, please indicate your acceptance of the terms of this Commitment Letter and of the Fee Letter by returning to the Commitment Parties, executed counterparts hereof and of the Fee Letter not later than 5:00 p.m., New York City time on March 12, 2021 (the "***Countersign Date***"). The Initial Lenders' respective commitments and the obligations of the Lead Arrangers hereunder will expire at such time in the event that the Commitment Parties have not received such executed counterparts in accordance with the immediately preceding sentence prior to the Deadline. If you do so execute and deliver to us this Commitment Letter and the Fee Letter, we agree to hold our commitment available for you until the earlier of (x) 5:00 p.m., New York City time, on February 28, 2022 and (y) the termination of the Merger Agreement. Upon the occurrence of any of the events referred to in the preceding sentence, this Commitment Letter and the commitments of each of the Commitment Parties hereunder and the agreement of the Lead Arrangers to provide the services described herein shall automatically terminate unless the Commitment Parties shall, in their sole discretion, agree to an extension in writing.

[Remainder of this page intentionally left blank]

We are pleased to have been given the opportunity to assist you in connection with the financing for the Transactions.

Very truly yours,

TRUIST BANK

By: /s/ Timothy M. O’Leary
Name: Timothy M. O’Leary
Title: Managing Director

TRUIST SECURITIES, INC.

By: /s/ Timothy M. O’Leary
Name: Timothy M. O’Leary
Title: Managing Director

EXHIBIT 10.16

EXHIBIT 10.16

Accepted and agreed to as of

the date first above written:

PRIORITY HOLDINGS, LLC

By: /s/ Thomas C. Priore

Name: Thomas C. Priore
Title: Authorized Signatory

DOC ID - 35765184.2

EXHIBIT A

Project Warrior

Transaction Description

Capitalized terms used but not defined in this Exhibit A shall have the meanings set forth in the other Exhibits to the Commitment Letter to which this Exhibit A is attached (the "***Commitment Letter***") or in the Commitment Letter. In the case of any such capitalized term that is subject to multiple and differing definitions, the appropriate meaning thereof in this Exhibit A shall be determined by reference to the context in which it is used.

On the Closing Date

a) That certain Credit and Guaranty Agreement, dated as of January 3, 2017, entered into by and among Holdings, the guarantors from time to time party thereto, and Goldman Sachs Specialty Lending Group, L.P., as administrative agent and lead arranger (as amended, restated, amended and restated, modified and/or supplemented from time through the date hereof, the "***Existing Subordinated Term Loan Facility***") will be refinanced and all outstanding obligations thereunder will be repaid in full and all commitments and guaranties in connection therewith will be terminated or released (the "***Existing Subordinated Debt Refinancing***).

b) Substantially all of the existing third party indebtedness for borrowed money of the Borrowers and their respective subsidiaries under that certain Credit and Guaranty Agreement, dated as of January 3, 2017, among Pipeline Cynergy Holdings, LLC ("***PCH***"), Priority Institutional Partner Services LLC ("***Priority Institutional***"), Priority Payment Systems Holdings, LLC ("***PPSH***" or the "***Borrower Representative***", and together with PCH and Priority Investments, the "***Borrowers***" and each individually, a " ***Borrower***") (as amended, modified and supplemented from time to time through the date hereof, the "***Existing Credit Agreement***") will be refinanced and repaid in full and any and all commitments, guarantees and security interests in connection therewith shall be terminated or released (the "***Existing Credit Agreement Refinancing***" and together with the Subordinated Debt Refinancing, the "***Closing Date Refinancing***").

c) The Borrowers will obtain, on a joint and several basis, senior secured credit facilities in an aggregate principal amount of approximately $630.0 million which will be comprised of (1) a senior secured first lien term loan facility in an aggregate principal amount of approximately $300.0 million, (2) a senior secured revolving credit facility in an aggregate amount equal to $40.0 million and (3) a senior secured first lien delayed draw term loan facility in an aggregate principal amount of approximately $290 million.

d) PRTH will issue senior preferred stock in an aggregate issue price equal to approximately $250,000,000, which shall be comprised of a (1) $150 million issued on the Closing Date, which shall be contributed to Holdings (the "***Closing Date Preferred Stock***"), (2) $50.0 million, issued on the DDTL Funding Date, which shall be contributed to Holdings (the "***Acquisition Preferred Stock*"**) and (3) $50 million available to be issued within 18 months of the Closing Date (together with the Closing Date Preferred Stock and the Acquisition Preferred Stock, the **"*Preferred Stock Facility***").

No later than February 28, 2022, the Borrower intends to acquire via merger, directly or indirectly, all of the outstanding equity interests of the Target pursuant to the Merger Agreement (as defined below).

In connection with the foregoing, it is intended that:

e) On the DDTL Funding Date, Stone Point Capital LLC and/or its controlled affiliates (the "***Sponsor***", and together with certain members of the Target's management and certain other investors arranged by and/or designated by the Sponsor that are reasonably acceptable to the Lead Arrangers, the "***Investors***"), will roll over equity in accordance with the Merger Agreement into common equity of Priority Technology Holdings, Inc. ("***PRTH***") (the "***Equity Contribution***") in connection with the Acquisition.

f) On the DDTL Funding Date, pursuant to the Merger Agreement, dated as of the date hereof (as amended in accordance with the terms of the Commitment Letter and in effect from time to time, together with all exhibits, schedules, and disclosure letters thereto, collectively, the "***Merger Agreement***"), among **Finxera Holdings, Inc.** (the "***Target***"), PRTH, Prime Warrior Acquisition Corp., a Delaware corporation ("***Merger Sub***"), and, solely in its capacity as the Equityholder Representative, Sponsor, Merger Sub will be merged with and into the Target, with the Target continuing as the surviving entity and becoming a direct or indirect wholly owned subsidiary of Holdings (the "***Acquisition***") in accordance with the terms of the Merger Agreement.

g) On the DDTL Funding Date, substantially all of the existing third party indebtedness for borrowed money of the Target will be refinanced and repaid in full and any and all commitments, guarantees and security interests in connection therewith shall be terminated or released (the "***Target Refinancing***").

h) The proceeds of the Initial Term Loan Facility and the Closing Date Preferred Stock will be applied on the Closing Date (i) to finance the Closing Date Refinancing and (ii) pay the fees and expenses in connection with the Transactions contemplated to occur on the Closing Date (such fees and expenses, the "***Closing Date Transaction Costs***"). The proceeds of the DDTL Term Loan Facility (as defined below) and the Acquisition Preferred Stock will be applied on the DDTL Funding Date (i) to pay the consideration in connection with the Acquisition, (ii) to finance the Target Refinancing and (iii) to pay the fees and expenses incurred in connection with the Transactions occurring on the DDTL Funding Date (such fees and expenses, the "***DDTL Transaction Costs***" and, together with the Closing Date Transaction Costs, the "***Transaction Costs***").

The transactions described above (including the payment of Transaction Costs) are collectively referred to herein as the "***Transactions***".

Project Warrior

$300.0 Million Initial Term Loan Facility
$290.0 Million Delayed Draw Term Loan Facility
$40.0 Million Revolving Credit Facility
Summary of Principal Terms and Conditions[1]

Borrowers:	Priority Holdings, LLC, a Delaware limited liability company ("***Holdings***" or the "***Borrower Representative***" and, together with any other existing and subsequently acquired or organized wholly owned domestic subsidiary of Holdings as may be mutually agreed by the Administrative Agent and Holdings, the "***Borrowers***" and each, a "***Borrower***"), on a joint and several basis.
Lead Arrangers:	Truist Securities and any other Lead Arranger appointed pursuant to the Commitment Letter will act as joint lead arrangers and joint bookrunners for the Credit Facilities (the "***Lead Arrangers***"), and will perform the duties customarily associated with such role.
Administrative Agent and Collateral Agent:	Truist Bank will act as sole administrative agent (the "***Administrative Agent***") and sole collateral agent (the "***Collateral Agent***") under the Credit Facilities.
Lenders:	Such banks, financial institutions and other lenders (including the Initial Lenders, the "***Lenders***") selected by the Lead Arrangers in consultation with (and reasonably acceptable to) the Borrowers (but excluding any Disqualified Lenders).
Transactions:	As set forth in Exhibit A to the Commitment Letter.

1 All capitalized terms used but not defined herein shall have the meaning given them in the Commitment Letter to which this Term Sheet is attached, including Exhibit A thereto.

Purpose/Use of Proceeds:	Initial Term Loan Facility: Proceeds of the Initial Term Loan Facility (as defined below), together with the proceeds of Closing Date Preferred Stock, the Revolving Credit Facility (to the extent permitted under the heading "Availability" below) will be used to (i) finance the Closing Date Refinancing and (ii) pay the Closing Date Transaction Costs. DDTL Term Loan Facility : Proceeds of the DDTL Term Loan Facility (as defined below), together with the proceeds of the Acquisition Preferred Stock and the Equity Contribution will be used to (i) pay the consideration in connection with the Acquisition, (ii) finance the Target Refinancing and (iii) pay the DDTL Transaction Costs. Revolving Credit Facility: Proceeds of the Revolving Credit Facility (as defined below) will be used to finance a portion of the Transaction Costs (to the extent permitted under the heading "Availability" below) and for ongoing working capital, capital expenditures and general corporate requirements, including letters of credit issuance and the funding of Permitted Acquisitions (as defined below), other permitted investments or any other transaction permitted under the Credit Documents. Incremental Facilities: Proceeds will be available for working capital and general corporate requirements, including Permitted Acquisitions, other permitted investments, capital expenditures, associated costs and expenses, permitted restricted payments or any other transaction permitted under the Credit Documents.

Guarantors:

Each Borrower (other than with respect to the obligations of such Borrower), and, subject to the proviso below, each direct and indirect, existing and subsequently acquired or organized wholly owned domestic subsidiary of each Borrower (collectively, the "***Guarantors***" and, together with the Borrowers, the "***Credit Parties***") will jointly and severally guarantee (the "***Guarantee***") all obligations under the Credit Facilities, under any interest rate protection or other hedging arrangements entered into with the Administrative Agent, a Lead Arranger, an entity that is a Lender at the time of such transaction or becomes a Lender following such transaction, or any affiliate of any of the foregoing (collectively, "***Hedging Arrangements***") and under certain cash management arrangements of any Borrower or any Guarantor owed to the Administrative Agent, a Lead Arranger, any Lender or any affiliate of the foregoing (collectively, "***Cash Management Arrangements***"); provided that, Guarantors will not include (a) any subsidiary that is an immaterial subsidiary (with individual and aggregate thresholds of 5.0% and 7.5%of total assets and revenue, respectively) (each an "***Immaterial Subsidiary***"), (b) (i) a subsidiary that is acquired after the Closing Date that is prohibited by applicable law or by any contractual obligation existing at the time of such acquisition thereof (so long as not created in anticipation thereof) from guaranteeing the Credit Facilities, or which would require governmental (including regulatory) consent, approval, license or authorization to provide a Guarantee and such consent, approval, license or authorization has not been received or (ii) a subsidiary prohibited by applicable law or restricted from guaranteeing the Credit Facilities by contractual obligations to the extent such contractual obligation existed on the Closing Date (so long as such contractual obligation was not created in contemplation of the Transactions), (c) a special purpose entity used for securitizations or other structured finance transactions (a "***Special Purpose Entity***"), (d) a not-for-profit subsidiary, (e) a captive insurance company, (f) an Unrestricted Subsidiary (as defined below), (g) [reserved] (h) a subsidiary with respect to which, in the reasonable judgment of the Borrower Representative and the Collateral Agent, the burden or cost of providing a Guarantee will be excessive in view of the benefits to be obtained by the Lenders therefrom and (i) any subsidiary acquired after the Closing Date where the providing of a guaranty would result in material adverse tax consequences to the Borrowers or any of their respective Restricted Subsidiaries as reasonably determined by the Borrower Representative in consultation with the Administrative Agent. In addition, the Credit Documents will include customary exclusions for Guarantors that are not "eligible contract participants" (as defined in the Commodity Exchange Act (7 U.S.C. section 1 et seq.), as amended from time to time, and any successor statute) from guaranteeing obligations of any Credit Party that relate to the Hedging Arrangements. In addition, the Borrower may elect to cause one or more of such excluded subsidiaries to become Guarantors; provided that no excluded subsidiary that is a foreign subsidiary may become a Guarantor without the consent of the Administrative Agent.

Subject only to limitations on investments set forth in the Credit Documents and subject to no event of default and pro forma compliance with the Closing Date Total Net Leverage Ratio (as hereinafter defined), the Borrower will be permitted to designate any existing or subsequently acquired or organized subsidiary of the Borrower as an "unrestricted subsidiary" (any subsidiary so designated, an "***Unrestricted Subsidiary***"). Notwithstanding anything to the contrary herein, Unrestricted Subsidiaries (and the sale of assets thereof) will not be subject to the mandatory prepayment, representation and warranty, affirmative or negative covenant or event of default provisions of the Credit Documents and the cash held by, and results of operations, indebtedness and interest expense of, Unrestricted Subsidiaries will not be taken into account for purposes of determining any financial ratio or covenant contained in the Credit Documents. "***Restricted Subsidiary***" shall mean any existing or future direct or indirect subsidiary of each Borrower other than any Unrestricted Subsidiary.

The designation of any Restricted Subsidiary as an Unrestricted Subsidiary shall constitute an investment by the applicable Borrower or its applicable Restricted Subsidiary at the date of designation in an amount equal to the portion of the fair market value (as reasonably determined by the Borrower Representative) of the assets of such Restricted Subsidiary attributable to such Borrower's or its applicable Restricted Subsidiary's equity interest therein as reasonably estimated by the Borrower Representative (and such designation shall only be permitted to the extent such investment is otherwise permitted). The designation of any Unrestricted Subsidiary as a Restricted Subsidiary may only be made if no event of default exists or would result therefrom and the Borrowers are in pro forma compliance with the Closing Date Total Net Leverage Ratio, and any re-designation as a Restricted Subsidiary shall constitute the incurrence or making, as applicable, at the time of designation, of indebtedness or lien of such Restricted Subsidiary, as applicable provided that upon a designation of any Unrestricted Subsidiary as a Restricted Subsidiary, the Borrowers shall be deemed to continue to have an investment in the resulting Restricted Subsidiary in an amount (if positive) equal to (a) the Borrowers' investment in such Restricted Subsidiary at the time of such designation, less (b) the portion of the fair market value (as reasonably determined by the Borrower Representative) of the assets of such Restricted Subsidiary attributable to the

Borrowers' equity therein at the time of such designation.. Notwithstanding the foregoing, (x) no Unrestricted Subsidiary may hold any liens or equity interests of or in any Borrower, Holdings or any Restricted Subsidiary (or any of their respective assets), (y) no subsidiary that owns or holds intellectual property that is material to the business of Holdings and its Restricted Subsidiaries, taken as a whole ("***Material Intellectual Property***" may be designated as an Unrestricted Subsidiary and (z) no Material Intellectual Property may be transferred or contributed to an Unrestricted Subsidiary.

Credit Facilities:

$630.0 million of senior secured first lien facilities (the "***Credit Facilities***") to include:

(i) a $300.0 million senior secured first lien term loan facility (the "***Initial Term Loan Facility***"; the loans thereunder, the "***Initial Term Loans***").

(ii) a $290.0 million delayed draw senior secured first lien term loan facility (the "***DDTL Term Loan Facility***" and together with the Initial Term Loan Facility, the "***Term Loan Facility***"; the loans thereunder, the "***DDTL Term Loans***" and together with the Initial Term Loans, the "***Term Loans***"). The DDTL Term Loans are intended to be fungible with the Initial Term Loans and, except with respect to amortization as set forth below, shall have the same terms as the Initial Term Loans (and, unless the context otherwise requires, shall be and constitute "Term Loans" under the Term Facility). The Term Loans will be made available to the Borrower in U.S. Dollars.

(ii) a $40.0 million senior secured first lien revolving credit facility (the "***Revolving Credit Facility***"; the Lenders thereunder, the "***Revolving Lenders***"; and the loans thereunder, together with (unless the context otherwise requires) the Swing Line Loans (as defined below), the "***Revolving Loans***"; and together with the Term Loans and loans under all Incremental Credit Facilities, the "***Loans***"). Revolving Loans will be made available to the Borrower in U.S. Dollars.

(iii) A portion of the Revolving Credit Facility of up to $5.0 million will be made available to the Borrower by the Administrative Agent (in such capacity, the "***Swing Line Lender***") as swing line loans (the "***Swing Line Loans***").

Incremental Facilities:

The definitive documentation for the Credit Facilities (the "***Credit Documents***") will permit the Borrowers from time to time, on one or more occasions, to (a) add one or more incremental term loan facilities to the Term Loan Facility either as a separate tranche or a fungible increase to an existing tranche (each, an "***Incremental Term Loan Facility***"; the loans thereunder, the "***Incremental Term Loans***") and/or (b) increase commitments under the Revolving Credit Facility (each, an "***Incremental Revolving Credit Facility***" and, together with any Incremental Term Loan Facility, the "***Incremental Credit Facilities***"; for the avoidance of doubt, unless otherwise specified, references herein to the Credit Facilities shall include the Incremental Credit Facilities) in minimum amounts to be set forth in the Credit Documents and in an aggregate principal amount not to exceed the sum of (A) the greater of (1) $63.0 million and (2) 100% of Adjusted EBITDA (as defined below) for the last four fiscal quarters of the Borrowers for which financial statements have been delivered to (or are required to be delivered to) the Administrative Agent (the "***Fixed Incremental Amount***") plus (B) an unlimited amount (the "***Incremental Incurrence-Based Amount***"), so long as on a pro forma basis after giving effect to the incurrence of any such Incremental Credit Facility (assuming the full amount of any Incremental Revolving Credit Facility is drawn) and after giving effect to any acquisition consummated in connection therewith and all other appropriate pro forma adjustments (without netting the cash proceeds of any Incremental Credit Facilities in calculation thereof), the Consolidated Total Net Leverage Ratio (as defined below) does not exceed 4.25:1.00, determined for the most recently completed four fiscal quarter period (the "***Test Period***") for which financial statements have been delivered to (or are required to be delivered to) the Administrative Agent (based on the Adjusted EBITDA of the Borrower and its Restricted Subsidiaries for such period) (this clause (B), the "***Incremental Ratio Debt Basket***"), plus (C) any voluntary prepayments and buybacks (limited to the actual amount of cash paid) of the Term Loan Facility and the Incremental Term Loan Facilities and voluntary prepayments of the Revolving Credit Facility (to the extent accompanied by permanent commitment reductions thereto), payments utilizing the yank-a-bank provisions of the Credit Documents, in each case prior to such time other than any such voluntary prepayments (and commitment reductions), and buybacks to the extent financed with the proceeds of long term debt or any Cure Amount (as hereinafter defined) (this clause (C), the "***Prepayment Amount***"); provided that, in the case of an Incremental Term Loan Facility incurred to finance a Limited Condition Transaction (as defined below), compliance with the foregoing leverage ratios may be determined, at the option of the Borrower, as of the time of entry into the applicable definitive acquisition agreement (as opposed to at the time of incurrence of such indebtedness) and shall be calculated on a pro forma basis as of the most recent Test Period on or prior to the signing of the applicable definitive acquisition agreement), in each case determined for the most recent Test Period (treating all Incremental Revolving Credit Facilities as fully drawn, and with proceeds from any such Incremental Credit Facility not being netted from indebtedness for such calculation)(the sum of (A), (B), and (C) being referred to herein as the "***Incremental Cap***"); provided further:

(i) any Incremental Credit Facility will rank *pari passu* in right of payment and *pari passu* or junior in right of security with the Credit Facilities or will be unsecured and shall be subject to the Intercreditor Agreement or an intercreditor agreement the terms of which are reasonably satisfactory to the Administrative Agent and the Borrowers;

(ii) except for Permitted Short Term Debt (as defined below), no Incremental Term Loan Facility will have a final maturity earlier than the maturity date of the then-existing Term Loan Facility (or earlier than 91 days after the maturity date of the then-existing Term Loan Facility for junior or unsecured Incremental Term Loan Facilities), and the weighted average life to maturity of each Incremental Term Loan Facility shall be no shorter than the then remaining weighted average life to maturity of the then-existing Term Loan Facility (for the purposes of this Term Sheet, "***Permitted Short Term Debt***" means any bridge financing which by its terms will be automatically converted into loans or other indebtedness that have, or extended such that it will have a maturity date and a weighted average life to maturity that complies with the applicable maturity and weighted average life to maturity requirement set forth above subject to customary terms and conditions to be agreed);

(iii) such Incremental Credit Facility shall not be (x) secured by any lien on any asset of the Borrowers, any Guarantor or any of their respective subsidiaries that does not also secure the then outstanding Credit Facilities or (y) guaranteed by any person other than Guarantors under the Credit Facilities;

(iv) (a) the terms and provisions (other than upfront fees) of the Incremental Revolving Credit Facility shall be identical to the Revolving Credit Facility and shall be added to, and constitute a part of, the Revolving Credit Facility and (b) the terms and provisions (other than upfront fees and original issue discount, but subject to clause (vi) below) of any Incremental Term Loan Facility that increases an existing tranche of term loans shall be identical to the tranche of term loans being increased and shall be added to, and

constitute a part of, such tranche;

(v) (a) the representations and warranties set forth in the Credit Documents shall be true and correct in all material respects (or, if qualified by materiality, in all respects), provided that if the proceeds of such Incremental Term Loan Facility shall be applied to consummate a Permitted Acquisition (as defined below) or similar permitted investment for which the consummation of which is not conditioned on the availability of, or on obtaining, third party financing (a "***Limited Condition Transaction***"), the accuracy of such representations and warranties may be subject to customary "SunGard" or "certain funds" conditionality to the extent agreed by the Lenders providing such loans; and (b) no event of default shall exist at the time of the incurrence of such loans and immediately after giving effect thereto; provided that, if the proceeds of such Incremental Term Loan Facility shall be applied to consummate a Limited Condition Transaction, the lenders providing such loans may instead require only that no event of default shall exist at the time that the definitive transaction agreement for such Limited Condition Transaction is entered into and, on the date of incurrence thereof both immediately before and immediately after giving effect thereto, no payment or bankruptcy event of default shall have occurred and be continuing or would result therefrom (this provision, the "***Limited Condition Provision***");

(vi) if the All-In Yield (as defined below) relating to any Incremental Term Loan Facility incurred using the Incremental Incurrence-Based Amount that is (i) incurred on or prior to the date that is 12 months after the Closing Date and (ii) secured on a *pari passu* with the Credit Facilities, exceeds the All-In Yield relating to the Initial Term Loan Facility (calculated after giving effect to any amendment to interest rate margins under the Initial Term Loan Facility after the Closing Date but immediately prior to the incurrence of such Incremental Term Loan Facility) by more than 0.50%, the All-In Yield relating to the Initial Term Loans shall be adjusted to be equal to the All-In Yield relating to such series of Incremental Term Loan Facility minus 0.50% (the "***MFN Provision***");

(vii) (A) Incremental Term Loans that are secured on a *pari passu* with the Credit Facilities, shall share ratably in all voluntary and mandatory prepayments of Term Loans unless the lenders of such Incremental Term Loans elect to receive a lesser share of any such prepayment; and (B) any Incremental Term Loan Facility that is junior in right of security to the Credit Facilities or unsecured will participate in any voluntary or mandatory prepayments on a less than *pro rata* basis with the Credit Facilities;

(viii) except as otherwise required in preceding clauses (i) through (vii), all other terms of such Incremental Credit Facility, if not consistent with the terms of the existing Term Loan Facility or Revolving Credit Facility, as applicable, will be as agreed between the Borrower and the lenders providing such Incremental Credit Facility and shall be reasonably acceptable to the Administrative Agent; provided, the terms of any Incremental Term Loan Facility (other than with respect to pricing, margin, maturity and/or fees or as otherwise contemplated by any of clauses (i) through (vii) above) shall not be materially more favorable (taken as a whole) to the lenders providing such Incremental Term Loan Facility than such terms in the then-existing Term Loan Facility, as reasonably determined by the Borrowers in good faith (except to the extent (x) such terms are reasonably acceptable to the Administrative Agent or added in the Credit Facilities for the benefit of the Lenders pursuant to an amendment thereto (with no consent of the Lenders being required) or (y) for terms applicable only to periods after the latest final maturity date of the Credit Facilities existing at the time of the incurrence of such Incremental Term Loan Facility).

As used herein, "***All-In Yield***" means, with respect to any Term Loan or Incremental Term Loan on any date of determination, the yield to maturity (as determined in good faith by the Administrative Agent), in each case, based on the interest rate applicable to such Term Loan or Incremental Term Loan on such date (including any floor and margin) and giving effect to all upfront or similar fees (including original issue discount where the amount of such upfront fees and discount is equated to interest based on an assumed four-year life to maturity or, if the actual maturity date falls earlier than four years, the lesser number of years) payable with respect to such Term Loan or Incremental Term Loan and giving effect to any increase in interest rate margins or additional fees (which shall be deemed to constitute like amounts of OID) provided with respect to the existing Term Loan in connection with such issuance (but excluding any upfront, structuring, commitment, arrangement, amendment, ticking or other similar fees that are not distributed to Lenders generally).

For purposes of the foregoing, (I) the Borrowers may elect to use the Incremental Incurrence-Based Amount prior to the Fixed Incremental Amount and the Prepayment Amount and if the Fixed Incremental Amount and/or the Prepayment Amount, on the one hand, and the Incremental Incurrence-Based Amount, on the other hand, are each available and the Borrower does not make an election, the Borrower will be deemed to have elected to use the Incremental Incurrence-Based Amount first and (II) the Incremental Incurrence-Based Amount will be calculated without regard to

any incurrence of indebtedness under the Fixed Incremental Amount and/or Prepayment Amount concurrently with the incurrence of any amounts in reliance on the Incremental Incurrence-Based Amount.

Any portion of Incremental Credit Facilities incurred other than under the Incremental Incurrence-Based Amount may be re-designated at any time, as the Borrowers may elect from time to time, as incurred under the Incremental Incurrence-Based Amount if the Borrowers meet the applicable ratio under the Incremental Incurrence-Based Amount at such time on a pro forma basis, at any time subsequent to the incurrence of such Incremental Credit Facility by written notice to the Administrative Agent on such date.

The Borrowers may seek commitments in respect of Incremental Credit Facilities from existing Lenders (each of which shall be entitled to agree or decline to participate in its sole discretion) and additional banks, financial institutions and other institutional lenders (other than Disqualified Lenders) who will become Lenders in connection therewith, subject to the Administrative Agent's, Swing Line Lender's and Issuing Bank's consent (each such consent shall not be unreasonably withheld or delayed) to the extent such consent would be required in connection with an assignment thereto under the heading "Assignments and Participations" below.

In addition, the Borrowers may incur debt outside of the Credit Documents in lieu of adding Incremental Term Loan Facilities ("Incremental Equivalent Debt"), in an aggregate principal amount not exceeding the Incremental Cap, when combined with all other Incremental Credit Facilities, on such terms as the Borrowers may agree; *provided* that, (i) other than Permitted Short-Term Debt, the maturity date and weighted average life to maturity of such Incremental Equivalent Debt shall be no earlier or shorter, respectively, than the maturity date (or earlier than the 91st day after the maturity date of the then existing Term Loan Facility for junior lien or unsecured Incremental Equivalent Debt) and weighted average life to maturity (determined without giving effect to any prepayments that reduce amortization) of the Term Loan Facility, (ii) the terms of any junior-lien or unsecured Incremental Equivalent Debt (other than Permitted Short-Term Incremental Debt) shall not provide for any scheduled repayment, mandatory redemption, sinking fund obligations or other payment (other than periodic interest payments) prior to the earliest maturity date permitted by clause (i), above, other than the ability to participate (on a junior basis) in any mandatory prepayments of the Term Loan Facility, (iii) Incremental Equivalent Debt secured by the Collateral on a *pari passu* basis with the Credit Facilities may participate (on not more than a pro rata basis) in any mandatory prepayments of the Term Loan Facility, (iv) borrowers and guarantors of Incremental Equivalent Debt shall be Credit Parties, (v) any secured Incremental Equivalent Debt shall (A) be subject to an intercreditor agreement on terms reasonably acceptable to the Administrative Agent and (B) not be secured by any property or assets other than Collateral; (vi) the other terms and conditions of such Incremental Equivalent Debt (excluding pricing, interest rate margins, fees, discounts, rate floors and optional prepayment or redemption terms) are (taken as a whole) not materially more favorable (as determined in good faith by the board of directors of Holdings) to the lenders or noteholders providing such Incremental Equivalent Debt than those applicable to the Term Loan Facility (except for covenants or other provisions applicable only to periods after the earliest maturity date permitted by clause (i), above) as determined in good faith by the Borrowers; and (vii) such Incremental Equivalent Debt in the form of a term loan (or notes with the characteristics of a term loan) secured on a *pari passu* basis with the Term Loan Facility shall be subject to the MFN Provision.

Limited Condition Transactions:

For purposes of (i) determining compliance with any provision of the Credit Documents which requires the calculation of any financial ratio (other than determining actual (versus pro forma) compliance with the Financial Covenant tested, subject to the Testing Threshold, at the end of each applicable quarter), (ii) determining compliance with representations, warranties, or the occurrence and continuation of a default or event of default or (iii) testing availability under baskets set forth in the Credit Documents, in each case, in connection with a Limited Condition Transaction, at the option of the Borrower Representative (the Borrower Representative's election to exercise such option in connection with any Limited Condition Transaction (such election to be set forth in a writing that is delivered to the Administrative Agent), an "***LCA Election***"), the date of determination of whether any such action is permitted hereunder, shall be deemed to be the date the definitive acquisition agreements for such Limited Condition Transaction are entered into (the "***LCA Test Date***"), and if, after giving pro forma effect to the Limited Condition Transaction and the other transactions to be entered into in connection therewith as if they had occurred at the beginning of the most recent test period ending prior to the LCA Test Date for which financial statements have been delivered (or are required to be delivered) to the Administrative Agent, the Borrowers could have taken such action on the relevant LCA Test Date in compliance with such ratio or basket, such ratio or basket shall be deemed to have been complied with.

For the avoidance of doubt, if the Borrower Representative has made an LCA Election and any of the ratios or baskets for which compliance was determined or tested as of the LCA Test Date are exceeded as a result of fluctuations in any such ratio or basket (including due to fluctuations of the target of any Limited Condition Transaction) at or prior to the consummation of the relevant transaction or action, such ratios or baskets will not be deemed to have been exceeded as a result of such fluctuations. If the Borrower Representative has made an LCA Election for any Limited Condition Transaction, then in connection with any subsequent calculation of any ratio or basket on or following the relevant LCA Test Date and prior to the earlier of (i) the date on which such Limited Condition Transaction is consummated or (ii) the date that the definitive agreement for such Limited Condition Transaction is terminated or expires without consummation of such Limited Condition Transaction, any such calculation shall be made on a pro forma basis assuming such Limited Condition Transaction and other transactions in connection therewith (including any incurrence of debt and the use of proceeds thereof) had been consummated until such time as the applicable Limited Condition Transaction has actually closed or the definitive agreement with respect thereto has been terminated; provided further that, with respect to incurrence tests for the making of any Restricted Payments any such calculation shall also be made assuming such Limited Condition Transaction and the other transactions to occur in connection therewith (including any incurrence of debt and the use of proceeds thereof) have not been consummated.

Refinancing Facilities:

The Credit Documents will permit the Borrowers to refinance loans or commitments under the Credit Facilities or loans or commitments under any Incremental Credit Facility from time to time, in whole or part, with one or more new term loan facilities (collectively referred to herein as "***Refinancing Term Facilities***") or classes of revolving credit facilities (that may extend the maturity) (collectively referred to herein as "***Refinancing Revolving Facilities***"; the Refinancing Term Facilities and the Refinancing Revolving Facilities are collectively referred to as "***Refinancing Credit Facilities***"), under the Credit Documents with the consent of the Borrower, the Administrative Agent (not to be unreasonably withheld, delayed or conditioned) and the banks, financial institutions and other institutional lenders and investors providing such Refinancing Credit Facility or with one or more series of senior unsecured notes or loans or senior secured notes or loans or senior subordinated notes or loans that will be secured by the Collateral on an equal priority basis with the Credit Facilities or junior lien secured notes or loans that will be secured on a subordinated basis to the Credit Facilities and to the obligations under any senior secured notes or loans (such notes or loans, "***Refinancing Notes***" and, together with the Refinancing Credit Facilities, the "***Refinancing Indebtedness***"); provided that (i) any Refinancing Indebtedness (other than Permitted Short-Term Debt) does not mature prior to, or have a shorter weighted average life to maturity than, or with respect to Refinancing Notes, have mandatory redemption features (other than customary asset sale, insurance and condemnation proceeds events, change of control offers or events of default) that could result in redemptions of such Refinancing Notes prior to, the maturity date, or weighted average life to maturity, of the loans under the class that is being refinanced, (ii) the amount of any Refinancing Indebtedness does not exceed the amount of indebtedness being refinanced (plus any premium, accrued interest or fees and expenses (including original issue discount or upfront fees) incurred in connection with the refinancing thereof and any unutilized commitments thereunder), and the proceeds of any such Refinancing Indebtedness are applied, substantially concurrently with the incurrence thereof, to the pro rata prepayment of outstanding loans (and, in the case of the Revolving Credit Facility, pro rata commitment reductions) under the applicable Credit Facility being so refinanced, (iii) any Refinancing Indebtedness is not guaranteed by any entities that do not guarantee the Credit Facilities, (iv) in the case of any secured Refinancing Indebtedness (A) is not secured by any assets not securing the Secured Obligations (as defined below) and (B) is subject to customary intercreditor documentation reasonably satisfactory to the Administrative Agent, (v) no default or event of default under the Credit Facilities then exists or would result therefrom, (vi) in the case of any Refinancing Revolving Facility, the Credit Documents shall include certain provisions to govern the *pro rata* payment, repayment, borrowings, Letter of Credit participations and commitment reductions of the Revolving Credit Facility, any Incremental Revolving Increase and such Refinancing Credit Facility (subject to certain exceptions to be agreed), (vii) if the indebtedness being refinanced was (A) contractually subordinated to the Credit Facility in right of payment, such Refinancing Indebtedness shall be contractually subordinated to the Credit Facility on the same basis, (B) contractually subordinated to the Credit Facility in right of security, such Refinancing Indebtedness shall be contractually subordinated to the Credit Facility on the same basis or be unsecured and (C) unsecured, such Refinancing Indebtedness shall be unsecured, (viii) any Refinancing Notes shall be documented outside of the Credit Documents, (ix) the terms and conditions of any Refinancing Indebtedness (excluding pricing, interest rate margins, rate floors, discounts, fees, premiums and prepayment or redemption provisions) are not materially more favorable (when taken as whole) to the lenders or investors providing such Refinancing Indebtedness than the terms and conditions of the Credit Documents (when taken as a whole) are to the Lenders (as determined in good faith by the Borrower) (except for covenants or other provisions (x) reasonably acceptable to the Administrative Agent or added for the benefit of the Lenders pursuant to an amendment thereto (with no consent of the Lenders being required) or (y) applicable only to periods after the latest maturity date of any Credit Facility or Incremental Credit Facility existing at the time of such refinancing) (it being understood that, to the extent that any financial maintenance covenant is added for the benefit of any such Refinancing Indebtedness, no consent shall be required by the Administrative Agent if such financial maintenance covenant is either (i) also added for the benefit of any existing Credit Facility remaining outstanding after the issuance or incurrence of such Refinancing Indebtedness or (ii) only applicable after the latest maturity of the existing Credit Facilities) or consistent with current market terms for such type of indebtedness (as determined by the Borrower in good faith) and (x) any Refinancing Term Facilities shall share ratably in any voluntary and mandatory prepayments of the Term Loans (other than in connection with a permitted refinancing of a particular class or classes of Term Loans) unless (a) the lenders in respect of such Refinancing Term Facility elect to receive a lesser share of any such prepayments or (b) such Refinancing Term Facility is not *pari passu* in right of payment or security, as applicable (in which case such prepayments shall be shared on a less than pro rata basis).

Availability:

Initial Term Loan Facility: One drawing may be made under the Initial Term Loan Facility on the Closing Date. Amounts borrowed under the Initial Term Loan Facility that are repaid or prepaid may not be reborrowed.

DDTL Term Loan Facility: The DDTL Term Loan Facility will be available after the Closing Date in a single drawing until the earlier to occur of (i) the termination of the Merger Agreement, (ii) the consummation of the Acquisition with or without the funding of the DDTL Term Loan Facility and (iii) the date that is twelve (12) months after the Countersign Date (such earlier date, the "**DDTL Commitment Expiration Date**"). Amounts borrowed under the DDTL Term Loan Facility that are repaid or prepaid may not be reborrowed.

Revolving Credit Facility: Amounts available under the Revolving Credit Facility may be borrowed, repaid and reborrowed on and after the Closing Date until the maturity date thereof; provided that proceeds of Revolving Loans incurred on the Closing Date shall only be used to fund (i) Transaction Costs (not to exceed an amount to be agreed), (ii) that portion of the Existing Credit Agreement Refinancing consisting of the repayment of revolving loans under the Existing Credit Agreement and (iii) original issue discount and upfront fees required to be funded on the Closing Date pursuant to the "Market Flex Provisions" in the Fee Letter. Revolving Loans that are ABR loans will be available for borrowing upon notice delivered by 11:00 AM New York time on the preceding business day. Letters of Credit may be issued on the Closing Date to replace or provide credit support for any existing letters of credit.

Incremental Credit Facilities: As agreed by the Borrowers and the lenders providing the Incremental Credit Facilities.

Maturities:

Term Loan Facility: six years after the Closing Date.

Revolving Credit Facility: Five years after the Closing Date.

The Credit Documents shall contain customary "amend and extend" provisions to be agreed.

Closing Date:

The date on which the initial borrowings under the Initial Term Loan Facility are made (the "***Closing Date***").

DDTL Funding Date:

The date on which the DDTL Term Loans are made (the "***DDTL Funding Date***").

Amortization:

Term Loan Facility: (A) The Initial Term Loans will amortize in equal quarterly installments in aggregate annual amounts equal to 1.00%, commencing with the first full fiscal quarter after the Closing Date, with the balance payable on the sixth anniversary of the Closing Date and (B) the DDTL Term Loans will amortize in equal quarterly installments, commencing with the last day of the first fiscal quarter ending after DDTL Funding Date in aggregate annual amounts equal to 1.00% of the original principal amount of such DDTL Term Loan, with the balance payable on the sixth anniversary of the Closing Date; *provided*, that to the extent necessary to cause the DDTL Term Loans to be economically fungible with the then-existing Initial Term Loans such amortization rate will be adjusted such that such DDTL Term Loans would amortize in equal quarterly installments calculated using the same annual percentage of amortization applicable to the outstanding principal amount of such then-existing Initial Term Loans in effect immediately prior to the DDTL Funding Date.

Revolving Credit Facility: Payable at maturity (no required amortization).

Letters of Credit:

At the Borrower's option, a portion of the Revolving Credit Facility not in excess of an amount to be mutually agreed will be made available for the issuance of letters of credit ("***Letters of Credit***") by Truist Bank or other Revolving Lenders (or, in each case, their respective affiliates or designees) reasonably satisfactory to the Borrower and the Administrative Agent (in such capacity, an "***Issuing Bank***"). Absent the agreement of the applicable Issuing Bank to the contrary, no Letter of Credit shall have an expiration date later than the earlier of (A) the date that is the fifth business day prior to the maturity date of the Revolving Credit Facility unless arrangements (including cash collateralization of such Letters of Credit) reasonably satisfactory to the applicable Issuing Bank have been entered into) and (B) the date which is one year from the date of issuance of such standby Letter of Credit; provided that any Letter of Credit may provide for automatic renewal for additional one-year periods (which, absent the agreement of the applicable Issuing Bank to the contrary, may not extend beyond the date that is the fifth business day prior to the Revolving Credit Facility maturity date unless arrangements (including cash collateralization of such Letters of Credit) reasonably satisfactory to the applicable Issuing Bank have been entered into).

Interest Rates and Fees:

As set forth on Annex I-A hereto.

Default Rate:

Automatically upon the occurrence of a bankruptcy or payment event of default, overdue principal, interest and other overdue amounts shall bear interest at the applicable interest rate plus 2.00% per annum (or, if such amounts are not subject to an interest rate, the interest rate applicable to Revolving Loans maintained as ABR Loans (as defined below) plus 2.00%) and shall be payable on demand.

Voluntary Prepayments:

The Credit Facilities may be prepaid in whole or in part without premium or penalty (except for any applicable Prepayment Premium (as defined below)); provided Adjusted LIBOR loans will be prepayable only on the last day of the related interest period unless the Borrower pays any related breakage costs. Voluntary prepayments of the Term Loan Facility or any Incremental Term Loan Facility will be applied as directed by the Borrower (or, in the absence of direction, in the direct order of maturity).

Mandatory Prepayments:

The Borrowers shall make the following mandatory prepayments of the Term Loans (subject to basket amounts, thresholds, carveouts and exceptions, in each case, as set forth in the Credit Documents):

1. Asset Sales: Prepayments in an amount equal to 100% of the net cash proceeds in excess of $10,000,000 of all non-ordinary course asset sales or other dispositions of property by Holdings, the Borrowers and their respective Restricted Subsidiaries (including insurance and condemnation proceeds and sale leaseback proceeds) subject to exceptions to be agreed and subject to the right to reinvest 100% of such proceeds, if such proceeds are reinvested in assets useful in the business (other than working capital assets except short term capital assets), including in permitted acquisitions or capital expenditures (or committed to be reinvested) within 12 months and, if so committed to be reinvested, so long as such reinvestment is actually completed within 180 days after such 12-month period; provided, that a portion of such proceeds required by the terms of other indebtedness with *pari passu* lien priority on the subject assets with the Initial Term Loans ("***Other Pari Passu Debt***"), may be applied on a pro rata basis to repay such Other Pari Passu Debt and shall be credited against the asset sale proceeds prepayment obligations in the Credit Documents on a dollar-for-dollar basis.

2. Incurrence of Indebtedness: Prepayments in an amount equal to 100% of the net cash proceeds received from the incurrence of indebtedness by Holdings, the Borrowers or any of their respective Restricted Subsidiaries, other than indebtedness expressly permitted under the Credit Documents (other than in respect of Refinancing Facilities).

3. Excess Cash Flow: Prepayments in an amount equal to 50% (with step-downs to 25% and 0% based on compliance with a Consolidated Total Net Leverage Ratio (as defined below) not exceed to 3.75:1.00 and 3.25:1.00, respectively) of "excess cash flow" for each fiscal year (beginning with the fiscal year ending December 31, 2021); provided, the amount of any excess cash flow prepayment may, at the Borrower Representative's option, be reduced dollar-for-dollar by the amount of voluntary prepayments or repurchases of Loans under the Term Loan Facility, any Incremental Term Loan Facility secured on a pari passu basis, the Revolving Credit Facility (in the case of the Revolving Credit Facility, to the extent accompanied by a permanent corresponding reduction of the relevant commitment) and any Other Pari Passu Debt, in each case, paid from internally generated cash during such fiscal year (without duplication in any subsequent period) or at any time prior to the date on which such excess cash flow payment would otherwise be required to be made (but, in the case of any such prepayment made pursuant to the "Borrower" buy-back provisions, shall be limited to the actual amount of cash used to make such payment; provided further that, an excess cash flow prepayment shall be required in any fiscal year only if the amount required to be prepaid is greater than $5.0 million in such fiscal year (and only the amounts in excess thereof).

All mandatory prepayments above will be applied, subject to payment, if applicable, of the Prepayment Premium below, to prepay the Term Loans and any Incremental Term Loans on a pro rata basis (unless the lenders under any such Incremental Term Loan Facility have elected a lesser prepayment) and, in each case, in the direct order of maturity.

Any Lender may elect not to accept any mandatory prepayment made pursuant to paragraph (1), (2) (except in respect of Refinancing Indebtedness, in each case, the proceeds of which refinance all or any portion of the Credit Facilities outstanding under the Credit Documents) or (3) above (such declined payment, the "***Declined Proceeds***"). Such Declined Proceeds may be retained by the Borrower and will increase the Available Amount Basket (as defined below).

In addition, Revolving Loans and Swing Line Loans under the Revolving Credit Facility shall be prepaid and Letters of Credit shall be cash collateralized to the extent that such extensions of credit exceed the amount of the commitments under the Revolving Credit Facility.

Prepayments in respect of clauses 1 and 3 above to the extent attributable to any foreign Restricted Subsidiaries will be limited under the Credit Documents on a customary basis to the extent repatriation of cash in connection therewith would (a) be prohibited, delayed or restricted by applicable law, rule or regulation; provided that the Borrowers and their Restricted Subsidiaries shall use commercially reasonable efforts to permit such repatriation or to remove such prohibitions, as applicable, or (b) result in material adverse tax consequences (as reasonably determined by the Borrower Representative in consultation with the Administrative Agent).

Prepayment Premium:	The Borrowers shall pay a "***Prepayment Premium***" in an amount equal to 1.00% of the principal amount of the Term Loans subject to a Repricing Event that occurs on or before the date that is six months after the Closing Date. The term "***Repricing Event***" shall mean (i) any prepayment of any Term Loans, in whole or in part, the primary purpose of which is to use the proceeds of, or any conversion of any Term Loans into, any new or replacement tranche of term loans with a Weighted Average Yield less than the Weighted Average Yield applicable to such Term Loans so repaid or replaced, or (ii) any amendment to the Term Loan Facility the primary purpose of which is to reduce the Weighted Average Yield applicable to any of the Term Loans (including in connection with the replacement or repayment of any Lender who does not consent to any such amendment) (in each case, in preceding clauses (i) and (ii), other than in connection with a Transformative Acquisition (as defined below), upon change of control or an initial public offering). The term "***Transformative Acquisition***" shall mean any acquisition by the Borrowers or any Restricted Subsidiary that is either (a) not permitted by the terms of the Credit Documents immediately prior to the consummation of such acquisition or (b) if permitted by the terms of the Credit Documents immediately prior to the consummation of such acquisition, would not provide the Borrowers and the Restricted Subsidiaries with adequate flexibility under the Credit Documents for the continuation and/or expansion of their combined operations following such consummation, as reasonably determined by the Borrower acting in good faith.

Security:

The Credit Facilities, the Hedging Arrangements and the Cash Management Arrangements (the "***Secured Obligations***") will be secured by (x) substantially all the assets of the Credit Parties, whether owned on the Closing Date or thereafter acquired and (y) a non-recourse pledge by PRTH of all of the equity interests of Holdings held by PRTH (collectively, the "***Collateral***"), including, without limitation, (a) a perfected first priority pledge of all of the equity interests of the Borrowers, (b) a perfected first priority pledge of all of the equity interests of all other domestic subsidiaries held by any Credit Party and (c) perfected first priority security interests (subject to permitted liens) in, and mortgages on, substantially all other tangible and intangible assets of the Credit Parties.

Notwithstanding anything herein to the contrary, the Collateral shall exclude (i) particular assets if, in each case, reasonably agreed by the Administrative Agent and the Borrower Representative in writing, that the cost of creating or perfecting such pledges or security interests in such assets exceed the practical benefits to be obtained by the Lenders therefrom, (ii) motor vehicles, airplanes and other assets subject to certificates of title, to the extent a lien therein cannot be perfected by the filing of a Uniform Commercial Code ("***UCC***") financing statement, (iii) (A) any fee owned real property with a value of less than $2.0 million (with any required mortgages being permitted to be delivered within 90 days after the Closing Date (subject to extensions thereof agreed to by the Administrative Agent in its sole discretion)) and (B) leasehold interests (including requirements to deliver landlord lien waivers, estoppels and collateral access letters), (iv) any assets acquired after the Closing Date to the extent the creation or perfection of pledges thereof, or security interests therein, would result in material adverse tax consequences to Holdings (or any parent entity thereof), the Borrowers or their Restricted Subsidiaries, as reasonably determined by the Borrower Representative in consultation with the Collateral Agent, (v) property and assets to the extent that a pledge thereof or creation of security interest therein is restricted by applicable law, rule or regulation or which would require governmental consent, approval, license or authorization (in each case, only for so long as such restriction remains in effect or until such consent, approval or license is obtained, as applicable), other than to the extent such prohibition or limitation is rendered ineffective under the UCC or other applicable law notwithstanding such prohibition, (vi) equity interests in any non-wholly owned subsidiary or joint venture to the extent the granting of a security interest therein is not permitted by the terms of such person's organizational or joint venture documents or would require the consent of one or more third parties (other than a Credit Party or a subsidiary thereof) that has not been obtained (after giving effect to the applicable anti-assignment provisions of the UCC or other applicable law), (vii) any lease, license, contract, property rights or agreement to which any Credit Party is a party or any of its right, title or interest thereunder, or any property subject to a purchase money security interest, capital lease security interest or similar arrangement to the extent that, and so long as, a grant of a security interest therein, (A) is prohibited by applicable law other than to the extent such prohibition is rendered ineffective under the UCC or other applicable law notwithstanding such prohibition or (B) would violate or invalidate or create a default under or otherwise require consent under, such lease, license, contract, property rights or agreement, or purchase money security interest, capital lease security interest or similar arrangement (other than any lease, license, contract, property rights or agreement or purchase money security interest, capital lease security interest or similar arrangement solely among the Credit Parties or a subsidiary thereof), or create a right of termination in favor of, or require the consent of, any other party thereto (other than a Credit Party or a subsidiary thereof) (in each case, after giving effect to the relevant provisions of the UCC or other applicable laws), (viii) any governmental licenses or state or local franchises, charters and authorizations, to the extent security interests in such licenses, franchises, charters or authorizations are prohibited and restricted thereby, in each case, after giving effect to the relevant provisions of the UCC or other applicable laws, (ix) any intent-to-use trademark application prior to the filing of a "Statement of Use" or "Amendment to Allege Use" with respect thereto, (x) margin stock, (xi) equity interests of any Unrestricted Subsidiary, Immaterial Subsidiary (except in the case of a Guarantor and, in all other cases, except to the extent perfected by filing of a UCC-1 financing statement) and any subsidiary that is a captive insurance company, a not-for-profit entity, a Special Purpose Entity, (xii) letter of credit rights (other than those constituting supporting obligations of other Collateral as to which perfection of the security interest in such other Collateral may be accomplished by the filing of a UCC-1 financing statement (it being understood that no actions shall be required to perfect a security interest in letter of credit rights, other than the filing of a UCC-1 financing statement)), (xiii) commercial tort claims with a value (as reasonably determined by the Borrower) of less than $2.0 million, and (xiv) other exceptions to be mutually agreed; provided that the exclusions do not include any proceeds, substitutions or replacement referred to in the foregoing clauses (i) through (xvi) (unless independently excluded from any such clause).

Notwithstanding anything to the contrary contained herein, the Credit Parties shall not be required to (i) enter into any control agreement with respect to any deposit account, securities account, commodities account or other bank account or (ii) take any actions in any non-U.S. jurisdiction or required by the laws of any non-U.S. jurisdiction to create any security interests in assets located or titled outside of the U.S. or to perfect or make enforceable any security interests in any such assets (it being understood that there shall be no security agreements or pledge agreements governed under the laws of any non U.S. jurisdiction).

Documentation:

The Credit Documents shall contain the terms and conditions set forth in this Commitment Letter and such other terms as the Borrower and the Lead Arrangers shall agree (such other terms to be in a manner that is consistent with this Term Sheet); it being understood and agreed that the Credit Documents shall (a) contain only those conditions, representations, warranties, mandatory prepayments, affirmative, financial and negative covenants and events of default expressly set forth in this Term Sheet (as modified by the Market Flex Provisions in the Fee Letter) and with standards, qualifications, thresholds, exceptions, "baskets" and grace and cure periods consistent with financings of this type and consistent with the Documentation Principles, (b) be based on the Existing Credit Agreement and related documentation, giving due regard to the financial model delivered to the Lead Arrangers on February 23, 2021 (the "***Model***"), the operational and strategic requirements of the Borrowers and their subsidiaries in light of their size, industry, practices, proposed business plan and the matters described in the Purchase Agreement, including as to materiality thresholds, qualifications, baskets and other limitations and exceptions commensurate with the size of the Borrowers and their subsidiaries, in each case, after giving effect to the Transactions; (c) contain customary QFC stay provisions, customary Delaware LLC division provisions, customary lender ERISA provisions, and LIBOR replacement provisions consistent with the ARRC "hardwired" approach; and (d) be negotiated in good faith by the Borrowers and the Lead Arrangers to finalize such Credit Documents, as promptly as practicable after the acceptance of the Commitment Letter (collectively, the "***Documentation Principles***").

Representations and Warranties:

The Credit Documents will contain only the following representations and warranties, to be applicable to Holdings, the Borrowers and their Restricted Subsidiaries (in each case subject to exceptions, thresholds, materiality and other qualifications as set forth in the Credit Documents) in accordance with the Documentation Principles: due organization and existence, power and authority and qualification; equity interests, capitalization and ownership of the Borrowers and their subsidiaries; due authorization, execution, delivery and enforceability; no conflicts with organizational documents or laws or material contractual obligations and no imposition of liens (other than liens permitted pursuant to the Credit Documents); governmental and other third party consents; accuracy of disclosure and financial statements and customary representations relating to projections to be consistent with the "10b-5" representation set forth in the Commitment Letter; no Material Adverse Effect (as defined below); litigation; taxes; title to properties; real estate; environmental matters; employment, ERISA and other pension matters; intellectual property, including with respect to Merchant Account databases; use of proceeds; solvency; compliance with laws; Federal Reserve margin regulations; the Investment Company Act; compliance with Sanctions (including those administered by OFAC), PATRIOT Act, Beneficial Ownership Regulation and other anti-terrorism laws, anti-bribery, anti-corruption (including the FCPA), sanctions and anti-money laundering laws and creation, validity, perfection and first priority perfected security interest in Collateral (subject to permitted liens).

"Material Adverse Effect" means a material adverse effect on (i) the business, financial condition or results of operations, in each case, of the Borrowers and their Restricted Subsidiaries, taken as a whole, (ii) the ability of the Borrowers and the Guarantors (taken as a whole) to perform their payment obligations under the applicable Credit Documents or (iii) the enforceability of the Credit Documents or the rights and remedies, taken as a whole, of the Administrative Agent or the Lenders under the Credit Documents.

Covenants:

The credit agreement for the Credit Facilities will contain only the following financial, affirmative and negative covenants, to be applicable to Holdings (including the passive holding company covenant which such passive holding company covenant shall prohibit Holdings from directly owning the equity interests of any person other than any other Borrower or any Guarantor), the Borrowers and their Restricted Subsidiaries (with exceptions, thresholds, baskets, materiality and other qualifications as set forth in the Credit Documents in accordance with the Documentation Principles (it being understood and agreed that certain baskets, to be agreed, shall include a "grower" basket tied to a percentage of Adjusted EBITDA of the Borrowers and their Restricted Subsidiaries):

A. Financial Covenant:

With respect to the Term Loan Facility: None

With respect to the Revolving Credit Facility:

A maximum Consolidated Total Net Leverage Ratio (which shall be tested in respect of PRTH, Holdings, and Holdings' Restricted Subsidiaries, on a consolidated basis) (the "***Financial Covenant***"), which shall be set at levels reflecting a 35% non-cumulative cushion to the Adjusted EBITDA set forth in the Model, with two step downs at levels to be agreed.

The Financial Covenant shall be tested only in the event that on the last day of any fiscal quarter of PRTH (commencing with the first full fiscal quarter of PRTH ending after the Closing Date) the aggregate revolving credit exposure under the Revolving Credit Facility exceeds 35% of the aggregate commitments under the Revolving Credit Facility (excluding all cash collateralized letters of credit and other letters of credit in an aggregate undrawn amount to be agreed) (the "***Testing Threshold***").

B. Affirmative Covenants: Limited to delivery of (i) annual audited consolidated financial statements within 90 days of the end of each fiscal year and (ii) quarterly unaudited consolidated financial statements for the first three fiscal quarters (excluding the fiscal quarter ending December 31 of each fiscal year) of each fiscal year within 45 days of the end of each such fiscal quarter (and, in the case of such annual and quarterly financial statements, together with customary management discussion and analysis narratives with respect to such audited or unaudited financial statements, and, in the case of the annual financial statements, an opinion of an independent accounting firm (which opinion shall not be subject to any "going concern" statement (other than a "going concern" statement, explanatory note or like qualification or exception resulting solely from (A) an upcoming maturity date occurring within one year from the time such opinion is delivered or (B) anticipated financial covenant default)); annual budget reports in a form to be agreed within 60 days of the end of each fiscal year; compliance certificates; KYC information if requested and changes in "beneficial ownership", and other information reasonably requested by the Administrative Agent; commercially reasonable efforts to maintain ratings (but not any specific rating); annual updated collateral information; notices of default, Material Adverse Effect and certain other material events (including, without limitation, amendments to the terms of material indebtedness); maintenance of existence and material licenses, permits, franchises, etc.; payment of taxes and similar obligations; maintenance of properties; maintenance of insurance (including flood insurance as required by applicable law and, if requested, information as to insurance being maintained); books and records; visitations and inspections; annual lender calls, provided such lender calls shall be separate from, but shall not be required to occur prior to, PRTH's annual public earnings calls; environmental matters; additional collateral and guarantors; further assurances on collateral and guaranty matters; material real estate assets; compliance with underwriting guidelines; approved bank card systems; commercially reasonable efforts to obtain Processor Consent Agreements; post-closing obligations (if applicable); Unrestricted Subsidiaries; and use of proceeds and; status as senior indebtedness

C. Negative Covenants: Limitations and restrictions limited to: (i) indebtedness and disqualified equity issuances; (ii) liens; (iii) voluntary or optional prepayments, repurchases, acquisitions or redemptions of, and amendments with respect to, subordinated or junior lien financings or unsecured financings (other than intercompany indebtedness and indebtedness that is not debt for borrowed money) (collectively, "***Junior Debt***"); (iv) restricted payments (dividends, distributions, and equity redemptions); (v) investments (including acquisitions); (vi) burdensome agreements and negative pledge clauses; (vii) fundamental changes; (viii) dispositions of assets (including sales and lease-backs and sales of capital stock of subsidiaries); (ix) transactions with affiliates (including payments under the TCP Director Agreement); (x) changes in nature of business; (xi) passive holding company covenant and permitted activities of Holdings (provided that, Holdings shall not be permitted to own the equity interests of any person other than the other Borrowers and Guarantors); (xii) amendments and waivers of organizational documents materially adverse to the Administrative Agent and Lenders; (xiii) changes to fiscal year or accounting policies; (xiv)) compliance with laws and regulations; the PATRIOT Act and other anti-terrorism laws, anti-bribery, anti-corruption laws (including the FCPA), and anti-money laundering and sanctions laws (including those administered by OFAC); and (xv) sale-leaseback transactions (subject to

a cap to be agreed).

In the event that any action or transaction meets the criteria of one or more than one of the categories of exceptions, thresholds or baskets within the same negative covenant, the Credit Documents shall permit such action or transaction (or portion thereof) to be divided and classified, and later (on one or more occasions) be redivided and/or reclassified under one or more of such exceptions, thresholds or baskets under such negative covenant (other than indebtedness under, and liens in respect of, the Credit Facilities and Refinancing Indebtedness), as the Borrower may elect from time to time, including reclassifying any utilization of fixed (subject to grower components) exceptions, thresholds or baskets ("***fixed baskets***") as incurred under any available incurrence-based exception, threshold or basket ("***incurrence-based baskets***").

In the event any fixed baskets are intended to be utilized together with any incurrence-based baskets in a single transaction or series of related transactions, the Credit Documents shall provide that (i) compliance with or satisfaction of any applicable financial ratios or tests for the portion of such indebtedness or other applicable transaction or action to be incurred under any incurrence-based baskets shall first be calculated without giving effect to amounts being utilized pursuant to any fixed baskets, but giving full pro forma effect to all applicable and related transactions (including, subject to the foregoing with respect to fixed baskets, any incurrence and repayments of indebtedness) and all other permitted pro forma adjustments, and (ii) thereafter, incurrence of the portion of such indebtedness or other applicable transaction or action to be incurred under any fixed baskets shall be calculated.

The Credit Documents will include (without limitation) exceptions for:

(A) With respect to limitations on indebtedness:

a. additional senior, senior subordinated or subordinated debt of the Borrower (which may be guaranteed by the Guarantors); provided that upon giving effect thereto, the Consolidated Total Net Leverage Ratio does not exceed the 4.25:1.00 calculated on a pro forma basis, including the application of the proceeds thereof ((x) assuming all revolving commitments under any such debt were fully drawn and (y) without "netting" the cash proceeds of such debt) (this clause (i), the "***Ratio Debt Basket***"); provided that the utilization of the Ratio Debt Basket shall be subject to (A) no event of default exists or would result therefrom (subject to the Limited Condition Transaction provisions above), (B) to the extent guaranteed, such ratio debt shall not be guaranteed by any person other than a Guarantor, (y) to the extent such ratio debt is secured, (x) such ratio debt shall not be secured by any assets other than by Collateral (other than in the case of such ratio debt incurred by non-Credit Parties), such ratio debt shall be subject to an intercreditor agreement in customary form and reasonably acceptable to the Administrative Agent and (z) if such ratio debt is in the form of term loans (or notes that have the characteristics of a term loan) and secured on a pari passu basis with the Initial Term Loan Facility, the MFN Provisions shall apply, (C) other than Permitted Short-Term Debt, such ratio debt shall not have a final maturity or have scheduled amortization or payments of principal (other than customary offers to repurchase and prepayment events upon change of control, asset sale or event of loss and a customary acceleration right after an event of default) on or prior to the maturity of (or, if such ratio debt is junior secured, unsecured or subordinated, on or prior to the 91st day after the maturity of) the Term Loans at the time such ratio debt is incurred, or have a shorter weighted average life to maturity than (or, if such ratio debt is junior secured, unsecured or subordinated, have a shorter average weighted life to maturity prior to the 91st day after the maturity of) the remaining weighted average life to maturity for the Term Loans at the time such ratio debt is incurred and (D) a sublimit on the amount of indebtedness that may be incurred under the Ratio Debt Basket by non-Credit Parties in an aggregate amount not to exceed the greater of (x) $22 million and (y) 35% of Adjusted EBITDA (this clause (D), the "***Non-Credit Party Subsidiaries Ratio Debt Sublimit***"); provided, that the terms of any ratio debt (other than with respect to pricing, margin and/or fees or as otherwise contemplated by any of clauses (A) through (C) above) shall not be materially more favorable (taken as a whole) to the lenders providing such ratio debt than such terms in the existing Credit Facilities, taken as a whole, as reasonably determined by the Borrower Representative in good faith (except (x) to the extent such terms are reasonably acceptable to the Administrative Agent or added in the existing Credit Facilities for the benefit of the benefit of the Lenders under the existing Credit Facilities pursuant to an amendment thereto (with no consent of the Lenders being required) or (y) for terms applicable only to periods after the latest final maturity date of the Credit Facilities existing at the time of the incurrence of such ratio debt);

b. a general indebtedness basket not to exceed the greater of $15 million and 25% of Adjusted EBITDA at any time outstanding (this clause (ii), the "***General Debt Basket***");

c. purchase money indebtedness and capital leases in an aggregate outstanding principal amount not to exceed the greater of $10 million and 15% of Adjusted EBITDA at any time outstanding (this clause (iii), the "***Purchase Money Debt Basket***");

d. indebtedness assumed in connection with (and indebtedness of one or more targets and existing at the time of the consummation of) Permitted Acquisitions or similar permitted investment (but not in anticipation or contemplation thereof) so long as no event of default then exists or would result therefrom (subject to the Limited Condition Transactions provisions above); provided that, upon giving pro forma effect thereto and any related specified transactions, the applicable leverage ratio to incur such type of debt (i.e., first lien secured, junior secured or unsecured) under the Ratio Debt Basket is satisfied (this clause (iv), the "***Assumed Acquisition Debt Basket***"); provided further that, any intercreditor agreement entered into with respect to such debt shall be in form and substance reasonably acceptable to the Administrative Agent;

e. indebtedness of subsidiaries that are not Credit Parties (including indebtedness of any foreign subsidiary and guarantees by any foreign subsidiary of Indebtedness of another foreign subsidiary), in an aggregate principal amount, when combined with any amounts incurred under the Non-Credit Party Subsidiaries Ratio Debt Sublimit, not to exceed the greater of $22 million and 35% of Adjusted EBITDA at any time outstanding (this clause (v), the "***Non-Credit Party Subsidiaries Debt Basket***");

f. indebtedness not to exceed an amount equal to 100% of any cash common equity contribution to Holdings (and promptly contributed to the common equity of a Borrower) following the Closing Date (other than equity cure contributions and the proceeds of any such equity that is actually used pursuant to, or that increases, another basket under the Credit Documents or equity proceeds or contribution amounts that are actually used to fund a Permitted Acquisition or other permitted investment and not counted towards a basket that otherwise would have applied with respect to such Permitted Acquisition or other permitted investment and excluding, for the avoidance of doubt, the Equity Contribution) to the extent such cash equity contribution will not be counted for purposes of the Available Amount Basket and without any time limitation for the use of proceeds of such contribution; provided that, such indebtedness must be incurred within ninety (90) days of such cash contribution;

g. indebtedness of any Special Purpose Entity that is not recourse to any Credit Party other than customary standard securitization undertakings; and

h. unsecured indebtedness in connection with the repurchase of capital stock issued to current or former employees, executives or directors of a Borrower or any Restricted Subsidiary permitted by clause (F)(iii) so long as Cash payments in respect thereof are expressly prohibited from being made prior to the date which is at least ninety one (91) days after the Maturity Date.

(B) With respect to limitations on liens:

a. liens securing indebtedness incurred in reliance on the applicable provisions of (and subject to the limitations set forth in) the Ratio Debt Basket and the Assumed Acquisition Debt Basket (provided that, in the case of the Assumed Acquisition Debt Basket, (x) the relevant debt and liens were not incurred or created in anticipation or contemplation of the applicable acquisition and (y) the relevant liens are limited to the applicable assets so acquired and proceeds thereof);

b. liens on Collateral securing permitted "Refinancing Facilities";

c. liens securing indebtedness incurred in reliance on the Non-Credit Party Subsidiaries Debt Basket (so long as such liens are limited to the assets of non-Credit Parties), the Purchase Money Debt Basket (limited to the assets financed thereby) and the General Debt Basket;

d. liens securing indebtedness incurred by any Borrower or any Restricted Subsidiary in connection with a virtual credit card program; provided that (x) such Liens do not secure Indebtedness in excess of $5,000,000 in the aggregate for all such Liens at any time and (y) such liens do not encumber assets of Holdings or any of its Restricted Subsidiaries, the fair market value of which exceeds the amount of Indebtedness and other obligations secured by such assets;

e. liens securing permitted indebtedness of a Special Purpose Entity that do not encumber any assets of any Credit Party; and

f. liens securing obligations in an aggregate principal amount outstanding at any time not to exceed the greater of $10 million and 15% of Adjusted EBITDA, in each case, determined as of the date of such incurrence.

(C) With respect to limitations on voluntary or optional prepayments, repurchases, acquisitions or redemptions of Junior Debt ("***Restricted Debt Payments***"), exceptions for (i) a basket for Restricted Debt Payments in an unlimited amount subject to no event of default occurring and continuing (or resulting therefrom) and pro forma compliance with a Consolidated Total Net Leverage Ratio that is no greater than 3.75:1.00 and (ii) so long as no event of default

Net Leverage Ratio that is no greater than 3.75:1.00 and (II) so long as no event of default then exists or would result therefrom, other Restricted Debt Payments in an aggregate amount not to exceed the greater of $10 million and 15% of Adjusted EBITDA.

(D) With respect to limitations on dispositions of assets, exceptions for (I) sales of inventory in the ordinary course of business, (II) sales of obsolete, worn-out or surplus property in the ordinary course of business, (III) subject to clause (1) in the section entitled "Mandatory Prepayments" above, sales of non-core assets acquired in any Permitted Acquisition, (IV) subject to the fundamental changes covenant, unlimited asset sales and other dispositions of property in arm's length transactions and for fair market value (as reasonably determined by the Borrower Representative in good faith), provided that, in the case of clause (IV), no event of default exists or would result therefrom, and such sales are for at least 75% cash consideration (subject to customary exceptions to the cash consideration requirement, including threshold amounts and a basket for non-cash consideration that may be designated as cash consideration in an amount not to exceed the greater of $6.0 million and 10% of Adjusted EBITDA and such sales are subject to the mandatory prepayment/reinvestment requirements in the Credit Documents, (V) dispositions of assets of types to be mutually agreed to a Special Purpose Entity and (VI) non-exclusive (but not exclusive) licenses and sublicenses granted by a Credit Party or any Restricted Subsidiary of a Credit Party and leases and subleases (by a Credit Party or any Restricted Subsidiary of a Credit Party as lessor or sublessor) to third parties in the ordinary course of business not materially interfering with the business of the Credit Parties or any of their Restricted Subsidiaries, taken as a whole.

(E) With respect to limitations on investments:

a. acquisitions of all or substantially all of the assets of any person or any line of business or division thereof, or at least a majority of the equity interests of any person (including any investment which serves to increase any Credit Party's direct or indirect equity ownership in any joint venture) (each, a "***Permitted Acquisition***"), so long as (A) no event of default exists at the time of signing the definitive agreement with respect to such Permitted Acquisition and no payment or bankruptcy event of default exists immediately before and after following the consummation thereof, (B) the nature of business covenant is satisfied, (C) the Credit Parties comply with the collateral and guarantee requirements in the Credit Documents (to the extent, if any, compliance therewith is required at the time of the consummation of such acquisition) and subject to delivery of diligence materials (if readily available), and in the case of acquisitions for consideration in excess of $50.0 million, a quality of earnings report, (D) the Borrower is in pro forma compliance with the Closing Date Total Net Leverage Ratio and (E) such acquisition is not hostile; provided that acquisitions of persons that do not become Guarantors or of assets that do not constitute Collateral shall not exceed an amount not to exceed the greater of $22 million and 35% of Adjusted EBITDA;

b. investments by the Borrowers or any of their Restricted Subsidiaries in a Borrower or any Restricted Subsidiary; provided that any such investments by Credit Parties in Restricted Subsidiaries that are not Guarantors shall, taken together with investments in joint ventures and Unrestricted Subsidiaries made in reliance on clause (iv) below and foreign Restricted Subsidiaries and foreign joint ventures made in reliance on clause (vi) below, not exceed an aggregate amount equal to the greater of $22 million and 35% of Adjusted EBITDA;

c. a general investments basket in an aggregate amount not to exceed the greater of $19 million and 30% of Adjusted EBITDA;

d. so long as no event of default then exists or would result therefrom, an investment basket for investments in joint ventures and Unrestricted Subsidiaries in an aggregate amount, taken together with investments in non-Credit Parties made in reliance on clause (ii) above and investments in foreign Restricted Subsidiaries and foreign joint ventures made in reliance on clause (vi) below, not to exceed the greater of $22 million and 35% of Adjusted EBITDA;

e. so long as no event of default then exists or would result therefrom, a basket for investments in an unlimited amount subject to pro forma compliance with a Consolidated Total Net Leverage Ratio that is no greater than 3.75:1.00;

f. investments in foreign Restricted Subsidiaries in an aggregate amount not to exceed, together with any permitted joint venture investments in permitted joint ventures that are not organized in the United States, in an amount, taken together with investments in non-Credit Parties made in reliance on clause (ii) above and joint ventures and Unrestricted Subsidiaries made in reliance on clause (iv) above, not to exceed the greater of $22 million and 35% of Adjusted EBITDA; provided, that the Borrowers and Restricted Subsidiaries may use proceeds of permitted stock issuances (to be defined in a manner to be mutually agreed) to make investments under this clause (vi) without regard to the foregoing limit;

g. loans and advances to officers, employees and directors of any Credit Party and its Restricted Subsidiaries made in the ordinary course of business for bona fide business purposes (including travel and relocation) (including any re-financings of such loans after the Closing Date) in an aggregate amount not to exceed $5,000,000;

h. loans, advances, and other extensions of credit to current and former officers, directors, employees, and consultants of the Credit Parties for the purpose of permitting such persons to purchase capital stock of Holdings in an aggregate amount not to exceed $5,000,000 at any time (provided that the amount of such loan, advance or extension of credit shall be contributed to the common equity of Holdings);;

i. direct and indirect loans and advances by any Credit Party to any third party reseller engaged in the business of providing services relating to the authorization, transaction capture, settlement, chargeback handling and transaction processing of credit card and/or debit card transactions related to the payment industry or otherwise (each such Person, a "Borrowing ISO"); provided, however, that (i) the aggregate principal amount of all such loans and advances at any time outstanding to all Borrowing ISOs shall not exceed the greater of $10,000,000 and 15% of Adjusted EBITDA, (ii) no event of default shall exist at the time of making any such loan or advance or shall be caused by the making of any such loan or advance, and (iii) each such loan and advance shall be made in accordance with applicable laws.

(F) With respect to limitations on dividends or distributions on, or redemptions or repurchases of, the capital stock of Holdings (or any parent entity thereof), the Borrower or any Restricted Subsidiary ("***Restricted Payments***"):

a. a basket for Restricted Payments in an unlimited amount subject to no event of default occurring and continuing (or resulting therefrom) and pro forma compliance with a Consolidated Total Net Leverage Ratio that is no greater than 3.50:1.00;

b. so long as no event of default then exists or would result therefrom, Restricted Payments from a substantially concurrent receipt of proceeds of any qualified equity offerings and other qualified equity contributions received by Holdings (and contributed to the Borrower in the form of common equity) after the Closing Date (other than the Equity Contribution) that (a) are not used as part of a Cure Amount and do not increase the Available Amount Basket, (b) are not used or otherwise applied under a basket that builds by the amount of equity contributions and (c) are not proceeds of sales of equity interests and equity proceeds or contribution amounts that are actually used to fund a Permitted Acquisition or permitted investment;

c. Restricted Payments to Holdings or any other parent company to repurchase, redeem, retire or otherwise acquire capital stock of Holdings or any of its parent companies, in each case, held by future, present or former employees, officers, directors, members of management, managers or consultants (or any immediate family member of the foregoing) of Holdings or any of its subsidiaries in an aggregate annual amount not to exceed the greater of $10 million and 15% of Adjusted EBITDA, with unused amounts permitted to be carried forward to next succeeding fiscal year, subject to a maximum in any fiscal year not to exceed an amount to be agreed;

d. to the extent constituting a Restricted Payment or transactions with Affiliates, management fees payable pursuant to the TCP Director Agreement;

e. so long as no event of default then exists or would result therefrom a general Restricted Payment basket equal to an aggregate amount not to exceed the greater of $10 million and 15% of Adjusted EBITDA;

f. debt payments in respect of any "earn outs" or other indebtedness incurred by any Borrower and/or any Restricted Subsidiary consisting of the deferred purchase price of property acquired in any Permitted Acquisition; and

g. So long as no event of default then exists or would result therefrom, dividends or distributions to permit PRTH to make any cash dividends permitted under the Preferred Stock Facility in an amount not to exceed the sum of "Adjusted LIBOR" (or benchmark of corresponding import applicable to the Preferred Stock Facility) + 5.00% per annum *multiplied by* the outstanding amount under the Preferred Stock Facility per annum.

In addition, the Credit Documents will include an Available Amount Basket (as defined below) that, in the absence of an event of default, may be used for (i) permitted investments (ii) Restricted Payments (subject to pro forma compliance with a (1) Consolidated Total Net Leverage Ratio of not more than 3.75:1.00), and (iii) Restricted Debt Payments (subject to pro forma compliance with a (1) Consolidated Total Net Leverage Ratio of not more than 3.75:1.00); provided that it is understood and agreed that the foregoing restrictions (other than no event of default) on the use of the Available Amount Basket shall only apply to the portion thereof referred to in clauses (i) and (ii) of the definition thereof below.

As used herein:

"***Available Amount Basket***" shall mean, as of any date of determination, a cumulative amount equal to the sum of (without duplication) (i) the greater of (A) $15 million and (B) 20% of Adjusted EBITDA plus (ii) an amount not less than zero equal to the percentage of excess cash flow described above under "Mandatory Prepayments – Excess Cash Flow" not required to be applied as an excess cash flow prepayment of the Loans for the applicable year (commencing with the fiscal year ending December 31, 2021), plus (iii) any qualified capital contributions to Holdings in cash (which have been contributed to the capital of a Borrower in the form of common equity) after the Closing Date (other than a Cure Amount and amounts otherwise applied for another purpose and excluding the Equity Contribution), plus (iv) returns on investments made using the Available Amount Basket actually received in cash by a Borrower or a Restricted Subsidiary (other than tax distributions received from an Unrestricted Subsidiary) (up to the amount of the original investment made), plus (v) any Declined Proceeds, plus (vi) the amount of any investment made by the Borrowers and/or any of their Restricted Subsidiaries in reliance on the Available Amount Basket (up to the amount of the original investment) in any Unrestricted Subsidiary that has been re-designated as a Restricted Subsidiary or that has been merged or consolidated into a Borrower or any of their Restricted Subsidiaries or the fair market value of the assets of any Unrestricted Subsidiary (as reasonably determined by the Borrower Representative) that have been transferred to a Borrower or any of their Restricted Subsidiaries or the amount of cash dividends made by an Unrestricted Subsidiary to a Borrower or any of their Restricted Subsidiaries (to the extent not included in Consolidated Net Income) or the net cash proceeds from the disposition of any Unrestricted Subsidiary received by a Borrower or any of their Restricted Subsidiaries (to the extent not included in Consolidated Net Income), plus (vii) the net cash proceeds initially received by a Borrower from debt and disqualified stock issuances that have been issued after the Closing Date and which have been exchanged or converted into qualified equity of Holdings (or any parent thereof).

"***Consolidated Total Debt***" will be defined as consolidated debt for borrowed money, purchase money indebtedness, capital leases, debt evidenced by bonds, notes, debentures, indentures, credit agreements and similar instruments, unreimbursed amounts owing in respect of letter of credit and similar facilities, and any guarantees of the foregoing items of Holdings, the Borrowers and their Restricted Subsidiaries

"***Unrestricted Cash***" will be defined as the unrestricted cash and cash equivalents of the Holdings, the Borrowers their Restricted Subsidiaries.

"***Consolidated Total Net Leverage Ratio***" will be defined as the ratio of (i) Consolidated Total Debt net of Unrestricted Cash to (ii) trailing four fiscal quarter Adjusted EBITDA.

"***Adjusted EBITDA***" will be defined substantially similar to the definition in Exhibit E.

"***Closing Date Total Net Leverage Ratio***" means the Consolidated Total Net Leverage Ratio determined as of the Closing Date.

Equity Cure Right:

For purposes of determining compliance with the Financial Covenant, any cash equity contribution (that is not "disqualified equity") made to Holdings (and substantially concurrently contributed to a Borrower) after the last day of any fiscal quarter and on or prior to the day that is ten business days after the day on which financial statements are required to be delivered in respect of that fiscal quarter (the "***Cure Date***") will, at the request of the Borrower Representative, be included in the calculation of Adjusted EBITDA solely for the purposes of determining compliance with the Financial Covenant at the end of such fiscal quarter and any subsequent period that includes such fiscal quarter (any such equity contribution, a "***Cure Amount***"); provided (a) the Borrower Representative shall be permitted to request that a Cure Amount be included in the calculation of Adjusted EBITDA with respect to any fiscal quarter (i) no more than twice during any consecutive four fiscal quarter period, and (ii) no more than five times in the aggregate during the term of the Credit Facilities, (b) each Cure Amount will be no greater than the amount required to cause Holdings to be in compliance with the Financial Covenant, (c) all Cure Amounts and the use of proceeds thereof will be disregarded for all other purposes under the Credit Documents (including determining pricing or the availability or amount of any covenant basket, carve-out or compliance on a pro forma basis with the Financial Covenant or any other ratio), and (d) there shall be no pro forma or other reduction of indebtedness (including by way of cash netting) using the proceeds of any Cure Amount in determining the Financial Covenant (or any other leverage ratio) for the applicable fiscal quarter in which the cure was made. Notwithstanding the foregoing, and for the avoidance of doubt, upon the receipt of a Cure Amount as provided above, any default or event of default with respect to the Financial Covenant shall be deemed to have been cured and no longer continuing.

The Credit Documents will contain a standstill provision prohibiting the exercise of remedies related to any breach of the Financial Covenant during the period in which any Cure Amount may be contributed after delivery of written notice to the Administrative Agent of the Borrower's intention to cure the Financial Covenant with the proceeds of a Cure Amount; provided that such standstill shall apply solely in respect of the breach of the Financial Covenant giving rise thereto, and to the extent the applicable Cure Amount has not been made prior to the applicable Cure Date, such standstill shall end when such Cure Amount may no longer be timely made in respect of such fiscal quarter. No Revolving Lender, Swingline Lender or Issuing Bank, as applicable, shall be required to fund any Revolving Loans or Swingline Loans or issue (or increase) any Letters of Credit, as applicable, during such standstill period.

Events of Default:	Limited to the following (applicable to Holdings, the Borrowers and their Restricted Subsidiaries): nonpayment of principal when due; nonpayment of interest, fees, premium and other amounts after five (5) business days; inaccuracy of a representation or warranty in any material respect (or in all respects if such representation or warranty is qualified by materiality) when made or deemed made; violation of a covenant (subject, in the case of (A) affirmative covenants (other than notices of default, use of proceeds and the covenant to maintain the organizational existence of Holdings and the Borrowers), to a grace period of thirty (30) days following the earlier of (x) written notice from the Administrative Agent and (y) a responsible officer of a Borrower obtaining actual knowledge thereof and (B) Financial Covenant, shall not constitute an event of default with respect to the Term Loan Facility unless the loans under the Revolving Credit Facility have been accelerated); cross default and cross-acceleration to other material indebtedness in an amount in excess of the greater of $10,000,000 and 15% of Adjusted EBITDA (after all applicable grace and notice periods, and provided that such event or condition with respect to such other material indebtedness is not remedied and is not waived by the holders of such material indebtedness prior to any termination of commitments or acceleration of loans); bankruptcy events with respect to Holdings, the Borrower or a material Restricted Subsidiary; ERISA events subject to Material Adverse Effect; unpaid, uninsured, final judgments in an amount in excess of the greater of $10,000,000 and 15% of Adjusted EBITDA that have not been vacated, discharged, stayed or bonded pending appeal within 60 days from the entry thereof; invalidity of any material guarantee, lien on a material portion of the Collateral (with an exception for the Collateral Agent's failure to file a UCC continuation statement) or any Credit Documents (including any intercreditor or subordination agreement); and a change of control.

Conditions Precedent to Borrowings and Issuances on the Closing Date:	The availability of the initial borrowing and other extensions of credit under the Credit Facilities on the Closing Date will be subject to (i) the execution and delivery of definitive documentation for the Credit Facilities, including closing certificates (including a solvency certificate substantially in the form of Exhibit D hereto attesting to the solvency on the Closing Date of the Borrowers and their respective subsidiaries on a consolidated basis, after giving effect to the Closing Date Transactions), customary borrowing notices, customary good standing certificates, customary corporate resolutions, customary secretary's certificates (attaching such resolutions, charter documents and incumbency certifications), customary legal opinions with respect to the Credit Facilities and, customary collateral documentation (including a non-recourse pledge by PRTH over all of the equity interests of Holdings held by PRTH) and other documentation customary for transactions of this type (the "***Credit Facilities Documentation***"), in each case, consistent with the Commitment Letter and the Fee Letter (and otherwise in form and substance reasonably satisfactory to the Commitment Parties to the extent not specified herein or therein) and (ii) the conditions precedent set forth under the heading "Conditions to all Borrowings and Issuances" below and in the Summary of Additional Conditions.
Conditions to all Borrowings and Issuances:	The making of each extension of credit under the Credit Facilities (other than the DDTL Term Loan Facility which shall be subject to the conditions set forth under the heading "Conditions to DDTL Funding Date" below) shall be conditioned upon (a) delivery of a customary borrowing notice, (b) the accuracy of representations and warranties in all material respects (subject to no double materiality standard) and (c) the absence of defaults or events of default at the time of, or after giving effect to the making of, such extension of credit, subject to, in the case of clauses (b) and (c), customary "Sungard" limitations or as set forth above under the heading "Incremental Facilities" to the extent such extension of credit are the proceeds of an Incremental Facility and are being used to finance a Limited Condition Transaction.

Conditions to DDTL Funding Date:

The making of the DDTL Term Loans on the DDTL Funding Date shall be conditioned on:

(a) The Acquisition shall have been consummated, or substantially simultaneously with the borrowings under the DDTL Term Loan Facility and the issuance of the Acquisition Preferred Stock, shall be consummated, in accordance with the terms of the Merger Agreement, without giving effect to any modifications, amendments, consents or waivers by you thereto that are materially adverse to the Lenders without the prior consent of the Administrative Agent, such consent not to be unreasonably withheld, delayed or conditioned, (it being understood that (i) any reduction in the purchase price of, or consideration for, the Acquisition under the Merger Agreement shall not be deemed materially adverse to the interests of the Lenders so long as any reduction reduces the DDTL Term Loan Facility and the Acquisition Preferred Stock ratably (the "***DDTL Transactions***"), (ii) any increase in the cash purchase price of, or consideration for, the Acquisition under the Merger Agreement shall not be deemed materially adverse to the interests of the Lenders so long as any such increase is funded solely by an increase in the Equity Contribution and (iii) any amendment to the definition of "Company Material Adverse Effect" in the Merger Agreement shall be deemed to be materially adverse to the interests of the Lenders.

(b) The Equity Contribution shall have occurred as a result of the Merger substantially simultaneously with the DDTL Funding Date in accordance with the Merger Agreement as in effect on the date hereof.

(c) No event or events shall have occurred since the date of the Merger Agreement which individually or in the aggregate constitute a Company Material Adverse Effect (as defined in the Merger Agreement).

(d) The Administrative Agent shall have received (a)(i) the audited consolidated financial statements of the Group Companies (as defined in the Merger Agreement) for the fiscal years ended December 31, 2018, and December 31, 2019, together with the reports thereon by the Target's accountants (in each case, including a consolidated balance sheet and consolidated statements of income, cash flows and stockholders' equity) and (ii) the audited consolidated financial statements of the Group Companies for each fiscal year thereafter (in each case, including a consolidated balance sheet and consolidated statements of income, cash flows and stockholders' equity) to the extent and in the form required to be delivered to PRTH prior to the DDTL Funding Date pursuant to Section 5.3(b) of the Merger Agreement and (b)(i) the unaudited consolidated financial statements of the Group Companies for the nine (9) month period ended September 30, 2020 (including a consolidated balance sheet and a consolidated statement of income only) and (ii) the unaudited consolidated financial statements of the Group Companies for each quarterly period thereafter (including a consolidated balance sheet and a consolidated statement of income only) to the extent and in the form required to be delivered to PRTH prior to the DDTL Funding Date pursuant to Section 5.3(b) of the Merger Agreement (the information required by this clause d, the "***Required Information***").

(e) The Administrative Agent shall have received a pro forma consolidated balance sheet and related pro forma consolidated statement of income of PRTH as of and for the four-quarter period ending on the last day of the most recently completed four-fiscal quarter period for which financial statements are required to be delivered pursuant to clause (d)((b)(ii) above, prepared after giving effect to the DDTL Funding Date Transactions as if the DDTL Funding Date Transactions had occurred as of such date (in the case of such balance sheet) or at the beginning of such period (in the case of such statement of income).

(f) The Administrative Agent shall have received closing certificates (including a solvency certificate substantially in the form of Exhibit D hereto attesting to the solvency on the Closing Date of Holdings and its subsidiaries on a consolidated basis, after giving effect to the DDTL Transactions), a customary borrowing notice, customary good standing certificates, customary corporate resolutions, customary secretary's certificates (attaching such resolutions, charter documents and incumbency certifications), customary legal opinions, customary collateral documentation, in each case, in form and substance reasonably satisfactory to the Administrative Agent.

(g) The Specified Representations (as defined below) shall be true and correct in all material respects (or, in the case of Specified Representations qualified by materiality, in all respects) and the Specified Purchase Agreement Representations (as defined below) shall be true and correct to the extent required by the terms of the definition thereof. For purposes hereof, "***Specified Representations***" means the representations and warranties set forth in the Credit Documents relating to organizational existence of the Borrowers and the Guarantors, as applicable; power and authority, due authorization, execution and delivery and enforceability, in each case, related to, the

entering into and performance of the Credit Documents; no conflicts with or violations of organizational documents related to the entering into and performance of the Credit Documents; solvency as of the Closing Date (after giving effect to the Transactions) of the Borrowers and their respective subsidiaries on a consolidated basis (in form and scope consistent with the solvency certificate attached here as Exhibit D); Federal Reserve margin regulations; PATRIOT Act; use of proceeds not in violation of Sanctions (including those administered by OFAC) and anti-corruption laws (including FCPA); the Investment Company Act; and, subject to permitted liens and the provisions of clause (o) of this paragraph, creation, validity and perfection of security interests in the Collateral. For purposes hereof, "***Specified*** Merger ***Agreement Representations***" means such of the representations made by or with respect to the Target and its subsidiaries in the Merger Agreement as are material to the interests of the Lenders (in their capacity as such), but only to the extent that the Borrower Representative (or its affiliates) would, in the event of a breach or inaccuracy of any such representation or warranty, have the right (taking into account any applicable cure provisions) to terminate its or their obligations under the Merger Agreement to consummate the Acquisition (or otherwise decline to consummate the Acquisition) as a result of a breach of such representations in the Merger Agreement.

(h) There shall be no payment or bankruptcy defaults or events of default at the time of, and after giving effect to the making of, such DDTL Term Loans and the Transactions occurring on the DDTL Funding Date (collectively, the "***DDTL Transactions***").

(i) After giving effect to the DDTL Transactions, on a pro forma basis (excluding cash proceeds of any borrowings of such DDTL Term Loans), the Consolidated Total Net Leverage Ratio does not exceed 4.25:1.00.

(j) All fees required to be paid on the DDTL Funding Date pursuant to the Fee Letter and reasonable out-of-pocket expenses required to be paid on the DDTL Funding Date pursuant to the Commitment Letter shall, upon the borrowing of the DDTL Term Loans, and, in the case of expenses, to the extent invoiced at least two (2) business days prior to the DDTL Funding Date, have been paid (which amounts may, at the option of Borrower Representative, be offset against the proceeds of the DDTL Term Loans).

(k) The Borrowers shall have paid all accrued and unpaid interest on all then outstanding Initial Term Loans.

(l) The Administrative Agent and the Lead Arrangers shall have received at least 3 business days prior to the DDTL Funding Date all documentation and other information theretofore concerning the Target as has been reasonably requested in writing at least 10 calendar days prior to the DDTL Funding Date by the Administrative Agent that it reasonably determines is required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including without limitation the PATRIOT Act.

(m) Delivery of an officer's certificate by a responsible officer of the Borrower certifying to the satisfaction of clauses (b), (c) and (d).

(n) Substantially concurrently with the making of the DDTL Term Loans on the DDTL Funding Date, the proceeds of the Acquisition Preferred Stock shall have been funded. The Target Refinancing shall have been consummated, or substantially simultaneously with the borrowing under the DDTL Term Loan Facility, shall be consummated, and the Target and its subsidiaries shall, have no outstanding material indebtedness other than indebtedness advanced under the Credit Facilities, indebtedness permitted to remain outstanding permitted to the terms of the Merger Agreement, indebtedness permitted under the Credit Facilities and other indebtedness acceptable to the Administrative Agent in its reasonable discretion.

(o) The Administrative Agent shall have received customary lien and judgment searches with respect to the Target.

(p) With respect to the Credit Facilities, all documents and instruments necessary to establish the Collateral Agent as having a perfected first priority security interests (subject to Liens permitted under the Credit Documents) in the Collateral of the Target under the Credit Facilities shall have been executed or shall be executed substantially concurrently therewith and delivered *provided* that, notwithstanding anything to the contrary herein or otherwise, to the extent any security interest in any Collateral is not or cannot be perfected on the DDTL Funding Date (other than (i) the pledge and perfection of the security interest in the equity interests of the Target and each of its wholly-owned domestic material restricted subsidiaries with respect to which a lien may be perfected by the delivery of a stock or equivalent certificate representing such interests (together with stock powers or similar instruments of transfer endorsed in blank), provided however such physical stock or equivalent certificate with respect to Subsidiaries of the Target may not be received by the Collateral Agent until five (5) Business Days after the DDTL Funding Date and (ii) the pledge and perfection of a security interest in respect of assets pursuant to which a lien may be perfected by the filing of Uniform Commercial Code ("***UCC***") financing statements under the UCC (including, delivery of UCC financing statements in form suitable for filing) or customary filings with the U.S.

Patent and Trademark Office or U.S. Copyright Office, as applicable, after the Borrower Representative's use of commercially reasonable efforts to do so without undue burden or expense), then the provision and/or perfection of a security interest in such Collateral shall not constitute a condition precedent to the availability of the DDTL Term Loans on the DDTL Funding Date, but instead shall be required to be delivered after the DDTL Funding Date in accordance with the requirements set forth in the covenant "additional collateral and guarantors" under the heading "Affirmative Covenants" above.

Assignments and Participations:

After the Closing Date, the Lenders will be permitted to assign (a) loans and/or commitments under the Term Loan Facility with the consent of the Borrower Representative and the Administrative Agent (in each case not to be unreasonably withheld, conditioned or delayed), and (b) loans and commitments under the Revolving Credit Facility with the consent of the Borrower Representative, the Issuing Banks, the Swing Line Lender and the Administrative Agent (in each case not to be unreasonably withheld, conditioned or delayed); *provided* that the consent of the Borrower Representative shall be deemed to have been given if the Borrower Representative has not responded within 10 business days of a request for such consent; and *provided*, *further*, that (A) no assignment may be made to (x) a Disqualified Lender (to the extent the list of Disqualified Lenders has been made available to any Lender that requests a copy thereof or a potential assignee), (y) except as set forth below, Holdings, the Borrowers or any affiliates of the entities described in this clause (y) or (z) natural persons; (B) no consent of the Borrower Representative shall be required (i) after the occurrence and during the continuance of a payment or bankruptcy event of default, (ii) with respect to any Term Loans, if such assignment is an assignment to another Lender, an affiliate of a Lender or an approved fund or (iii) with respect to the Revolving Credit Facility, if such assignment is an assignment to another Revolving Lender or an affiliate thereof and (C) no consent of the Administrative Agent shall be required with respect to assignment of any Loans or Commitments if such assignment is an assignment to another Lender, an affiliate of a Lender or an approved fund.

Each assignment (other than to another Lender, an affiliate of a Lender or an approved fund) will be in an amount of an integral multiple of $1,000,000 in the case of the Term Loan Facility and $2,500,000 in the case of the Revolving Credit Facility (or lesser amounts, if agreed between the Borrower and the Administrative Agent) or, if less, all of such Lender's remaining loans and commitments of the applicable class. Assignments will be by novation and will not be required to be pro rata among the Credit Facilities. The Administrative Agent shall receive a processing and recordation fee of $3,500 for each assignment (unless waived by the Administrative Agent).

The Lenders will be permitted to sell participations in loans and commitments (other than to the Holdings, the Borrowers or any affiliates of the foregoing, any natural person or Disqualified Lenders (to the extent the list of Disqualified Lenders has been made available to any Lender that requests a copy thereof)) without restriction in accordance with applicable law. Voting rights of participants shall be limited to matters set forth under "Amendments and Waivers" below with respect to which the unanimous vote of all Lenders (or all directly and adversely affected Lenders, if the participant is directly and adversely affected) would be required.

The Credit Documents shall provide that Term Loans may be purchased by and assigned to PRTH, Holdings, the Borrowers and/or any Restricted Subsidiary of the Borrowers on a non-pro rata basis through Dutch auctions open to all Lenders holding Term Loans on a pro rata basis in accordance with customary procedures to be agreed and/or open market purchases; provided, that:

(a) PRTH, Holdings, the Borrowers and/or any Restricted Subsidiary, as applicable, shall not be required to make a representation that, as of the date of any such purchase and assignment, it is not in possession of MNPI with respect to Holdings, the Borrower and/or any subsidiary thereof and/or any of their respective securities;

(b) in the case of any Dutch auction and/or open market purchase conducted by PRTH, Holdings, the Borrowers or any of their Restricted Subsidiaries, (i) the Revolving Credit Facility shall not be utilized to fund the assignment and (ii) no event of default has occurred and is continuing at the time of acceptance of bids for such Dutch auction or the entry into a binding agreement for such open market purchase; and

(c) any Term Loans acquired by PRTH, Holdings, the Borrowers or any of its Restricted Subsidiaries shall be immediately cancelled.

Notwithstanding anything herein or the Credit Documents to the contrary, the Administrative Agent shall not be responsible or have any liability for, or have any duty to ascertain, inquire into, monitor or enforce, compliance with the provisions hereof relating to Disqualified Lender (including whether any Lender or participant is a Disqualified Lender) or have any liability with respect to or arising out of any assignment or participation of loans to, or the restrictions on any exercise of rights or remedies of, any Disqualified Lender.

The Credit Documents shall contain provisions with respect to assignments to Disqualified Lenders in form and substance consistent with the LSTA recommended formulation.

Amendments and Waivers:	Amendments and waivers of the Credit Documents will require the approval of Lenders (the "***Required Lenders***") holding more than 50% of the aggregate amount of the loans and commitments under the Credit Facilities, except that (i) the consent of each Lender directly and adversely affected thereby shall be required with respect to only the following: (A) increases in or extensions of, the commitment of such Lender, (B) reductions of principal, interest, fees or other amounts, (C) extensions of scheduled amortization payments, final maturity or the date of payment of interest, fees or other amounts, (D) changes in pro rata payment and sharing provisions or the "payment waterfall" and (E) changes to the voting provisions, (ii) the consent of 100% of the Lenders will be required with respect to only the following: (A) reductions to any of the voting percentages and (B) releases of all or substantially all of the value of the Guaranty or releases of all or substantially all of the value of the Collateral, (iii) customary protections for the Administrative Agent and the Issuing Banks will be provided, (iv) any amendment or waiver that by its terms affects the rights or duties of Lenders holding loans or commitments of a particular class (but not the Lenders holding loans or commitments of any other class) will require only the requisite percentage in interest of the affected class of Lenders that would be required to consent thereto if such class of Lenders were the only class of Lenders, (v) only Lenders holding a majority of the loans and commitments under the DDTL Term Loan Facility shall have the ability to amend or waive any conditions precedent to the extension of credit under the DDTL Term Loan Facility, (vi) only Lenders holding a majority of the loans and commitments under the Revolving Credit Facility shall have the ability to amend or waive any conditions precedent to the extension of credit under the Revolving Credit Facility, (vii) the consent of each Lender that is directly and adversely affected will be required for any subordination of the liens on the Collateral under the security documents, (viii) the consent of each Lender that is directly and adversely affected will be required for any subordination of the payment priority of the obligations under the Credit Facilities to the obligations in respect of any other indebtedness and (ix) amendments, consents and waivers of the Financial Covenant (and financial definitions solely to the extent used therein) shall require the consent of holders of a majority of the exposure and unused commitments under the Revolving Credit Facility in lieu of the Required Lenders.

Cost, Yield Protection and Breakage Costs:	The Credit Documents will include customary tax gross-up, cost and yield protection provisions. Protection for increased costs imposed as a result of rules enacted or promulgated under the Dodd-Frank Act or adoption of Basel III shall be included regardless of the date enacted, adopted or issued. The obligation of the Borrower and the Guarantors to gross-up for and/or to indemnify Lenders for taxes imposed on payments will be subject to the customary mitigation requirements and other exceptions, including customary requirements to provide applicable tax related documentation.
Non-Consenting and Defaulting Lenders:	The Credit Documents shall contain customary provisions for prepaying and terminating the commitment of, or replacing defaulting Lenders, Lenders seeking tax gross ups or cost and yield protection payments or payment of increased costs and non-consenting Lenders in connection with amendments and waivers requiring the consent of all relevant Lenders, or of all relevant Lenders directly affected thereby so long as Lenders under the relevant Credit Facilities (or tranches, as applicable) holding more than 50% of the aggregate amount of the loans and commitments under the relevant Credit Facilities (or tranches, as applicable) shall have consented thereto.

Indemnity and Expenses:

The Borrowers shall pay promptly following written demand (including documentation reasonably supporting such request) (a) all reasonable and documented out- of-pocket expenses of (i) the Administrative Agent and the Commitment Parties associated with syndication of the Credit Facilities and the preparation, execution and delivery of the Credit Documents and (ii) the Administrative Agent associated with the administration of the Credit Documents and any amendment, consent or waiver with respect thereto (but in the case of this clause (a) limited, in the case of legal fees and expenses, to the reasonable fees, disbursements and other charges of one primary counsel to the Administrative Agent and the Commitment Parties, taken as a whole, and one local counsel in each applicable jurisdiction) and (b) all reasonable and documented out-of-pocket expenses of the Administrative Agent, the Issuing Banks and the Lenders (but limited, in the case of legal fees and expenses, to the fees, disbursements and other charges of one counsel to the Administrative Agent, the Issuing Bank and the Lenders, taken as a whole (and, in the case of an actual or perceived conflict of interest, one additional counsel to each group of similarly affected parties, taken as a whole) and, if reasonably necessary, one local counsel in each relevant jurisdiction) in connection with the enforcement of the Credit Documents or protection of rights thereunder.

The Borrowers will indemnify the Administrative Agent, the Commitment Parties, the Lenders and their affiliates, and the directors, officers, employees, counsel, agents, advisors and other representatives of the foregoing, and hold them harmless from and against any and all losses, liabilities, damages, claims and reasonable and documented or invoiced out-of-pocket fees and expenses (including reasonable fees, disbursements and other charges of one counsel for all indemnified parties and, if necessary, one firm of local counsel in each appropriate jurisdiction (which may include a single special counsel acting in multiple jurisdictions) for all indemnified parties (and, in the case of an actual or perceived conflict of interest, one additional counsel to each group of similarly affected parties, taken as a whole), of another firm of counsel for such affected indemnified person)) of any such indemnified person arising out of or relating to the financing contemplated hereby or the use or the proposed use of proceeds thereof, the transactions in connection therewith, or any claim or any litigation, investigation or other proceeding (a "***Proceeding***") relating to any of the foregoing (regardless of whether such indemnified person is a party thereto and whether or not such Proceedings are brought by a Borrower, its equity holders, its affiliates, creditors or any other third person); provided that no indemnified person will be indemnified for any liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses or disbursements to the extent it has resulted from (i) the gross negligence, bad faith or willful misconduct of such indemnified person (as determined by a court of competent jurisdiction in a final and non-appealable decision), (ii) a material breach of the Credit Documents by any such indemnified person or any of its Related Indemnified Persons (as determined by a court of competent jurisdiction in a final and non-appealable decision) or (iii) disputes solely between and among indemnified persons or any of its Related Indemnified Persons to the extent such disputes do not arise from any act or omission of the Borrowers or any of their restricted subsidiaries or affiliates (other than claims against an indemnified person acting in its capacity as an agent or arranger or similar role under the Credit Facilities).

Governing Law, Jurisdiction, Waiver of Jury Trial and Judgment Currency:	New York law shall govern the Credit Documents, except with respect to certain security documents where applicable local law is necessary for enforceability or perfection *provided* that, solely with respect to the funding of the satisfaction of the conditions for the DDTL Funding Date, (a) the interpretation of the definition of "Company Material Adverse Effect" (as defined in the Merger Agreement) and whether there shall have occurred a "Company Material Adverse Effect", (b) whether the Acquisition Agreement Representations are accurate and whether as a result of a breach or inaccuracy thereof you (or your affiliate) have the right to terminate your (or its) obligations under the Acquisition Agreement, or decline to consummate the transactions contemplated by the Acquisition Agreement and (c) whether the Acquisition has been consummated in accordance with the terms of the Merger Agreement (collectively, the "Acquisition Related Matters"), in each case, shall be governed by, and construed in accordance with, the Laws (as defined in the Merger Agreement) of the State of Delaware as applied to the Merger Agreement, without giving effect to principles or rules of conflict of laws to the extent such principles or rules would require or permit the application of Laws (as defined in the Acquisition Agreement) of another jurisdiction (the "Acquisition Agreement Governing Law").. The Credit Documents will provide that the parties to the Credit Documents will submit to the exclusive jurisdiction and venue of the federal and state courts of the State of New York in the Borough of Manhattan and appellate courts therefrom and shall waive any right to trial by jury.
Counsel to the Lead Arrangers and Administrative Agent:	White & Case LLP.

ANNEX I-A to
EXHIBIT B

Interest Rates:

The interest rates under the Credit Facilities will be as follows:

At the option of the Borrower, loans will bear interest at ABR or Adjusted LIBOR, as described below, (x) initially at the applicable margin set at Level I below and (y) following the delivery of the first financial statements and related certificate for the first full fiscal quarter after the Closing Date, the relevant applicable margin set at the respective level indicated below based upon the Total Net Leverage Ratio set forth opposite thereto (the "Applicable Margin"):

Level	Total Net Leverage Ratio	ABR Applicable Margin	Adjusted LIBOR Applicable Margin
I	Greater than or equal to 3.75 to 1:00	3.75%	4.75%
II	Less than 3.75 to 1:00 and equal to or greater than 3.25 to 1:00	3.50%	4.50%
III	Less than 3.25 to 1:00	3.25%	4.25%

The Borrower may elect interest periods of 1, 2, 3 or 6 months (or, if agreed by all relevant Lenders, 12 months or a period shorter than one month) for Adjusted LIBOR borrowings.

Calculation of interest shall be on the basis of the actual days elapsed in a year of 360 days (or 365 or 366 days, as the case may be, in the case of ABR loans where the applicable rate is determined pursuant to clause (i) of the definition of ABR).

Interest shall be payable in arrears (a) for loans accruing interest at a rate based on Adjusted LIBOR, at the end of each interest period and, for interest periods of greater than 3 months, every three months, and on the applicable maturity date and (b) for loans accruing interest based on the ABR, quarterly in arrears and on the applicable maturity date.

"ABR" is the Alternate Base Rate, which is the highest of (i) the rate of interest established by the Administrative Agent, from time to time, as its "prime rate", (ii) the Federal Funds Rate plus 1/2 of 1.00% per annum, (iii) the one-month Adjusted LIBOR (after taking into account the Adjusted LIBOR floor referenced below) rate plus 1.00% per annum and (iv) 0.00% per annum.

"Adjusted LIBOR" is the London interbank offered rate for dollars, adjusted for statutory reserve requirements; provided that Adjusted LIBOR shall not be less than 0.00% per annum (with LIBOR replacement provisions consistent with the ARRC "hardwired" approach).

Letter of Credit Fee:	A per annum fee equal to the spread over Adjusted LIBOR under the Revolving Credit Facility will accrue on the aggregate face amount of outstanding letters of credit under the Revolving Credit Facility, payable in arrears at the end of each quarter and upon the termination of the respective letter of credit, in each case for the actual number of days elapsed over a 360-day year. Such fees shall be distributed to the Lenders under the Revolving Credit Facility pro rata in accordance with the amount of each such Lender's Revolving Credit Facility commitment, with exceptions for defaulting Lenders. In addition, the Borrower shall pay to each Issuing Bank, for its own account, (a) a fronting fee equal to 0.125% per annum upon of the aggregate face amount of outstanding letters of credit, payable in arrears at the end of each quarter and upon the termination of the Revolving Credit Facility, calculated based upon the actual number of days elapsed over a 360-day year, and (b) customary issuance and administration fees.

Commitment Fees:	The Borrowers shall pay a commitment fee of 0.50% per annum on the daily unused portion of the Revolving Credit Facility, payable quarterly in arrears commencing from the Closing Date, calculated based upon the actual number of days elapsed over a 360-day year. Such fees shall be distributed to the Lenders pro rata in accordance with the amount of each such Lender's Revolving Credit Facility commitment, with exceptions for defaulting Lenders. For purposes of the commitment fee calculations only, Swing Line Loans shall not be deemed to be a utilization of the Revolving Credit Facility.
DDTL Ticking Fee:	The Borrowers shall pay a ticking fee (the "***DDTL Ticking Fee***") to each Lender with respect to its commitment under the DDTL Term Loan Facility, commencing on the date (such date, the "***Ticking Fee Commencement Date***") that is 61 days after the Closing Date, calculated at rate per annum (calculated on the basis of the actual number of days elapsed in a year of 360 days), equal to (a) 25% of the Applicable Margin for DDTL Term Loans maintained as Adjusted LIBOR loans for the period commencing on the Ticking Fee Commencement Date to but excluding the earliest of (x) the 90th day after the Closing Date, (y) the DDTL Funding Date and (z) the date on which the commitments in respect of the DDTL Term Loan Facility are terminated, (b) 50% of the Applicable Margin for DDTL Term Loans maintained as Adjusted LIBOR loans for the period commencing on the date that is 91 days after the Closing Date to but excluding the earliest of (x) the 120th day after the Closing Date, (y) the DDTL Funding Date and (z) the date on which the commitments in respect of the DDTL Term Loan Facility are terminated and (c) 100% of the Applicable Margin for DDTL Term Loans maintained as Adjusted LIBOR rate loans for the period commencing on the date that is 121 days after the Ticking Fee Commencement Date to but excluding the earlier of (x) the DDTL Funding Date and (y) the date on which the commitments in respect of the DDTL Term Loan Facility are terminated, in each case, on the aggregate principal amount of the commitments held by it under the Commitment Letter in respect of the DDTL Term Loan Facility as in effect on the date hereof. The DDTL Ticking Fee will be payable quarterly in arrears and on the date of the termination of the DDTL Term Loan Facility (after giving effect to the funding of any DDTL Term Loans on such date).

Project Warrior

Summary of Additional Conditions[2]

The initial borrowings under the Credit Facilities on the Closing Date shall be subject to the satisfaction (or waiver by the applicable Initial Lenders) of the following conditions:

1. The Closing Date Refinancing shall have been consummated, or shall be consummated substantially simultaneously with the initial borrowing under the Credit Facilities.

2. The funding of the Closing Date Preferred Stock shall have been consummated, or shall have been consummated substantially simultaneously with the initial borrowing under the Credit Facilities, in at least the amount set forth in Exhibit A and on terms no less favorable to PRTH than the terms and conditions set forth in that that certain Preferred Stock Commitment Letter (including the exhibits, schedules and annexes thereto), dated as of March 5, 2021, among PRTH and Ares Capital Management LLC and Ares Alternative Credit Management LLC, as managers of certain funds and accounts, as in effect on the date hereof.

3. The Administrative Agent, the Lead Arrangers shall have received at least 3 business days prior to the Closing Date (x) all documentation and other information theretofore concerning Holdings, the Borrowers and the other Guarantors as has been reasonably requested in writing at least 10 calendar days prior to the Closing Date by the Administrative Agent, or the Lead Arrangers that they reasonably determine is required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including without limitation the PATRIOT Act and (y) a customary "beneficial ownership" certification in relation to the Borrowers.

4. The Lead Arrangers shall have received a pro forma consolidated balance sheet and related pro forma consolidated statement of income of PRTH, Holdings, the Borrowers and their Restricted Subsidiaries as of and for the twelve-month period ending on the last day of the most recently completed twelve-fiscal month period ended at least 45 days prior to the Closing Date, prepared after giving effect to Transactions as if the Transactions had occurred as of such date (in the case of such balance sheet) or at the beginning of such period (in the case of such statement of income).

5. The Lead Arrangers shall have received (a) the audited consolidated balance sheets of Holdings, the Borrowers and their Restricted Subsidiaries for the most recently completed fiscal year for which audited balance sheets are available, and the related audited consolidated statements of income and comprehensive income, changes in owner's equity and cash flows of PRTH, Holdings, the Borrowers and their Restricted Subsidiaries for the most recently completed fiscal year for which such audited consolidated statements and other information are available, (provided that the Lead Arranges acknowledge that they have received the financial statements described in this clause (a) for the fiscal year ended December 31, 2019 and (b) the unaudited consolidated balance sheets of Holdings, the Borrowers and their Restricted Subsidiaries for each quarterly period thereafter ended at least 45 days

[2] Capitalized terms used in this Exhibit C shall have the meanings set forth in the other Exhibits attached to the Commitment Letter to which this Exhibit C is attached (the "Commitment Letter"). In the case of any such capitalized term that is subject to multiple and differing definitions, the appropriate meaning thereof in this Exhibit C shall be determined by reference to the context in which it is used.

prior to the Closing Date and the related unaudited consolidated statements of income and cash flows for such period).

6. All fees required to be paid on the Closing Date pursuant to the Fee Letter and reasonable out-of-pocket expenses required to be paid on the Closing Date pursuant to the Commitment Letter shall, upon the initial issuance and sale of notes and borrowings, as applicable, under the Credit Facilities and, in the case of expenses, to the extent invoiced at least 2 business days prior to the Closing Date (the "***Invoice Date***"), have been paid (which amounts may, at the option of Borrower, be offset against the proceeds of the initial funding of the Credit Facilities).

7. The Commitment Parties shall have received customary lien and judgment searches. All documents and instruments necessary to establish the Collateral Agent as having a perfected first priority (subject to permitted liens and other mutually agreed customary exceptions) security interests in the Collateral under the Credit Facilities shall have been executed.

8. Unless consented to by the Initial Lenders, the Closing Date shall not occur prior to forty-five (45) days from the Countersign Date.

9. The Borrowers shall have obtained a corporate credit rating or corporate family rating, as applicable, from Moody's Investors Service, Inc. and Standard & Poor's Financial Services, LLC, a subsidiary of S&P Global Inc.

10. The conditions precedent set forth under the heading "Conditions to DDTL Funding Date" in Exhibit B shall have been satisfied or will be satisfied substantially simultaneously with the Closing Date; provided, however that the condition precedent set forth in this paragraph 10 shall be automatically waived by the Initial Lenders if a Successful Syndication (as defined in the Fee Letter) has been achieved on or prior to the Closing Date on (but no worse than) the terms outlined in the Commitment Letter (including the Market Flex Provisions as outlined in the Fee Letter); provided further that the waiver of the condition precedent in this paragraph 10 shall in no way limit the Borrower's obligation to satisfy the conditions precedent on the DDTL Funding Date set forth under the heading "Conditions to DDTL Funding Date" in Exhibit B of the Commitment Letter.

EXHIBIT D

Project Warrior

Form of Solvency Certificate

SOLVENCY CERTIFICATE

[●], 2021

This Solvency Certificate (this "***Certificate***") is delivered pursuant to Section [●] of the Credit Agreement, dated as of the date hereof among Priority Holdings, LLC, a Delaware limited liability company ("***Holdings***" or the "***Borrower Representative***"), Truist Bank, as the Administrative Agent and the other Lenders parties thereto. Unless otherwise defined herein, capitalized terms used in this Certificate shall have the meanings set forth in the Credit Agreement.

I, [●], solely in my capacity as the Chief Financial Officer of the Borrower Representative, do hereby certify on behalf of Holdings and the Borrowers that as of the date hereof, after giving effect to the consummation of the Transactions contemplated by the Credit Agreement:

The sum of the debt (including contingent liabilities) of Holdings and its Restricted Subsidiaries, on a consolidated basis, does not exceed the present fair saleable value of the assets of Holdings and its Restricted Subsidiaries, on a consolidated basis.

The present fair saleable value of Holdings and its Restricted Subsidiaries, taken as a whole, is not less than the amount that will be required to pay the probable Liabilities (including contingent Liabilities) of Holdings and its Restricted Subsidiaries, on a consolidated basis, or their debts as they become absolute and matured.

The capital of Holdings and its Restricted Subsidiaries, on a consolidated basis, is not unreasonably small in relation to their business, on a consolidated basis, as contemplated on the date hereof.

Holdings and its Restricted Subsidiaries, on a consolidated basis, have not incurred and do not intend to incur, or believe that they will incur, debts including contingent obligations, beyond their ability to pay such debts as they become due (whether at maturity or otherwise).

For purposes of this Certificate, the amount of any contingent liability has been computed as the amount that, in light of all of the facts and circumstances existing as of the date hereof, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such contingent liabilities meet the criteria for accrual under Statement of Financial Accounting Standards No. 5).

In reaching the conclusions set forth in this Certificate, I have made such other investigations and inquiries as I have deemed appropriate, having taken into account the nature of the particular business anticipated to be conducted by Holdings and its Restricted Subsidiaries after the consummation of the [Closing Date Transactions][DDTL Transactions] contemplated by the Credit Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, I HAVE EXECUTED THIS Certificate as of the date first written above.

By: __________

Name: [●]
Title: Chief Financial Officer

EXHIBIT E

ADJUSTED EBITDA DEFINITION[3]

1. "Adjusted EBITDA" means, for any period, an amount determined for Holdings and its Restricted Subsidiaries (or, when reference is made to another Person, for such other Person and its Subsidiaries) on a consolidated basis equal to (i) the sum, without duplication, of the amounts for such period of (a) Consolidated Net Income, plus, except with respect to clauses (n) and (r) below, to the extent reducing (and not added back to or excluded from) Consolidated Net Income, the sum of, without duplication:

2. (b) Consolidated Interest Expense,

3. plus (c) provisions for taxes based on income (including permitted tax payments) of Holdings and its Restricted Subsidiaries,

4. plus (d) total depreciation expense, and amortization expense and impairment charges (including amortization of intangible assets (including goodwill), amortization of deferred financing fees or costs) of Holdings and its Restricted Subsidiaries,

5. plus (e) [reserved];

6. plus (f) other non-Cash items (including non-Cash charges, costs, expenses and losses) reducing Consolidated Net Income (excluding any such non-Cash item to the extent that it represents an accrual or reserve for potential Cash items in any future period or amortization of a prepaid Cash item that was paid in a prior period or write-off or write-down or reserves with respect to current assets),

7. plus (g) any net loss from discontinued operations and any net after-tax loss on disposal of discontinued operations,

8. plus (h) other accruals, payments and expenses (including legal fees, costs and expenses), or any amortization thereof, related to the transactions contemplated by the Credit Documents (including all Transaction Costs), any Permitted Acquisitions, assets sales, investments, Restricted Payments, Restricted Debt Payments, issuances of indebtedness or capital stock permitted under the Credit Documents or repayment of debt, refinancing transactions or any amendments or other modifications of any indebtedness, in each case, to the extent such amounts are actually paid in Cash during such period (including, for the avoidance of doubt, any such transaction consummated on the Closing Date and any such transaction proposed or undertaken but not completed),

9. plus (i) any reasonably documented restructuring and integration costs reasonably attributable to the Merger Agreement, any Permitted Acquisition, any investment or any asset sale permitted under the Credit Documents that are (i) related to the closure, integration and/or consolidation of information technology or facilities, employee termination, or moving or relocating assets, (ii) related to the discontinuance of any portion of operations acquired in a Permitted Acquisition to the extent such discontinuance is initiated within twelve (12) months of, and the costs thereof incurred no later than eighteen (18) months of, the consummation of such Permitted Acquisition, (iii) related to recruitment, retention, relocation and severance as set forth in the Model and lender presentation or (iv) otherwise

[3] Capitalized terms used in this Exhibit E shall have the meanings set forth in the other Exhibits attached to the Commitment Letter to which this Exhibit E is attached (the "Commitment Letter"). In the case of any such capitalized term that is subject to multiple and differing definitions, the appropriate meaning thereof in this Exhibit D shall be determined by reference to the context in which it is used.

approved by Administrative Agent in its sole discretion, in each case, to the extent such amounts are actually paid in Cash during such period (including, for the avoidance of doubt, any such transaction consummated on the Closing Date and any such transaction proposed or undertaken but not completed); provided that any adjustments or addbacks under this clause (i) in any period of four consecutive Fiscal Quarters, shall not, together with the adjustments and addbacks pursuant to clause (r) below, exceed 25% of Adjusted EBITDA (determined before giving effect to such adjustments and addbacks),

10. plus (j)(i) non-Cash charges relating to employee benefit or other management compensation plans of any direct or indirect parent of Holdings (solely to the extent such non-Cash charges relate to plans of any direct or indirect parent of Holdings for the benefit of members of the board of directors of Holdings (in their capacity as such) or employees of Credit Parties and their Restricted Subsidiaries), any other Credit Party or any of its Restricted Subsidiaries or (ii) any non-Cash compensation charge and other non-Cash expenses or charges arising from any grant, issuance or repricing of stock appreciation or similar rights, stock, stock options, restricted stock or other equity based awards of any direct or indirect parent of Holdings (to the extent such non-Cash charges relate to plans of any direct or indirect parent of Holdings for the benefit of members of the board of directors of Holdings (in their capacity as such) or employees of Credit Parties and their Restricted Subsidiaries), any other Credit Party or any of its Restricted Subsidiaries, in each case, excluding any non-Cash charge to the extent that it represents an accrual of or reserve for Cash expenses in any future period or amortization of a prepaid Cash expense incurred in a prior period,

11. plus (k) any non-recurring or unusual costs, expenses or charges actually paid in Cash during such period,

12. plus (l) [reserved],

13. plus (m) legal fees and expenses (excluding any judgments) actually paid in Cash during such period in connection with litigation involving the Credit Parties and their Restricted Subsidiaries; provided that any adjustments or addbacks under this clause (m) in any period of four consecutive Fiscal Quarters, shall not exceed $3,000,000;

14. plus (n) to the extent not already included in the Consolidated Net Income of Holdings and its Restricted Subsidiaries, any claim for business interruption insurance for a loss occurring during such period to the extent (x) the proceeds of such insurance are actually received during such period or (y) the applicable insurance carrier has not denied coverage of such claim in writing and such loss is in fact reimbursed within 365 days of the date of such loss (with a deduction in the immediately succeeding period for any amount so added back to the extent not so reimbursed within such 365 days),

15. plus (o) Cash expenses of Holdings and/or its Restricted Subsidiaries incurred during such period to the extent reimbursed in Cash by any Person (other than Holdings and/or its Restricted Subsidiaries or any owners, directly or indirectly, of capital stock therein) during such period pursuant to indemnification or other reimbursement provisions in favor of Holdings and/or its Restricted Subsidiaries in connection with any investment permitted under the Credit Documents, any Permitted Acquisition or any asset sale permitted under the Credit Documents,

16. plus (p) net realized losses relating to mark-to-market of amounts denominated in foreign currencies resulting from the application of FASB ASC 830,

17. plus (q) the amount of any expense or reduction of Consolidated Net Income consisting of Restricted Subsidiary income attributable to minority interests or non-controlling interests of third

parties in any non-wholly-owned Restricted Subsidiary, *minus* the amount of dividends or distributions that are paid in Cash by such non-wholly-owned Restricted Subsidiary to such third party,

18. plus (r) (x) the amount of cost savings, operating expense reductions, other operating improvements and initiatives and synergies related to the Transactions that are reasonably identifiable, factually supportable and reasonably anticipated by the applicable Borrower in good faith to be realized within eighteen (18) months of the Closing Date (which will be added to Adjusted EBITDA as so projected until fully realized and calculated on a pro forma basis as though such cost savings, operating expense reductions, other operating improvements and initiatives and synergies had been realized on the first day of such period) and (y) the amount of cost savings, operating expense reductions, other operating improvements and initiatives and synergies resulting from or related to Permitted Acquisitions (including, for the avoidance of doubt, acquisitions occurring prior to the Closing Date), asset sales, divestitures, restructurings, cost savings initiatives and other similar initiatives, operational changes, and actions that are projected by the applicable Borrower in good faith to be reasonably anticipated to be realized within eighteen (18) months of the date of the consummation of such transaction or implementation of such restructuring or initiative (which will be added to Adjusted EBITDA as so projected until fully realized and calculated on a pro forma basis as though such cost savings, operating expense reductions, other operating improvements, operational changes and initiatives and synergies had been realized on the first day of such period), in the case of the preceding clauses (x) and (y), net of the amount of actual benefits realized during such period from such actions; provided that (A) any adjustments or addbacks under this clause (r) in any period of four consecutive Fiscal Quarters, shall not, together with the adjustments and addbacks pursuant to clause (i) above, exceed 25% of Adjusted EBITDA (determined before giving effect to such adjustments), (B) no amounts shall be added to the extent duplicative of any amounts that are otherwise added back in computing Adjusted EBITDA (or any other components thereof), whether through a pro forma adjustment or otherwise, with respect to such period and (C) such adjustments shall be specified in detail in the relevant compliance certificate, financial statement or other document provided to Administrative Agent or any Lender in connection herewith,

19. plus (s) Cash receipts (or any netting arrangements resulting in reduced Cash expenditures) not representing Adjusted EBITDA or Consolidated Net Income in any period to the extent non-Cash gains relating to such income were deducted in the calculation of Adjusted EBITDA pursuant to clause (ii)(a) below for any previous period and not added back,

20. plus (t) non-Cash charges relating to straight rent in accordance with GAAP,

21. plus (u) any cash or non-cash charge, expense or loss with respect to earn-out and contingent consideration obligations (including to the extent accounted for as bonuses or otherwise) and adjustments thereof and purchase price adjustments, in each case in connection with Permitted Acquisitions and investments, to the extent actually paid and expensed,

22. plus (v) any expenses, charges or losses that are covered by indemnification or other reimbursement provisions in connection with any investment, Permitted Acquisition or any asset sale permitted under the Credit Documents, to the extent actually reimbursed, or, so long as the applicable insurance carrier has not denied coverage of such expenses, charges or losses and that and only to the extent that such amount is (A) not denied by the applicable carrier in writing within 180 days and (B) in fact reimbursed within 365 days of the date of such evidence (with a deduction in the immediately succeeding period for any amount so added back to the extent not so reimbursed within such 365 days),

23. plus (w) fees and expenses incurred in connection with the consummation of the Transactions and paid on the Closing Date (or within sixty (60) days of the Closing Date),

24. plus (x) to the extent that any PRTH Specified Expenses (as defined below) would have been added back to Adjusted EBITDA pursuant to clauses (a) through (w) above had such charge, tax or expense been incurred directly by Holdings and its Restricted Subsidiaries, such PRTH Specified Expenses,

25. ***minus*** (ii) the sum, without duplication of the amounts for such period and to the extent included in arriving at such Consolidated Net Income, of

26. (a) other non-Cash items increasing Consolidated Net Income for such period (excluding any such non-Cash item to the extent it represents the reversal of an accrual or reserve for potential Cash items that reduced Adjusted EBITDA in any prior period), plus

27. (b) the amount of any minority interest income consisting of Restricted Subsidiary losses attributable to minority interests or non-controlling interests of third parties in any non-wholly-owned Restricted Subsidiary, plus

28. (c) any net gain from discontinued operations and any net after-tax gain on disposal of discontinued operations, plus

29. (d) capitalized customer acquisition costs (excluding Permitted Acquisitions and permitted joint venture investments), plus

30. (e) federal, state, local and foreign income tax credits and reimbursements received by Holdings or any of its Restricted Subsidiaries during such period, plus

31. (f) all gains (whether Cash or non-Cash) resulting from the early termination or extinguishment of indebtedness, plus

32. (g) the excess of actual Cash rent paid over rent expense during such period due to the use of straight line rent for GAAP purposes, plus

33. (h) net realized gains relating to mark-to-market of amounts denominated in foreign currencies resulting from the application of FASB ASC 830,

34. Notwithstanding anything to the contrary contained herein, for the purposes of determining Adjusted EBITDA for the fiscal quarters ended March 31, 2020, June 30, 2020, September 30, 2020 and December 31, 2020, (i) Adjusted EBITDA of Holdings and its Restricted Subsidiaries shall be deemed to be for each such fiscal quarter, $14,149,58.81, $14,448,764.97, $18,046,757.57 and $18,88,237.76, respectively and (ii) Adjusted EBITDA of Target and its Restricted Subsidiaries shall be deemed to be for each such fiscal quarter $8,612,594.21, $14,980,518.96, $15,247,330.49 and $15,037,189.79, respectively; provided that to the extent that any unaudited quarterly consolidated financial statements for Target have been delivered by the Borrower Representative pursuant to clause (d)(b)(ii) under the heading "Conditions to DDTL Funding Date" in Exhibit B to the Commitment Letter, the Borrower Representative shall provide the Administrative agent with the Adjusted EBITDA of the Target for each such fiscal quarter, together with a reasonably detailed calculation thereof, which amounts and calculations shall be reasonably satisfactory to the Administrative Agent, and such amounts shall be deemed to be Adjusted EBITDA of the Target for such fiscal quarters and included in all pro forma calculations of Adjusted EBITDA of Holdings for all purposes of the Credit Documents.

"Consolidated Interest Expense" means, for any period, total interest expense (including that portion attributable to capital leases in accordance with GAAP and capitalized interest including paid-in-

kind amounts) of Holdings and its Restricted Subsidiaries on a consolidated basis for such period, including all commissions, discounts and other fees and charges owed with respect to letters of credit and net costs under interest rate agreements and amortization or write off of deferred financing fees, debt issuance costs, debt discount or premium, commissions, fees and expenses, including commitment, letter of credit and administrative fees and charges with respect to the Facility and with respect to other indebtedness permitted to be incurred under the Credit Documents.

35. "Consolidated Net Income" means, for any period, (i) the net income (or loss) of Holdings and its Restricted Subsidiaries (or, when reference is made to another Person, for such other Person and its Subsidiaries) on a consolidated basis for such period taken as a single accounting period determined in conformity with GAAP (adjusted to reflect any PRTH Specified Expenses during such period as though such PRTH Specified Expenses had been incurred by Holdings and its Restricted Subsidiaries), minus (ii) the sum of, without duplication, (a) the income (or loss) of any Person (other than a Restricted Subsidiary) (x) in which any other Person (other than a Credit Party) has a joint interest (including any permitted joint venture) or (y) that is an Unrestricted Subsidiary, except to the extent of the amount of any dividends or other distributions actually paid in Cash or Cash Equivalents (or to the extent subsequently converted into Cash or Cash Equivalents) to Holdings and its Restricted Subsidiaries by such Person during such period, plus (b) the income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary of Holdings or is merged into or consolidated with Holdings or any of its Restricted Subsidiaries or that Person's assets are acquired by Holdings or any of its Restricted Subsidiaries (except to the extent required for any calculation of Adjusted EBITDA on a pro forma basis in accordance with the Credit Documents), plus (c) the income of any Restricted Subsidiary of Holdings (other than a Borrower or a Guarantor) to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that income is not at the time permitted by operation of the terms of its organizational documents or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that subsidiary, plus (d) any gains or losses, together with any related provision for taxes on such gain (or loss), realized in connection with any asset sales or other disposition or abandonment and any reserves relating thereto, in each case, not in the ordinary course of business, plus (e) any net unrealized gain (loss) (after any offset) resulting during such period from obligations under any interest rate agreement or other derivative instruments as determined in accordance with GAAP and the application of Statement of Financial Accounting Standards No. 133, plus (f) to the extent not included in clauses (a) through (e) above, any net extraordinary gains or net extraordinary losses for such period, plus (g) the cumulative effect of a change in accounting principles during such period to the extent included in Consolidated Net Income.

"Cash" means money, currency or a credit balance in any demand or deposit account, in each case, determined in accordance with GAAP.

"PRTH Specified Expenses" means any charges, taxes or expenses incurred or accrued by PRTH (or any direct or indirect parent company thereof) during any period that in the reasonable judgement of the Administrative Agent are attributable to the ownership or operations of Holdings and its Restricted Subsidiaries

EXHIBIT 10.17

ARES CAPITAL MANAGEMENT LLC
245 Park Avenue
New York, New York 10167

ARES ALTERNATIVE CREDIT MANAGEMENT LLC
2000 Avenue of the Stars, 12th Floor
Los Angeles, California 90067

CONFIDENTIAL

March 5, 2021

Priority Technology Holdings, Inc.
2001 Westside Parkway, Suite 155
Alpharetta, Georgia 30004
Attention: Thomas Priore

Project Warrior

Preferred Stock Commitment Letter
Ladies and Gentlemen:

Priority Technology Holdings, Inc., a Delaware corporation (the " ***Company***" or "***you***") has advised Ares Capital Management LLC (together with its managed funds and accounts, "***ACM***") and Ares Alternative Credit Management LLC (together with its managed funds and accounts, " ***AACM***" and together with ACM, "***Ares***" or the "***Initial Investors***" and each individually, an "***Initial Investor***") that the Company intends to acquire via a merger (the "***Acquisition***"), directly or indirectly, 100% of the outstanding equity interests of Finxera Holdings, Inc., a Delaware corporation (together with its subsidiaries, the "***Target***"), pursuant to the Merger Agreement (as defined in the Transaction Description (as defined below)). You have further advised us that, in connection with the foregoing, you intend to consummate the other Transactions described in the Transaction Description attached hereto as Exhibit A (the "***Transaction Description***"). Capitalized terms used but not defined herein shall have the meanings assigned to them in the Transaction Description or the Summary of Principal Terms and Conditions attached hereto as Exhibit B (the "***Term Sheet***"; this preferred stock commitment letter, the Transaction Description, the Term Sheet and the Summary of Additional Conditions attached hereto as Exhibit C (the "***Summary of Additional Conditions***"), collectively, the "***Preferred Stock Commitment Letter***").

1. Commitment.

In connection with the Transactions, each of the Initial Investors hereby commits severally and not jointly, to purchase perpetual senior preferred equity securities of the Company having terms consistent with those described in the Term Sheet (the "***Senior Preferred Stock***") (i) to be issued in connection with the Closing Date Refinancing (the "***Initial Preferred Stock***" and the issuance and sale thereof and the Warrants (as defined in the Term Sheet), the "***Initial Preferred Stock Financing***") in an amount equal to (x) in the case of ACM, $90.0 million and (y) in the case of AACM, $60.0 million, (ii) to be issued in connection with the Acquisition (the "***Acquisition Preferred Stock***" and the issuance and sale thereof, the "***Acquisition Preferred Stock Financing***") in an amount equal to (x) in the case of ACM, $30.0 million and (y) in the case of AACM, $20.0 million and (iii) available to be issued in connection with one or more Permitted Acquisitions (as defined in the Term Sheet) by Holdings or its subsidiaries (the "***Delayed Preferred Stock***" and the issuance and sale thereof, the "***Delayed Preferred Stock Financing***" and together with the Initial Preferred Stock Financing and the Acquisition Preferred Stock

Financing, the "***Preferred Stock Financing***") in an amount equal to (x) in the case of ACM, $30.0 million and (y) in the case of AACM, $20.0 million, in each case, upon the terms set forth herein and subject to no conditions precedent other than (i) solely with respect to the Initial Preferred Stock, those set forth in Section 6 below, in the Section entitled "Conditions Precedent to Initial Preferred Stock Financing" in Exhibit B and in the Summary of Additional Conditions, (ii) solely with respect to the Acquisition Preferred Stock, in the Section entitled "Conditions Precedent to Acquisition Preferred Stock Financing" in Exhibit B (limited on the date of consummation of the Acquisition and the issuance and sale of the Acquisition Preferred Stock (the "***Acquisition Date***") as indicated therein) and (iii) solely with respect to the Delayed Preferred Stock, in the Section entitled "Conditions Precedent to Delayed Preferred Stock Financing" in Exhibit B.

2. Exclusivity.

During the period from and after the date hereof until the Outside Date (as defined below and as may be extended in accordance with the final sentence of this Section 2 or as may be mutually agreed by Ares and the Company) (the "***Exclusivity Period***"), the Company hereby agrees to work exclusively with Ares to effectuate the Preferred Stock Financing transactions contemplated hereby and agrees that it will not, directly or indirectly, (a) engage in any discussions with any other person or entity regarding an alternative investment (whether debt or equity) in the Company or any of its subsidiaries (other than the Credit Facilities not to exceed $630.0 million in the aggregate (including delayed draw commitments thereunder)) (an "***Alternative Transaction***"), (b) solicit or accept a proposal or commitment from another funding source in connection with an Alternative Transaction, (c) otherwise permit or encourage its subsidiaries and affiliates, or any of its or their respective officers, managers, directors, stockholders, affiliates, employees, agents, advisors and other representatives, to knowingly solicit an Alternative Transaction or (d) otherwise permit or encourage another person to conduct due diligence in connection with an Alternative Transaction. The Company (x) shall and shall direct its affiliates and its and their respective officers, managers, directors, employees, agents, advisors and other representatives to work with Ares to complete all outstanding due diligence and to negotiate in good faith (to the extent Ares continues to wish to negotiate) definitive agreements in respect of the Preferred Stock Financing transactions contemplated hereby and (y) shall reasonably promptly inform Ares if the Company or any of its affiliates or representatives receives any inquiry, proposal or offer that would reasonably be expected to lead to an Alternative Transaction. The parties understand and agree that the restrictions outlined in this Section 2 also extend to the Company's and its subsidiaries' existing sources of capital, including equity holders and any potential or prospective modifications of existing credit facilities or obligations in connection with an alternative funding. On the Outside Date, the Exclusivity Period shall automatically extend by 30 additional days so long as at such date Ares continues to negotiate in good faith the definitive documentation for the Preferred Stock Financing (the "***Preferred Stock Documentation***") on the terms reflected herein.

3. Assignment.

Each Initial Investor reserves the right, prior to or after the date of the issuance and sale of the Initial Preferred Stock (the " ***Closing Date***"), to assign all or a portion of such Initial Investor's commitments hereunder to one or more investment funds, financial institutions and other investors (together with the Initial Investors, the "***Investors***") identified by such Initial Investor; *provided* that we agree not to assign our commitments to Disqualified Institutions (as defined below). Notwithstanding each Initial Investor's right to assign all or a portion of its commitments hereunder, except as otherwise agreed by you in writing, (i) no Initial Investor shall be relieved, released or novated from its obligations hereunder (including its obligation to purchase the Initial Preferred Stock on the Closing Date and to

commit to purchase the Acquisition Preferred Stock and the Delayed Preferred Stock in accordance with the terms hereof) in connection with any assignment of the Senior Preferred Stock, including its commitments in respect thereof, until after the Closing Date has occurred, (ii) no assignment or novation by an Initial Investor shall become effective in respect of the Senior Preferred Stock until after the Closing Date has occurred, including, without limitation, as between you and such Initial Investor with respect to all or any portion of such Initial Investor's commitments hereunder and (iii) each Initial Investor shall retain exclusive control over all rights and obligations with respect to its commitments hereunder in respect of the Senior Preferred Stock, including all rights with respect to consents, modifications, supplements, waivers and amendments, until the Closing Date has occurred.

As used herein, "***Disqualified Institutions***" means (i) those investment funds, financial institutions and other investors, in each case separately identified by name in writing to the Initial Investors by you prior to the date hereof, (ii) competitors that, directly or through a controlled affiliate or subsidiary or portfolio company, are engaged in the same or substantially similar line of business as you or your subsidiaries or the Target and its subsidiaries and identified by name in writing by you to the holders of the Senior Preferred Stock from time to time (which list of competitors may be supplemented by you after the Closing Date by means of a written notice to the holders of the Senior Preferred Stock) or (iii) in the case of each of clauses (i) and (ii), any of their affiliates that are either (a) identified in writing by you from time to time to the holders of the Senior Preferred Stock or (b) clearly identifiable solely on the basis of the similarity of such affiliate's name; provided that (x) Disqualified Institutions referenced in clauses (ii) and (iii) (as clause (iii) pertains to clause (ii)) above shall not include a bona fide debt fund, investment vehicle, regulated bank entity or unregulated lending entity that is engaged in, or that advises funds or investment vehicles that are engaged in, making, purchasing, holding or otherwise investing in commercial loans, debt securities, preferred stock and similar extensions of credit or securities in the ordinary course of business which is managed, sponsored or advised by any person controlling, controlled by or under common control with any competitor of you, the Target and your and their respective subsidiaries or any affiliate of such competitor, but with respect to which no personnel involved with any investment in such person (other than a limited number of senior employees in connection with internal legal, compliance, risk management or credit practices) directly or indirectly makes, has the right to make or participates with others in making any investment decisions with respect to such debt fund, investment vehicle, regulated bank entity or unregulated lending entity and (y) any supplementations shall not apply retroactively to disqualify any parties that have previously acquired an assignment of the Senior Preferred Stock.

4. Information.

You hereby represent and warrant that (to your knowledge with respect to information relating to the Target and its subsidiaries): (a) all written information and written data other than customary pro forma projections of the Company and its subsidiaries (including, for the avoidance of doubt, the Target and its subsidiaries) for fiscal year 2021 and for each fiscal year thereafter during the term of the Credit Facilities (the "***Projections***"), budgets, estimates and other forward-looking information (other than information of a general economic or general or specific industry nature) that has been or will be made available to us, directly or indirectly, by you, or by any of your representatives in connection with the transactions contemplated hereby for use in evaluating such transactions (the "***Information***"), when taken as a whole, does not and will not, when furnished, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made (giving effect to all supplements and updates thereto) and (b) the Projections have been or will be prepared in good faith based upon assumptions that are believed by you to be reasonable at the time such Projections are so

furnished; it being understood that the Projections are as to future events and are not to be viewed as facts, the Projections are subject to significant uncertainties and contingencies, many of which are beyond your control, that no assurance can be given that any particular Projections will be realized and that actual results during the period or periods covered by any such Projections may differ significantly from the projected results and such differences may be material. You agree that if, at any time prior to the Closing Date, you become aware that any of the representations and warranties in the preceding sentence would be incorrect in any material respect if the Information and the Projections were being furnished, and such representations and warranties were being made, at such time, then you will (or, with respect to Information or Projections with respect to the Target or any of its subsidiaries, subject to any applicable limitations on your rights under the Merger Agreement, you will use your commercially reasonable efforts to) promptly supplement or cause to be supplemented the Information and such Projections such that (and to your knowledge with respect to the Target and its subsidiaries) such representations and warranties are correct in all material respects under those circumstances at such time. Notwithstanding anything to the contrary contained in this Preferred Stock Commitment Letter or the Preferred Stock Fee Letter, none of the making of any representation under this Section 4, the making of any supplementation thereof, or the accuracy of any such representation shall constitute a condition precedent to the issuance and sale of the Initial Preferred Stock on the Closing Date.

5. Fees.

As consideration for the commitments of the Initial Investors hereunder, you agree to pay (or cause to be paid) the fees set forth in the Preferred Stock Fee Letter dated the date hereof among you and the Initial Investors (the "***Preferred Stock Fee Letter***") to the extent, on the terms and subject to the conditions expressly set forth therein. Once paid, such fees shall not be refundable under any circumstances.

6. Conditions.

The commitments of the Investors hereunder to purchase the Initial Preferred Stock are subject only to the conditions precedent set forth in the Section entitled "Conditions Precedent to Initial Preferred Stock Financing" in Exhibit B hereto and in the Summary of Additional Conditions, and upon satisfaction (or waiver by the Investors) of such conditions, the issuance and sale of the Initial Preferred Stock shall occur (it being understood that there are no other conditions (implied or otherwise) to the commitments hereunder in respect of the Initial Preferred Stock (including compliance with the terms of this Preferred Stock Commitment Letter, the Preferred Stock Fee Letter and the Preferred Stock Documentation).

7. Indemnity.

To induce the Initial Investors to enter into this Preferred Stock Commitment Letter and the Preferred Stock Fee Letter and to proceed with the Preferred Stock Documentation, you agree (a) to indemnify and hold harmless each Investor, their respective affiliates and the respective officers, directors, employees, members, partners, managers, investment managers, controlling persons, agents and other representatives of each of the foregoing and their respective successors and permitted assigns (each, an "***Indemnified Person***"), from and against any and all losses, claims, damages and liabilities and reasonable and documented or invoiced out-of-pocket expenses (including legal fees and expenses as set forth below), joint or several, to which any such Indemnified Person may become subject to the extent arising out of, resulting from or in connection with, this Preferred Stock Commitment Letter, the Preferred Stock Fee Letter, the Transactions or any related transaction contemplated hereby (including, without limitation, the Acquisition), the Preferred Stock Financing (or any portion thereof) or any use of

the proceeds thereof or any claim, litigation, investigation or proceeding (including any inquiry or investigation) relating to any of the foregoing (any of the foregoing, a "***Proceeding***"), regardless of whether any such Indemnified Person is a party thereto, whether or not such Proceedings are brought by you, the Target, your or its equity holders, affiliates, creditors or any other third person, and within 30 days following written demand therefor (together with reasonable backup documentation supporting such reimbursement) to reimburse each such Indemnified Person for any reasonable and documented or invoiced out-of-pocket legal expenses of one firm of counsel for all such Indemnified Persons, taken as a whole and, if reasonably necessary, of a single local counsel in each appropriate jurisdiction (which may include a single special counsel acting in multiple jurisdictions) for all such Indemnified Persons, taken as a whole, and, solely in the case of an actual or perceived conflict of interest, one additional counsel in each applicable jurisdiction to each group of similarly situated Indemnified Persons affected by such conflict) and other reasonable and documented or invoiced out-of-pocket expenses incurred in connection with investigating, preparing to defend or defending against, or participating in, any of the foregoing; provided that the foregoing indemnity will not, as to any Indemnified Person, apply to losses, claims, damages, liabilities or related expenses to the extent that they have resulted from (i) the willful misconduct, bad faith or gross negligence of such Indemnified Person or any of its Related Indemnified Persons (as defined below) (as determined by a court of competent jurisdiction in a final and non-appealable decision), (ii) a material breach of the obligations of such Indemnified Person or any of its Related Indemnified Persons under this Preferred Stock Commitment Letter, the Term Sheet, the Preferred Stock Fee Letter or the Preferred Stock Documentation (as determined by a court of competent jurisdiction in a final and non-appealable decision), or (iii) disputes solely between and among Indemnified Persons to the extent such disputes do not arise from any act or omission of you or any of your affiliates and (b) on the Closing Date (to the extent an invoice therefor is received by the Invoice Date) or, if invoiced after the Invoice Date or if the Closing Date does not occur, within 30 days of receipt of an invoice therefor, to reimburse each Investor from time to time, for all reasonable and documented out-of-pocket expenses, travel expenses and reasonable fees, disbursements and other charges of a single counsel to the Investors, taken as a whole, identified in the Term Sheet and of a single local counsel to the Investors, taken as a whole, in each appropriate jurisdiction (which may include a single special counsel acting in multiple jurisdictions)), in each case incurred in connection with the Preferred Stock Financing and the preparation, negotiation and enforcement of this Preferred Stock Commitment Letter, the Preferred Stock Fee Letter and the Preferred Stock Documentation (the foregoing clause (b), collectively, the "***Expenses***"). From time to time upon the reasonable request of the Company (and in any event, promptly after the Expenses of Ares and its advisors exceed $500,000 in the aggregate), Ares will provide the Company with an update with respect to the Expenses of Ares and its advisors. The foregoing provisions in this paragraph shall be superseded in each case thereby, by the applicable provisions contained in the Preferred Stock Documentation upon execution thereof and thereafter shall have no further force and effect.

For purposes hereof, a "***Related Indemnified Person***" of an Indemnified Person means (1) any controlling person or controlled affiliate of such Indemnified Person, (2) the respective directors, officers partners, members or employees of such Indemnified Person or any of its controlling persons or controlled affiliates and (3) the respective agents or representatives of such Indemnified Person or any of its controlling persons or controlled affiliates, in the case of this clause (3), acting on behalf or at the instructions of such Indemnified Person, controlling person, or such controlled affiliate; provided that each reference to a controlled affiliate, controlled person, director, officer or employee in this sentence pertains to a controlled affiliate, controlling person, director, officer or employee involved in the structuring or negotiation of the Preferred Stock Financing.

Notwithstanding any other provision of this Preferred Stock Commitment Letter, (i) no Indemnified Person shall be liable for any damages arising from the use by others of information or other materials obtained through internet, electronic, telecommunications or other information transmission systems, except to the extent that such damages have resulted from the willful misconduct, bad faith or gross negligence of such Indemnified Person or any of its Related Indemnified Persons as determined by a final, non-appealable judgment of a court of competent jurisdiction and (ii) without in any way limiting the indemnification obligations set forth above, none of us, you, any Indemnified Person or any affiliate of any of the foregoing, any officer, director, employee, agent, controlling person, advisor or other representative of the foregoing or any successor or permitted assign of any of the foregoing shall be liable for any indirect, special, punitive or consequential damages (including, without limitation, any loss of profits, business or anticipated savings) in connection with this Preferred Stock Commitment Letter, the Preferred Stock Fee Letter, the Transactions (including the Initial Preferred Stock Financing and the use of proceeds thereunder), or with respect to any activities related to the Preferred Stock Financing, including the preparation of this Preferred Stock Commitment Letter, the Preferred Stock Fee Letter and the Preferred Stock Documentation; provided that nothing in this paragraph shall limit your indemnification and reimbursement obligations expressly set forth herein to the extent such damages are part of a third party claim in connection with which such Indemnified Person is entitled to indemnification or reimbursement hereunder.

You shall not be liable for any settlement of any Proceeding effected without your consent (which consent shall not be unreasonably withheld, conditioned or delayed), but if settled with your consent or if there is a judgment by a court of competent jurisdiction in any such Proceeding, you agree to indemnify and hold harmless each Indemnified Person from and against any and all losses, claims, damages, liabilities, obligations, penalties, actions, judgments, suits and expenses by reason of such settlement or judgment in accordance with the other provisions of this Section 7.

You shall not, without the prior written consent of any Indemnified Person (which consent shall not be unreasonably withheld, conditioned or delayed), effect any settlement of any pending or threatened Proceeding in respect of which indemnity could have been sought hereunder by such Indemnified Person unless such settlement (i) includes an unconditional release of such Indemnified Person, in form and substance satisfactory to such Indemnified Person, from all liability or claims that are the subject matter of such Proceeding, and (ii) does not include any statement as to or any admission of fault, wrongdoing, culpability or a failure to act by or on behalf of any Indemnified Person.

8. Sharing of Information, Absence of Fiduciary Relationships, Affiliate Activities.

You acknowledge that the Investors and their respective affiliates may be providing debt financing, equity capital or other services (including, without limitation, financial advisory services) to other persons in respect of which you and your affiliates may have conflicting interests regarding the transactions described herein and otherwise. None of the Investors or their respective affiliates will use confidential information obtained from you by virtue of the transactions contemplated by this Preferred Stock Commitment Letter or their other relationships with you in connection with the performance by them or their respective affiliates of services for other persons, and none of the Investors or their respective affiliates will furnish any such information to other persons, except to the extent permitted below. You also acknowledge that none of the Investors or their respective affiliates has any obligation to use in connection with the transactions contemplated by this Preferred Stock Commitment Letter, or to furnish to you, confidential information obtained by them from other persons.

As you know, certain of the Investors may be full service securities firms engaged, either directly or through their respective affiliates, in various activities, including securities trading, commodities trading, investment management, financing and brokerage activities and financial planning and benefits counseling for both companies and individuals. In the ordinary course of these activities, certain of the Investors and their respective affiliates may actively engage in commodities trading or trade the debt and equity securities (or related derivative securities) and financial instruments (including bank loans and other obligations) of you and other companies which may be the subject of the arrangements contemplated by this Preferred Stock Commitment Letter for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities. Certain of the Investors or their respective affiliates may also co-invest with, make direct investments in, and invest or co-invest client monies in or with funds or other investment vehicles managed by other parties, and such funds or other investment vehicles may trade or make investments in securities of you or other companies which may be the subject of the arrangements contemplated by this Preferred Stock Commitment Letter or engage in commodities trading with any thereof.

The Investors and their respective affiliates may have economic interests that conflict with those of you. You agree that the Investors will act under this Preferred Stock Commitment Letter as independent contractors and that nothing in this Preferred Stock Commitment Letter or the Preferred Stock Fee Letter will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty between the Investors and you, your equity holders or your affiliates with respect to the transactions contemplated by this Preferred Stock Commitment Letter. You hereby acknowledge that we are acting pursuant to this Preferred Stock Commitment Letter solely as a purchaser of the Senior Preferred Stock. You acknowledge and agree that (i) the transactions contemplated by this Preferred Stock Commitment Letter and the Preferred Stock Fee Letter are arm's-length commercial transactions between the Investors and, if applicable, their affiliates, on the one hand, and you and, if applicable, your affiliates, on the other, (ii) in connection with the transactions contemplated hereby and with the process leading to such transactions, each Investor and its applicable affiliates (as the case may be) has been, is or will be acting solely as a principal and not as agents or fiduciaries of you, your management, equity holders, creditors, affiliates or any other person, (iii) the Investors and their applicable affiliates (as the case may be) have not assumed an advisory or fiduciary responsibility or any other obligation in favor of you or your affiliates with respect to the transactions contemplated hereby or the process leading thereto (irrespective of whether the Investors or any of their respective affiliates have advised or are currently advising you on other matters) except the obligations expressly set forth in this Preferred Stock Commitment Letter and the Preferred Stock Fee Letter and (iv) you have consulted your own legal, tax and financial advisors to the extent you deemed appropriate. You further acknowledge and agree that you are responsible for making your own independent judgment with respect to such transactions and the process leading thereto. You agree that you will not claim that the Investors or their applicable affiliates, as the case may be, have rendered advisory services of any nature or respect, or owe a fiduciary or similar duty to you or your affiliates, in connection with such transactions or the process leading thereto. You further acknowledge and agree that the Investors and their respective affiliates do not provide tax, accounting or legal advice.

9. Confidentiality.

You agree that you will not disclose, directly or indirectly, the Preferred Stock Fee Letter and the contents thereof to any person or entity without the prior written approval of the Investors (such approval not to be unreasonably withheld, conditioned or delayed), except (a) to your officers, directors, agents, employees, attorneys, accountants, advisors, controlling persons or equity holders on a confidential and need-to-know basis, (b) if the Investors consent in writing to such proposed disclosure, (c) pursuant to the

order of any court or administrative agency in any pending legal, judicial or administrative proceeding, or otherwise as required by applicable law, regulation or compulsory legal process or to the extent requested or required by governmental and/or regulatory authorities, in each case based on the reasonable advice of your legal counsel (in which case you agree, to the extent practicable and not prohibited by applicable law, to inform us promptly thereof prior to disclosure) or (d) to the extent reasonably necessary or advisable in connection with the exercise of any remedy or enforcement of any right under this Preferred Stock Commitment Letter and/or the Preferred Stock Fee Letter; provided that (i) you may disclose the Preferred Stock Fee Letter (so long as the Preferred Stock Fee Letter is redacted in a customary manner reasonably satisfactory to the Investors) to the Target, its subsidiaries and their respective officers, directors, agents, employees, attorneys, accountants, advisors, or controlling persons or equity holders, on a confidential and need-to-know basis and (ii) you may disclose the aggregate fee amount contained in the Preferred Stock Fee Letter as part of Projections, pro forma information or a generic disclosure of aggregate sources and uses related to fee amounts related to the Transactions to the extent customary or required in offering and marketing materials for the Credit Facilities or in any public filing relating to the Transactions.

The Investors and their affiliates will use all confidential and other non-public information provided to them or such affiliates by or on behalf of you hereunder or in connection with the Acquisition and the Transactions solely for the purpose of negotiating, evaluating and consummating the Transactions and shall treat confidentially all such information and shall not publish, disclose or otherwise divulge, such information; provided that nothing herein shall prevent the Investors and their Representatives (as defined below) from disclosing any such information (a) pursuant to the order of any court or administrative agency or in any pending legal, judicial or administrative proceeding, or otherwise as required by applicable law, subpoena or compulsory legal process based on the advice of counsel (in which case the Investors agree (except with respect to any audit or examination conducted by accountants or regulatory or self-regulatory authority exercising routine examination or regulatory authority), to the extent practicable and not prohibited by applicable law, to inform you promptly thereof prior to such disclosure), (b) upon the request or demand of any regulatory or self-regulatory authority having or purporting to have jurisdiction over the Investors or any of their respective Representatives (in which case the Investors agree (except with respect to any audit or examination conducted by accountants or any regulatory or self-regulatory authority exercising examination or regulatory authority), to the extent practicable and not prohibited by applicable law, to inform you promptly thereof prior to disclosure), (c) to the extent that such information becomes publicly available other than by reason of disclosure by the Investors or any of their affiliates or any related parties thereto in violation of any confidentiality obligations owing to you or any of your affiliates (including those set forth in this paragraph), (d) to the extent that such information is received by the Investors from a third party that is not, to the Investors' knowledge, subject to contractual or fiduciary confidentiality obligations owing to you, the Target or any of your or its respective affiliates or related parties, (e) to the extent that such information is independently developed by the Investors without the use of any confidential information or any other information obtained in a manner that would otherwise violate the terms of this Preferred Stock Commitment Letter, (f) to the Investors' affiliates and to the Investors' and their affiliates' respective directors, officers, members, partners, managers, controlling persons, investment managers, financing sources, employees, legal counsel, independent auditors, attorneys, professionals, trustees, custodians and other experts or agents (collectively, together with their respective successors and permitted assigns, the "***Representatives***") who need to know such information in connection with the Transactions who are informed of the confidential nature of such information and have been advised of their obligation to keep such information confidential; provided that each Investor shall be responsible for its affiliates' and its and their respective directors, officers, financing sources, employees, legal counsel, independent auditors, professionals and other experts or agents compliance with this paragraph; provided further that unless you

otherwise consent (such consent not to be unreasonably withheld, conditioned or delayed), no such disclosure shall be made by the Investors, their respective affiliates or any of the Investors' or their affiliates' respective directors, officers, financing sources, employees, legal counsel, independent auditors, professionals and other experts or agents working on the financing contemplated by this Preferred Stock Commitment Letter to (x) any affiliates or directors, officers, employees, legal counsel, independent auditors, professionals and other experts or agents of the Investors that are engaged as principals primarily in private equity or venture capital (other than, in each case, such persons engaged by the Company as part of the Company's transaction, senior employees who are required, in accordance with industry regulations or the applicable Investor's internal policies and procedures, to act in a supervisory capacity and the applicable Investor's internal legal, compliance, risk management, credit or investment commitment members) or (y) Disqualified Institutions, (g) to potential or prospective Investors or assignees, in each case who agree to be bound by the terms of this paragraph (or language substantially similar to this paragraph); provided that the disclosure of any such information to any potential or prospective Investors or assignees referred to above shall be made subject to the acknowledgment and acceptance by such potential or prospective Investor or assignee that such information is being disseminated on a confidential basis (on substantially the terms set forth in this paragraph or as is otherwise reasonably acceptable to you), (h) in connection with the exercise of any remedy or enforcement of any right under this Preferred Stock Commitment Letter and/or the Preferred Stock Fee Letter, (i) for purposes of establishing a "due diligence" defense in any legal proceeding or (j) with your prior written consent. The Investors shall be permitted to place customary advertisements in financial and other newspapers and periodicals or on a home page or similar place for dissemination of customary information on the Internet or worldwide web as the Investors may choose, and circulate similar promotional materials, in the form of a "tombstone" or otherwise describing the names of the Company and its affiliates (or any of them), and the amount, type and closing date of the transactions contemplated hereby. The Investors' and their affiliates', if any, obligations under this paragraph shall terminate automatically and be superseded by the confidentiality provisions in the Preferred Stock Documentation upon the initial funding of the Initial Preferred Stock Financing thereunder; provided that, in any event, the provisions of this paragraph shall automatically terminate on the first anniversary of the date hereof. Additionally, you acknowledge and agree that the Investors and their Representatives may provide to industry trade organizations information with respect to all or any part of the Preferred Stock Financing that is customary for inclusion in league table measurements.

10. Miscellaneous.

This Preferred Stock Commitment Letter, the Preferred Stock Fee Letter and the commitments hereunder shall not be assignable by any party hereto without the prior written consent of each other party hereto (and any attempted assignment without such consent shall be null and void); *provided* in no event shall this paragraph be construed as limiting the right of any Investor to assign all or a portion of its commitment to its affiliates, managed accounts or funds as it deems appropriate to the extent such entity has expressly assumed all such assigned obligations of such Investor hereunder in writing reasonably acceptable to you or to assign all or any portion of its commitment in accordance with Section 3 hereof. This Preferred Stock Commitment Letter and the commitments hereunder are intended to be solely for the benefit of the parties hereto and their successors and permitted assigns (and Indemnified Persons) and are not intended to confer any benefits upon, or create any rights in favor of, any person other than the parties hereto and their successors and permitted assigns (and Indemnified Persons) and are not intended to create a fiduciary relationship among the parties hereto. Subject to the limitations set forth in Section 3 above, the Investors reserve the right to allocate, in whole or in part, to their affiliates or branches certain fees payable to the Investors in such manner as the Investors and their affiliates or branches may agree in their sole discretion and, to the extent so employed, such affiliates and branches shall be entitled to the

benefits and protections afforded to, and subject to the provisions governing the conduct of, the Investors hereunder. Each Investor shall be liable solely in respect of its own commitment to purchase the Senior Preferred Stock, on a several, and not joint, basis with any other Investor. This Preferred Stock Commitment Letter may not be amended or any provision hereof waived or modified except by an instrument in writing signed by each of the Investors and you. This Preferred Stock Commitment Letter may be executed in any number of counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one agreement. Delivery of an executed counterpart of a signature page of this Preferred Stock Commitment Letter by facsimile transmission or other electronic transmission (e.g., a "pdf" or "tif") shall be effective as delivery of a manually executed counterpart hereof. The words "execution," "execute," "signed," "signature," and words of like import in or related to this Preferred Stock Commitment Letter, the Preferred Stock Fee Letter or any other document to be signed in connection with this Preferred Stock Commitment Letter, the Preferred Stock Fee Letter and the transactions contemplated hereby shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Investors, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act. This Preferred Stock Commitment Letter, together with the Preferred Stock Fee Letter, (i) are the only agreements that have been entered into among the parties hereto with respect to the Preferred Stock Financing and (ii) supersede all prior and/or contemporaneous understandings, whether written or oral, among you and us with respect to the Preferred Stock Financing and sets forth the entire understanding of the parties hereto with respect thereto. THIS PREFERRED STOCK COMMITMENT LETTER AND THE PREFERRED STOCK FEE LETTER AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER, INCLUDING THE VALIDITY, INTERPRETATION, CONSTRUCTION, BREACH, ENFORCEMENT OR TERMINATION HEREOF OR THEREOF, AND WHETHER ARISING IN CONTRACT OR TORT OR OTHERWISE, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Each of the parties hereto agrees that (i) this Preferred Stock Commitment Letter is a valid and binding and enforceable agreement with respect to the subject matter contained herein (it being acknowledged and agreed that the commitments provided hereunder are subject to applicable conditions precedent, as set forth herein) and (ii) the Preferred Stock Fee Letter is a legally valid and binding agreement of the parties thereto with respect to the subject matter set forth therein, in each case, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law). Reasonably promptly after the execution of this Preferred Stock Commitment Letter, the parties hereto shall proceed with the negotiation in good faith of the Preferred Stock Documentation as soon as reasonably practicable for the purpose of executing and delivering the Preferred Stock Documentation substantially simultaneously with the consummation of the Closing Date Refinancing.

EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT BY OR ON BEHALF OF ANY PARTY RELATED TO OR ARISING OUT OF THIS PREFERRED STOCK COMMITMENT LETTER OR THE PREFERRED STOCK FEE LETTER OR THE PERFORMANCE OF SERVICES HEREUNDER OR THEREUNDER.

Each of the parties hereto hereby irrevocably and unconditionally (a) submits, for itself and its property, to the exclusive jurisdiction of any New York State court or federal court of the United States of America, in each case, sitting in New York County, and any appellate court thereof, in any action or proceeding arising out of or relating to this Preferred Stock Commitment Letter, the Preferred Stock Fee Letter or the transactions contemplated hereby or thereby, or for recognition or enforcement of any judgment, and agrees that all claims in respect of any such action or proceeding shall only be heard and determined in such New York State court or, to the extent permitted by law, in such federal court, (b) waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Preferred Stock Commitment Letter, the Preferred Stock Fee Letter or the transactions contemplated hereby or thereby in any such New York State or in any such federal court, (c) waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court and (d) agrees that a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each of the parties hereto agrees that service of process, summons, notice or document by registered mail addressed to you or us at the addresses set forth above shall be effective service of process for any suit, action or proceeding brought in any such court.

We hereby notify you that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001) (as amended, the "***PATRIOT Act***") and 31 C.F.R. §1010.230 (as amended, the " ***Beneficial Ownership Regulation***"), each of the Investors may be required to obtain, verify and record information that identifies the Company, which information may include its name, addresses, tax identification number and other information that will allow each of the Investors to identify the Company in accordance with the PATRIOT Act and the Beneficial Ownership Regulation. This notice is given in accordance with the requirements of the PATRIOT Act and is effective for each of the Investors. You hereby acknowledge and agree that the Initial Investors shall be permitted to share any or all such information with the other Investors (or prospective Investors).

This paragraph and the exclusivity, indemnification, compensation (and fee provisions contained in the Preferred Stock Fee Letter), reimbursement, jurisdiction, governing law, venue, waiver of jury trial, information and confidentiality provisions contained herein and in the Preferred Stock Fee Letter and the provisions of Section 8 hereof, shall remain in full force and effect regardless of whether Preferred Stock Documentation shall be executed and delivered and notwithstanding the termination or expiration of this Preferred Stock Commitment Letter or the Investors' commitments hereunder; provided that your obligations under this Preferred Stock Commitment Letter (other than your understanding and agreements regarding no agency or fiduciary duty and your obligations with respect to (a) information (including supplementation and/or correcting Information and Projections), (b) compensation and expense reimbursement and (c) confidentiality of this Preferred Stock Commitment Letter, the Preferred Stock Fee Letter and the contents hereof and thereof) shall automatically terminate and be superseded by the provisions of the Preferred Stock Documentation upon the initial funding of the Initial Preferred Stock Financing and the payment of all amounts owing at such time hereunder and under the Preferred Stock Fee Letter, and you shall automatically be released from all liability in connection therewith at such time.

Section headings used herein are for convenience of reference only and are not to affect the construction of, or to be taken into consideration in interpreting, this Preferred Stock Commitment Letter.

If the foregoing correctly sets forth our agreement, please indicate your acceptance of the terms of this Preferred Stock Commitment Letter and of the Preferred Stock Fee Letter by returning to Ares executed counterparts hereof and of the Preferred Stock Fee Letter not later than 5:00 p.m., New York

City time, on March 5, 2021 (the "***Countersign Date***"). The Initial Investors' commitments hereunder will expire at such time in the event that Ares has not received such executed counterparts in accordance with the immediately preceding sentence prior to the Countersign Date. If you do so execute and deliver to us this Preferred Stock Commitment Letter and the Preferred Stock Fee Letter, we agree to hold our commitment available for you until the earlier of (x) 5:00 p.m., New York City time, on February 28, 2022 (the "***Outside Date***"), (y) the termination of the Merger Agreement and (z) the expiration or termination of the Debt Commitment Letter. In addition, this Preferred Stock Commitment Letter shall terminate upon any execution and delivery of the Preferred Stock Documentation. Upon the occurrence of any of the events referred to in the preceding two sentences, this Preferred Stock Commitment Letter and the commitments of each of the Investors hereunder shall automatically terminate unless the Investors shall, in their sole discretion, agree to an extension in writing.

[Remainder of this page intentionally left blank]

We are pleased to have been given the opportunity to assist you in connection with the financing for the Transactions.

Very truly yours,

ARES CAPITAL MANAGEMENT LLC, solely in its capacity as manager to certain funds and accounts

By: /s/ Penni Roll________________________
Name: Penni Roll
Title: Authorized Signatory

[Signature Page to Project Warrior Preferred Stock Commitment Letter]

ARES ALTERNATIVE CREDIT MANAGEMENT LLC, solely in its capacity as manager to certain funds and accounts

By: /s/ Penni Roll___________________
Name: Penni Roll
Title: Authorized Signatory

EXHIBIT 10.17

Accepted and agreed to as of

the date first above written:

PRIORITY TECHNOLOGY HOLDINGS, INC.

By: /s/ Thomas C. Priore_____

Name: Thomas C. Priore
Title: Chief Executive Officer and Chairman

EXHIBIT A

Project Warrior

Transaction Description

Capitalized terms used but not defined in this Exhibit A shall have the meanings set forth in the other Exhibits to the Preferred Stock Commitment Letter to which this Exhibit A is attached (the "***Preferred Stock Commitment Letter***") or in the Preferred Stock Commitment Letter. In the case of any such capitalized term that is subject to multiple and differing definitions, the appropriate meaning thereof in this Exhibit A shall be determined by reference to the context in which it is used.

a) On the Closing Date, that certain Credit and Guaranty Agreement, dated as of January 3, 2017, entered into by and among Priority Holdings, LLC, a wholly owned subsidiary of the Company ("***Holdings***"), the guarantors from time to time party thereto, and Goldman Sachs Specialty Lending Group, L.P., as administrative agent and lead arranger (as amended, restated, amended and restated, modified and/or supplemented from time through the date hereof) will be refinanced and all outstanding obligations thereunder will be repaid in full and all commitments and guaranties in connection therewith will be terminated or released (the "***Existing Subordinated Debt Refinancing***").

b) On the Closing Date, substantially all of the existing third party indebtedness for borrowed money of the Borrowers and their respective subsidiaries under that certain Credit and Guaranty Agreement, dated as of January 3, 2017, among Pipeline Cynergy Holdings, LLC ("***PCH***"), Priority Institutional Partner Services LLC ("***Priority Institutional***"), Priority Payment Systems Holdings, LLC ("***PPSH***", and together with PCH and Priority Institutional, the "***Borrowers***" and each individually, a "***Borrower***") (as amended, modified and supplemented from time to time through the date hereof, the "***Existing Credit Agreement***") will be refinanced and repaid in full and any and all commitments, guarantees and security interests in connection therewith shall be terminated or released (the "***Existing Credit Agreement Refinancing***" and together with the Existing Subordinated Debt Refinancing, the "***Closing Date Refinancing***").

c) On the Closing Date, the Borrowers will obtain, on a joint and several basis, senior secured credit facilities in an aggregate principal amount of approximately $630.0 million which will be comprised of (1) a senior secured first lien term loan facility in an aggregate principal amount of approximately $300.0 million (the "***Initial Term Loan Facility***"), (2) a senior secured revolving credit facility in an aggregate amount equal to $40.0 million (the "***Revolving Credit Facility***") and (3) a senior secured first lien delayed draw term loan facility in an aggregate principal amount of approximately $290.0 million (the "***DDTL Term Loan Facility***" and, together with the Initial Term Loan Facility and the Revolving Credit Facility, the "***Credit Facilities***"), on the terms described in, and pursuant to, the Commitment Letter, dated as of March 5, 2021 (including the exhibits thereto, the "***Debt Commitment Letter***"), by and among Holdings, Truist Bank and Truist Securities, Inc.

d) The Company will issue perpetual senior preferred stock in an aggregate issue price equal to approximately $250.0 million (certain material terms of which are summarized in the Term Sheet), which shall be comprised of (1) $150.0 million to be issued on the Closing Date, which shall be contributed to Holdings (the "***Initial Preferred Stock***"), (2) $50.0 million to be issued on the Acquisition Date (the "***Acquisition Preferred Stock***") and (3) up to $50.0 million available to be issued within 18 months of the Closing Date, in each case in accordance with the terms of this Preferred Stock Commitment Letter.

No later than February 28, 2022, the Company intends to acquire via merger, directly or indirectly, all of the outstanding equity interests of the Target pursuant to the Merger Agreement (as defined below).

In connection with the foregoing, it is intended that:

e) On the Acquisition Date, Stone Point Capital LLC and/or its controlled affiliates (the "***Sponsor***", and together with certain members of the Target's management and certain other investors arranged by and/or designated by the Sponsor that are reasonably acceptable to the Initial Investors, the "***Target Investors***"), will receive as merger consideration common equity of the Company in accordance with the Merger Agreement (the "***Equity Contribution***") in connection with the Acquisition.

f) On the Acquisition Date, pursuant to the Merger Agreement, dated as of March 5, 2021 (as amended in accordance with the terms of the Preferred Stock Commitment Letter and in effect from time to time, together with all exhibits, schedules, and disclosure letters thereto, collectively, the "***Merger Agreement***"), among Finxera Holdings, Inc. (the "***Target***"), the Company, Prime Warrior Acquisition Corp., a Delaware corporation ("***Merger Sub***"), and, solely in its capacity as the Representative, the Sponsor, Merger Sub will be merged with and into the Target, with the Target continuing as the surviving entity and becoming a direct or indirect wholly owned subsidiary of Holdings (the "***Acquisition***") in accordance with the terms of the Merger Agreement.

g) On the Acquisition Date, substantially all of the existing third party indebtedness for borrowed money of the Target will be refinanced and repaid in full and any and all commitments, guarantees and security interests in connection therewith shall be terminated or released (the "***Target Refinancing***").

h) The proceeds of the Initial Term Loan Facility and the Initial Preferred Stock will be applied on the Closing Date (i) to finance the Closing Date Refinancing and (ii) pay the fees and expenses in connection with the Transactions contemplated to occur on the Closing Date (such fees and expenses, the "***Closing Date Transaction Costs***") (the transactions referred to in clauses (i) and (ii), the "***Closing Date Transactions***"). The proceeds of the DDTL Term Loan Facility and the Acquisition Preferred Stock will be applied on the Acquisition Date (x) to pay the consideration in connection with the Acquisition, (y) to finance the Target Refinancing and (z) to pay the fees and expenses incurred in connection with the Acquisition and the other Transactions occurring on the Acquisition Date (such fees and expenses, the "***Acquisition Transaction Costs***" and, together with the Closing Date Transaction Costs, the "***Transaction Costs***") (the transactions referred to in clauses (x), (y) and (z), the "***Acquisition Date Transactions***").

The transactions described above (including the payment of Transaction Costs) are collectively referred to herein as the "***Transactions***".

EXHIBIT B

[To come]

Project Warrior

Summary of Additional Conditions[1]

The issuance and sale of the Initial Preferred Stock on the Closing Date shall be subject to the satisfaction (or waiver by the Investors) of the following conditions:

1. The Closing Date Refinancing shall have been consummated, or shall be consummated substantially simultaneously with the issuance and sale of the Initial Preferred Stock.

2. The Credit Facilities shall be on terms consistent in all material respects with the Debt Commitment Letter and that certain First Lien Fee Letter, dated as of March 5, 2021 (the "***Debt Fee Letter***"), by and among Holdings, Truist Bank and Truist Securities, Inc., each as in effect on the Countersign Date (and to the extent not expressly set forth therein, shall be reasonably satisfactory to the Investors), and shall have become effective. The funding of the Initial Term Loan Facility shall have been consummated, or shall have been consummated substantially simultaneously with the issuance and sale of the Initial Preferred Stock, in at least the amount set forth in Exhibit A and on the terms set forth in the Debt Commitment Letter. On the Closing Date, there shall be no revolving borrowings outstanding under the Credit Facilities other than to fund (x) the Closing Date Transaction Costs (not to exceed an amount to be agreed) and (y) original issue discount and upfront fees required to be funded on the Closing Date pursuant to the "Market Flex Provisions" in the Debt Fee Letter. After giving effect to the Transactions on the Closing Date, the Company and its subsidiaries shall have no indebtedness or preferred equity outstanding other than (i) indebtedness under the Credit Facilities and other indebtedness acceptable to the Investors and (ii) the Initial Preferred Stock.

3. The Investors shall have received at least 3 business days prior to the Closing Date (x) all documentation and other information theretofore concerning the Company as has been reasonably requested in writing at least 10 calendar days prior to the Closing Date by the Investors that they reasonably determine is required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including without limitation the PATRIOT Act and (y) to the extent the Company qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, a customary "beneficial ownership" certification in relation to the Company.

4. The Investors shall have received a pro forma consolidated balance sheet and related pro forma consolidated statement of income of the Company as of and for the twelve-month period ending on the last day of the most recently completed twelve-fiscal month period ended at least 45 days prior to the Closing Date, prepared after giving effect to the Transactions as if the Transactions had occurred as of such date (in the case of such balance sheet) or at the beginning of such period (in the case of such statement of income).

5. The Investors shall have received (a) (i) the audited consolidated balance sheets of the Company as at December 31, 2018 and December 31, 2019, and the related audited consolidated statements of income and comprehensive income, changes in owner's equity and cash flows of the Company for the years then ended (*provided* that the Investors acknowledge that they have received the financial statements described in clause (a)(i)), (ii) the audited consolidated balance sheets of the Company for each fiscal year thereafter ended at least 90 days prior to the Closing Date and the related audited

[1] Capitalized terms used in this Exhibit D shall have the meanings set forth in the other Exhibits attached to the Preferred Stock Commitment Letter to which this Exhibit D is attached (the "Preferred Stock Commitment Letter"). In the case of any such capitalized term that is subject to multiple and differing definitions, the appropriate meaning thereof in this Exhibit D shall be determined by reference to the context in which it is used.

consolidated statements of income and comprehensive income, changes in owner's equity and cash flows of the Company for the year then ended, (b) the unaudited consolidated balance sheets of the Company for each quarterly period thereafter ended at least 45 days prior to the Closing Date and the related unaudited consolidated statements of income and cash flows for such period, (c) the unaudited consolidated balance sheets of the Company as of each fiscal monthly period ending at least 30 days prior to the Closing Date and the related unaudited consolidated statements of income and cash flows for such monthly periods and for the comparable period in the immediately preceding fiscal year, (d) (i) the audited consolidated financial statements of the Group Companies (as defined in the Merger Agreement) for the fiscal years ended December 31, 2018, and December 31, 2019, together with the reports thereon by the Target's accountants (in each case, including a consolidated balance sheet and consolidated statements of income, cash flows and stockholders' equity) and (ii) the audited consolidated financial statements of the Group Companies for each fiscal year thereafter (in each case, including a consolidated balance sheet and consolidated statements of income, cash flows and stockholders' equity) to the extent and in the form required to be delivered to the Company prior to the Closing Date pursuant to Section 5.3(b) of the Merger Agreement, (e) (i) the unaudited consolidated financial statements of the Group Companies for the nine (9) month period ended September 30, 2020 (including a consolidated balance sheet and a consolidated statement of income only) and (ii) the unaudited consolidated financial statements of the Group Companies for each quarterly period thereafter (including a consolidated balance sheet and a consolidated statement of income only) to the extent and in the form required to be delivered to the Company prior to the Closing Date pursuant to Section 5.3(b) of the Merger Agreement and (f) within ten (10) days following the end of each calendar month ending prior the Closing Date, the statement of the consolidated monthly income of the Group Companies for each such calendar month ending after the Countersign Date.

6. All fees required to be paid on the Closing Date pursuant to the Preferred Stock Fee Letter and reasonable out-of-pocket expenses required to be paid on the Closing Date pursuant to the Preferred Stock Commitment Letter shall, upon the issuance and sale of the Initial Preferred Stock and, in the case of expenses, to the extent invoiced at least 2 business days prior to the Closing Date (the "***Invoice Date***"), have been paid (which amounts may, at the option of the Company, be offset against the proceeds of the initial funding of the Initial Preferred Stock).

7. Unless consented to by the Investors, the Closing Date shall not occur prior to forty-five (45) days from the Countersign Date.

8. The Borrowers shall have obtained a corporate credit rating or corporate family rating, as applicable, from Moody's Investors Service, Inc. and Standard & Poor's Financial Services, LLC, a subsidiary of S&P Global Inc.

9. The Preferred Stock Documentation shall have been executed and delivered by the Company and the Investors. The Company shall have filed the certificate of designations for the Senior Preferred Stock (the "***Certificate of Designations***") with the Secretary of State of the State of Delaware. The Company shall have delivered (or substantially simultaneously or concurrently with the issuance of the Initial Preferred Stock, shall deliver) to the Investors definitive certificates duly executed and representing the Initial Preferred Stock and the Warrants.

10. The conditions precedent set forth under the heading "Conditions Precedent to Acquisition Preferred Stock Financing" in Exhibit B shall have been satisfied or will be satisfied substantially simultaneously with the Closing Date.

11. The Investors shall have received evidence that the Company has obtained a bound buyer-side representation and warranty insurance policy with respect to the Merger Agreement in form and substance reasonably satisfactory to the Investors.

12. From the Countersign Date to the earlier of (x) the Closing Date and (y) termination of the Investors' commitments under the Preferred Stock Commitment Letter, the Company and its Subsidiaries (as defined in the Existing Credit Agreement as in effect on the Countersign Date) shall have complied in all respects with the Interim Period Covenants (as defined below).

"***Interim Period Covenants***" means that:

(a) the Company shall not cause or permit a Change of Control to occur;

(b) the Company shall not cause or permit any of Thomas C. Priore, The Thomas C. Priore 2019 GRAT and the Thomas C. Priore Irrevocable Insurance Trust U/A/D 1/8/2010 (collectively, the "***Controlling Stockholders***") to, directly or indirectly, transfer any common stock of the Company owned beneficially or of record to any Person other than an Affiliate of such Controlling Stockholder and other than transfers by one or more Controlling Stockholders of common stock of the Company not exceeding in the aggregate for all such transfers the greater of (i) common stock of the Company with a fair market value of $25.0 million (determined as of the date of each such transfer based on the closing price on such date) and (y) 7% of the common stock of the Company held by all Controlling Stockholders as of the Countersign Date;

(c) the Company shall not, directly or indirectly, declare, order, pay, make or set apart, or agree to declare, order, pay, make or set apart, any sum for any Restricted Payments except as permitted under clause (a)(2) under the heading "Covenants" in Exhibit B;

(d) the Company shall not, and shall not cause or permit any of its Subsidiaries to, convey, sell, lease or sub-lease (as lessor or sublessor), exchange, transfer or otherwise dispose of, in one transaction or a series of transactions, all or any part of its business, assets or property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible, whether now owned or hereafter acquired, except to the extent permitted by Sections 6.09(c) – (e) or (g) - (p) of the Existing Credit Agreement as in effect on the Countersign Date;

(e) the Company shall not, and shall not cause or permit any of its Subsidiaries to, directly or indirectly, enter into or permit to exist any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Company or any of its Subsidiaries except to the extent permitted by Section 6.12 of the Existing Credit Agreement as in effect on the Countersign Date;

(f) the Company shall not, and shall not cause or permit any of its Subsidiaries to, directly or indirectly, make an Investment in any Person that is not a wholly owned Subsidiary of the Company as of the Signing Date, other than any such Investments made after the Countersign Date not to exceed $40.0 million in the aggregate for all such Investments, not including the Acquisition;

(g) (i) the Company shall not, and shall not cause or permit any of its Subsidiaries to, take any action directly or indirectly resulting in the Company's common stock no longer being listed on any of the Nasdaq Global Market, the Nasdaq Global Select Market or the New York Stock Exchange, and

(ii) the Company shall, and shall cause its Subsidiaries to, take all commercially reasonably steps necessary to prevent the Company's shares from no longer being so listed;

(h) the Company shall not cause, permit or effect any amendment to the Company's certificate of incorporation or bylaws, in each case, in any manner that adversely affects the rights, preferences or privileges of the holders of the Senior Preferred Stock (or the commitments in respect thereof); and

(i) within ten (10) business days after the date of delivery to the Investors of the financial statements described in clauses (a) and (b) of paragraph 5 above, the Company shall cause its senior management to participate in quarterly telephonic conference calls with the Investors on which such senior management shall review the financial results for such period and the financial condition of the Company and its subsidiaries for such period, the overall performance of the Company and its subsidiaries for such period and related matters.

For purposes of the definition of "Interim Period Covenants," (x) all capitalized terms used but not defined in such definition (and within the provisions and definitions of the Existing Credit Agreement referenced in such definition) shall have the meanings ascribed thereto in the Existing Credit Agreement as in effect on the Countersign Date and (y) with respect to the provisions of the Existing Credit Agreement referenced therein:

a. references to "Borrower" or "Holdings" shall be deemed to be references to the Company;

b. references to "Restricted Subsidiaries" or "Guarantors" shall be deemed to be references to "Subsidiaries" (as defined in the Existing Credit Agreement as in effect on the Countersign Date);

c. references to "Credit Party" shall be deemed to be references to "the Company and its Subsidiaries"

d. references to "Administrative Agent", "Agent", "Collateral Agent", "Lead Arranger", "Lender" or "Required Lenders" shall be to Ares; and

e. references to other defined terms used in the Existing Credit Agreement as in effect on the Countersign Date may be interpreted by Ares as necessary or appropriate to give effect to the protective purposes and intent of the Interim Period Covenants (as determined by Ares acting reasonably and in good faith).

Notwithstanding the foregoing, satisfaction (or waiver by the Investors) of the condition in paragraph 10 above shall not be a condition precedent to the issuance and sale of the Initial Preferred Stock on the Closing Date if, after giving effect to the Closing Date Transactions, on a pro forma basis (excluding cash proceeds of any borrowings on the Closing Date of term loans under the Initial Term Loan Facility and the cash proceeds of the Initial Preferred Stock funded on the Closing Date), the Company is in compliance with a pro forma Total Leverage Ratio and a Total Preferred Leverage Ratio (each as defined in Exhibit B; *provided* that notwithstanding anything to the contrary in Exhibit B the numerator used in calculating such ratios shall be calculated with no cap on Unrestricted Cash (as defined in Exhibit B)) of 4.25x and 6.25x, respectively and each of the other conditions precedent to the obligations of the Investors as set forth in Section 6 of the Preferred Stock Commitment Letter have been satisfied; *provided* that the waiver of the condition precedent in paragraph 10 or this paragraph shall in no way limit the Company's obligation to satisfy the conditions precedent to the Acquisition Preferred Stock

Financing set forth under the heading “Conditions Precedent to Acquisition Preferred Stock Financing” in Exhibit B to the Preferred Stock Commitment Letter.

EXHIBIT D

Project Warrior

Form of Solvency Certificate

SOLVENCY CERTIFICATE

[●], 2021

This Solvency Certificate (this "***Certificate***") is delivered pursuant to Section [●] of the [●], dated as of the date hereof among Priority Technology Holdings, Inc., a Delaware corporation (the "***Company***"), and [●]. Unless otherwise defined herein, capitalized terms used in this Certificate shall have the meanings set forth in the [●].

I, [●], solely in my capacity as the Chief Financial Officer of the Company, do hereby certify on behalf of the Company that as of the date hereof, after giving effect to the consummation of the [Closing Date Transactions] [Acquisition Date Transactions] contemplated by the [●]:

The sum of the debt (including contingent liabilities) of Priority Holdings, LLC ("***Holdings***"), and its Restricted Subsidiaries, on a consolidated basis, does not exceed the present fair saleable value of the assets of the Holdings and its Restricted Subsidiaries, on a consolidated basis.

The present fair saleable value of Holdings and its Restricted Subsidiaries, taken as a whole, is not less than the amount that will be required to pay the probable Liabilities (including contingent Liabilities) of Holdings and its Restricted Subsidiaries, on a consolidated basis, or their debts as they become absolute and matured.

The capital of Holdings and its Restricted Subsidiaries, on a consolidated basis, is not unreasonably small in relation to their business, on a consolidated basis, as contemplated on the date hereof.

Holdings and its Restricted Subsidiaries, on a consolidated basis, have not incurred and do not intend to incur, or believe that they will incur, debts including contingent obligations, beyond their ability to pay such debts as they become due (whether at maturity or otherwise).

For purposes of this Certificate, the amount of any contingent liability has been computed as the amount that, in light of all of the facts and circumstances existing as of the date hereof, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such contingent liabilities meet the criteria for accrual under Statement of Financial Accounting Standards No. 5).

In reaching the conclusions set forth in this Certificate, I have made such other investigations and inquiries as I have deemed appropriate, having taken into account the nature of the particular business anticipated to be conducted by Holdings and its Restricted Subsidiaries after the consummation of the [Closing Date Transactions][Acquisition Date Transactions] contemplated by the [●].

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, I HAVE EXECUTED THIS Certificate as of the date first written above.

____

By: ____

Name: [●]
Title: Chief Financial Officer

EXHIBIT 21.1

Subsidiaries of Priority Technology Holdings, Inc.:

Priority Technology Holdings, Inc.
Priority Holdings, LLC
Priority Payment Systems Holdings, LLC
Priority Newco, LLC
Pipeline Cynergy Holdings, LLC
Pipeline Cynergy, Inc.
Cynergy Data, LLC
Cynergy Holdings, LLC
Cynergy Prosperity Plus, LLC
Priority Payment Systems, LLC
Fincor Systems, LLC
Priority Payment Express Systems, LLC
Priority Commerical Payments, LLC
Priority Institutional Partner Services, LLC
Priority Integrated Partner Holdings,LLC
Priority Hospitality Technology, LLC
Priority Payright Health Solutions, LLC
Priority Real Estate Technology, LLC
Rosco Alpha Delta, LLC

EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements (No. 333-226713) on Form S-3 and (No. 333-230620) on Form S-8 of Priority Technology Holdings, Inc. of our report dated March 30, 2020, relating to our audit of the consolidated financial statements of Priority Technology Holdings, Inc. which appears in this Annual Report on Form 10-K of Priority Technology Holdings, Inc. for the year ended December 31, 2020.

/s/ RSM US LLP

Atlanta, Georgia
March 31, 2021

EXHIBIT 23.2

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-3 No. 333-226713) of Priority Technology Holdings, Inc. and
(2) Registration Statement (Form S-8 No. 333-230620) of Priority Technology Holdings, Inc;

of our report dated March 31, 2021, with respect to the consolidated financial statements of Priority Technology Holdings, Inc. included in this Annual Report (Form 10-K) of Priority Technology Holdings, Inc. for the year ended December 31, 2020.

/s/ Ernst & Young LLP

Atlanta, Georgia
March 31, 2021

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 31, 2021

/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 31, 2021

/s/ Michael Vollkommer

Michael Vollkommer
Chief Financial Officer
(Principal 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, 2020 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 31, 2021	/s/ Thomas C. Priore
	Thomas C. Priore *President, Chief Executive Officer and Chairman* *(Principal Executive Officer)*

March 31, 2021	/s/ Michael Vollkommer
	Michael Vollkommer *Chief Financial Officer* *(Principal 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.