

## **Stock Weekly: Priority Technology Holdings tumbles 8.9%**

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**Length:** 6171 words

### **Body**

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#### AMERICAN WEEKLY STOCK REPORT

Dateline: Saturday October 05, 2019

Priority Technology Holdings Inc (NASDAQ:PRTH), has sunk 44.0c (or 8.9%) in the past week to close at \$US4.49. Compared with the NASDAQ-100 Index which rose 72.5 points (or 0.9%) in the week, this represented a relative price change of -9.9%. The volume was 0.4 times average trading per week of 76,590 shares. The stock fell for a third week on Friday bringing its a three-week fall to \$US1.51 or 25.2%. In the past week the market cap has declined \$US29.5 million.

#### Stock Summary

Last	\$US4.49
Shares Outstanding	67,035,000
Sector	Total Nasdaq Market
Market Cap	\$US301 million
Week's Range(\$US)	4.32 - 4.90
Ave Daily Volume	15,318

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## SECTION 1 THE PAST WEEK

Snapshot: Priority Technology Holdings stock was down 44.0c or 8.9% in the past week. Volume in the week was 0.4 times average trading of 76,590 shares. It underperformed the NASDAQ-100 index in 4 out of 5 days.

Day	Priority Technology Holdings	Close price [USD]	Price change %	Relative change %	Comment
Thursday	Lifts 2.1% after finding support	4.47	2.1	0.9	Top Rise
Wednesday	Down 44% in less than 14 weeks	4.38	-3.7	-2.0	Price/MAP50 below 1 and falling
Tuesday	Price 21.1% below VWAP	4.55	-5.6	-4.8	Steepest Fall
Monday	Down 38% in less than 3 months	4.82	-2.2	-3.1	Price/MAP50 below 1 and falling
Friday	Sinks 4.6% weakening below moving average price	4.93	-4.6	-3.5	VI*=1.6

[Volume Index (VI); 1 is average]

## SECTION 2 FRIDAY'S BULLISH SIGNALS

## 2.1 Undervaluation

## Price/Sales

- Price/Sales of 0.71 versus market average of 2.3.

## MCap/Total Assets

- Tobin's Q Ratio, defined as MCap divided by Total Assets, is 0.8. Compared with the rest of the market the stock is undervalued.

## 2.2 Oversold/Bullish Signals:

- The Relative Strength Index (RSI) of 14.8 has breached the oversold line of 30, suggesting the price decrease of 25% in the last 14 days is unusually high.
- The stock is oversold according to the Williams % R indicator of -91.1, suggesting the price is close to its 14-day low of \$US4.32.
- The Stochastic indicator of 4.6 has pierced the oversold line of 20; this indicates the price is close to its 14-day low and is likely to revert to an uptrend.

## SECTION 3 FRIDAY'S BEARISH SIGNALS

## 3.1 Downtrend

## Price/Moving Average Price and MACD:

- The Price/MAP of 0.7 for PPTH is lower than the Price/MAP for the NASDAQ-100 Index of 1.03.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 4.95 minus the 26-day EMA of 5.35 is negative, suggesting a bearish signal. Both the 12-day EMA as well as the 26-day EMA are falling, another bearish signal.
- The price to 50-day EMAP ratio is 0.8, a bearish indicator. In the past 50 days this ratio has been under 0.8 just thrice suggesting a support level. The 50-day EMAP has decreased to \$US5.76. A decrease is another bearish indicator.
- The Price/MAP 200 of 0.7 for Priority Technology Holdings is lower than the Price/MAP 200 for the NASDAQ-100 Index of 1.03.

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- The price to 200-day MAP ratio is 0.7, a bearish indicator. In the past 200 days this ratio has been under 0.7, just twice suggesting a support level. The stock is trading below both its MAPs and the 50-day MAP of \$US6.0 is lower than the 200-day MAP of \$US6.43, a bearish indicator. The 200-day MAP has decreased to \$US6.43. A decrease is another bearish indicator.

#### Past Week:

- In the past week, volume was 0.4 times average and the shares were down 8.9%. Friday's close price is at a 2.3% discount to its 5-day Volume Weighted Average Price (VWAP) of \$US4.59.

#### Past Month:

- The present value of \$US1,000 (PV1000) invested one month ago in Priority Technology Holdings is \$US778, for a capital loss of \$US222.

#### Past Quarter:

- Falls to Rises: In the last three months the number of falls outnumbered rises 42:23 or 1.83:1.

#### Falling Relative Strength:

- The stock has a 6-month relative strength of 26 in the NASDAQ market indicating it is trailing 74% of the market.  
- Also, the relative strength percentile is falling at 26 for 6 months, 9 for 3 months and 7 for 1 month.

### 3.2 Low Price Performance Indicators and rank of Priority Technology Holdings in the NASDAQ market:

Description	PRTH Value	Rank In Market
Today's Trading Turnover	\$US37,267	In Bottom 7%
Price/MAP50	0.75	In Bottom Quartile
Price/MAP200	0.7	In Bottom Quartile

### 3.3 Other Bearish Signals

- Total Liabilities/ EBITDA of 161.3 is more than or equal to 5, this compares unfavourably with the Joseph Piotroski benchmark of 5.

## SECTION 4 ONGOING BEARISH PARAMETERS

### 4.1 Shrinking EBIT Margins

Years	EBIT Margins (%)
Dec 2018	-3.96
Dec 2017	1.08

EBIT margin is negative and has deteriorated from 1.08% to -3.96% in the past year.

### 4.2 Low Performance Indicators and rank in the NASDAQ market:

Description	Value	Rank In Market
EBITDA Margin %	0.7	In Bottom 1%
Turnover in Quarter	\$US5.7 million	In Bottom 7%
Price/MAP50	0.75	In Bottom Quartile
Price/MAP200	0.7	In Bottom Quartile

### 4.3 Period-based Price Change %

Price Change %	Quarter	Year	3 Years
PRTH	-38.7	-	-
Sector*	-1.8	3.5	50.8
NASDAQ-100 index	-1.3	1.5	59.3

\* Total Nasdaq Market

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## 4.4 Satisfies 4 out of 9 criteria of Joseph Piotroski [pass mark 5]

- Positive operating cashflow.
- Good quality of earnings [operating cashflow exceeds net income].
- Reduction in total shares on issue.
- Improvement in gross margin [from 24.5% to 25.9%].

## SECTION 5 PRICE VOLUME DYNAMICS (PAST QUARTER)

## 5.1 The Best 3 weeks in the past quarter

Mon-Fri	Change %	NASDAQ-100 index Change %	RPC %	Vol Ind [1 is avg]
Jul 08-12	7.2	1.3	5.9	1.2
Aug 26-30	6.4	3	3.3	0.4
Aug 12-16	5.6	-0.6	6.1	1.6

In the past quarter the week beginning Monday July 08 saw the highest weekly rise of 7.2% for a relative price increase of 5.9%.

## 5.2 The Worst 3 weeks in the past quarter

Mon-Fri	Change %	NASDAQ-100 index Change %	RPC %	Vol Ind [1 is avg]
Aug 05-09	-23.9	-0.6	-23.3	1
Sep 23-27	-13.8	-1.8	-12	0.8
Aug 19-23	-12	-1.8	-10.2	0.6

In the past quarter the steepest fall of 23.9% took place in the week beginning Monday August 05.

## 5.3 Stock Trading Volume and Turnover in the past 3 months

Turnover	US\$5.7 million
Avg daily turnover	US\$87,586
Volume	925,921
Avg daily volume	14,245

## SECTION 6 PERIOD-BASED SHAREHOLDER RETURNS

## 6.1 Past Quarter

The stock fell 42 times (64.6% of the time) and rose 23 times (35.4% of the time). The aggregate volume was 0.9 times average trading of 15,318 shares. The value of \$US1,000 invested 3 months ago is \$US613 [vs \$US989 for the NASDAQ-100 Index] for a capital loss of \$US387.

## 6.2 Present Value of \$US1000 Invested in the Past [3 Mo, 1 Yr, 3 Yrs]

PV\$US1,000	3 mo ago	1 yr ago	3 yrs ago
PRTH.NASDAQ	\$US613		
Total Nasdaq Market	\$US982	\$US1,052	\$US1,506
NASDAQ-100 Index	\$US989	\$US1,035	\$US1,596

## SECTION 7 PRIORITY TECHNOLOGY HOLDINGS PEER GROUP ANALYSIS &amp; RANKING

## 7.1 BuySellSignals Fundamentals Valuation Ranking: Priority Technology Holdings vs NASDAQ Market

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Out of 2,427 stocks and 13 units in the NASDAQ Market, Priority Technology Holdings is ranked 728th by Revenue, 1037th by EBITDA Margin and 1232nd by Total Assets.

	NASDAQ Avg	PRTH	Rank	Rank 1	Rank 2	Rank 3	Lowest Rank
Revenue US\$	2.6 B	424.4 M	728		265.6 B AAPL	232.9 B AMZN	
EBITDA Margin	13.8	0.7	1037	89.3 SBRA	88.6 GGAL	88.3 ATAX	(88.2) AGTC
Total Assets US\$	4.9 B	388.6 M	1232		365.7 B AAPL	286.6 B MSFT	72,500 AGBAU

Negative values are shown in brackets.

## 7.2 Global Rank [out of 47,232 stocks] and Rank of Priority Technology Holdings in the American Region [out of 11,462 stocks]

Description	Value	Global Rank	In Am Region
MCap (US\$)	301M	14,576	3,848
Total Assets (US\$)	388.6M	15,544	4,259
Revenue (US\$)	424.4M	10,532	2,894
Net Profit (US\$)	(15M)	39,611	8,348
Net Profit Margin %	(3.5)	29,828	4,563

## 7.3 Rank of Priority Technology Holdings in the Total NASDAQ Market [out of 2458 stocks]

Description	Value	In Total NASDAQ Market
MCap (USD)	301M	1,284
Total Assets (USD)	388.6M	1,228
Revenue (USD)	424.4M	729
Net Profit (USD)	(15M)	1,685
Net Profit Margin %	(3.5)	1,116

## 7.4 Long-Term Fundamental Ranking: 4 out of 5 [5 is best]

Priority Technology Holdings is ranked number 1329 out of 2690 listed companies in the United States with a market capitalization of \$US301 million.

In the total nasdaq market it has the 1233rd highest total assets and 728th highest revenues.

Within its sector it has a relatively low P/S of 0.7.

Stocks are scored on a set of parameters reflecting fundamental analytical tools involving valuation, size and financial performance. They are ranked according to the average values of those parameters. The highest ranking is 5 and the lowest ranking is 1.

## SECTION 8 INSTITUTIONAL ACTIVITY

### 8.1 Major Increases in Top 30 institutional shareholders June 30, 2019 vs March 31, 2019

Southside Capital, LLC increased their shareholding in Priority Technology Holdings by 41,717 shares worth USD 305,772. UBS Group AG increased their shareholding by 2,131 shares worth USD 15,620.

Institution (CIK)	Increase in Shares	Change, \$USD
Southside Capital, LLC (0001732093)	41,717	305,772
UBS Group AG (0001610520)	2,131	15,620
JP Morgan Chase & Co (0000019617)	1,800	13,193
Total	45,648	

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## 8.2 Major Decreases in Top 30 institutional shareholders June 30, 2019 vs March 31, 2019

Wellington Management Group LLP reduced their shareholding in Priority Technology Holdings by 153,606 shares worth USD 1.1 million. Schonfeld Strategic Advisors LLC reduced their shareholding by 54,003 shares worth USD 395,824.

Institution (CIK)	Decrease in Shares	Change, \$USD
Wellington Management Group LLP (0000902219)	153,606	(1.1 M)
Schonfeld Strategic Advisors LLC (0001665241)	54,003	(395,824)
Timesquare Capital Management, LLC (0001313816)	5,200	(38,114)
Bank of America Corp, DE (0000070858)	2,986	(21,886)
Total	215,795	

## 8.3 New Entrants in Top 30 institutional shareholders as at June 30, 2019

Institution (CIK)	Shares	Value, \$USD
Blackrock Inc. (0001364742)	266,319	2.1 M
State Street Corporation (0000093751)	58,559	459,688
Balter Liquid Alternatives, LLC (0001592450)	49,703	390,169
Geode Capital Management, LLC (0001214717)	30,473	239,213
Vanguard Group Inc. (0000102909)	25,447	199,759
Schwab Charles Investment Management Inc. (0000884546)	13,581	106,611
New York State Common Retirement Fund (0000810265)	12,700	99,695
Bank of New York Mellon Corp (0001390777)	11,440	89,804
California State Teachers Retirement System (0001081019)	10,091	79,214
Deutsche Bank AG (0000948046)	4,937	38,755
Barclays PLC (0000312069)	4,225	33,166
American International Group Inc. (0000005272)	4,168	32,719
Tower Research Capital LLC (TRC) (0001533421)	1,998	15,684
Citigroup Inc. (0000831001)	1,830	14,366
STRS Ohio (0000820478)	1,700	13,345
Legal & General Group PLC (0000764068)	1,180	9,263
Ameritas Investment Partners, Inc. (0001055980)	578	4,537
Bank of Montreal, CAN (0000927971)	547	4,294
Total	499,476	

## 8.4 Top 30 Institutional Shareholders of Priority Technology Holdings as at June 30, 2019

The top 30 institutional shareholders held 7.4% shares of Priority Technology Holdings. The largest shareholder was Timesquare Capital Management, LLC with 3.35% of Priority Technology Holdings. The second largest shareholder was Wellington Management Group LLP with 1.15%.

Institution (CIK)	Shares	Holding %	Value \$USD	Unrealised Gain/(Loss)*
Timesquare Capital Management, LLC (0001313816)	2,248,510	3.35	17.7 M	(7.6 M)
Wellington Management Group LLP (0000902219)	767,586	1.15	6 M	(2.6 M)
Bluecrest Capital Management Ltd (0001610880)	389,380	0.58	3.1 M	(1.3 M)

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Putnam Investments LLC (0001421578)	300,000	0.45	2.4 M	(1 M)
Blackrock Inc. (0001364742)	266,319	0.4	2.1 M	(894,832)
Moore Capital Management, LP (0001448574)	257,300	0.38	2 M	(864,528)
Monashee Investment Management LLC (0001627608)	250,000	0.37	2 M	(840,000)
Southside Capital, LLC (0001732093)	215,469	0.32	1.7 M	(723,976)
State Street Corporation (0000093751)	58,559	0.09	459,688	(196,758)
Balter Liquid Alternatives, LLC (0001592450)	49,703	0.07	390,169	(167,002)
Geode Capital Management, LLC (0001214717)	30,473	0.05	239,213	(102,389)
Vanguard Group Inc. (0000102909)	25,447	0.04	199,759	(85,502)
JP Morgan Chase & Co (0000019617)	13,800	0.02	108,330	(46,368)
Schwab Charles Investment Management Inc. (0000884546)	13,581	0.02	106,611	(45,632)
New York State Common Retirement Fund (0000810265)	12,700	0.02	99,695	(42,672)
Bank of New York Mellon Corp (0001390777)	11,440	0.02	89,804	(38,438)
Schonfeld Strategic Advisors LLC (0001665241)	10,997	0.02	86,326	(36,950)
California State Teachers Retirement System (0001081019)	10,091	0.02	79,214	(33,906)
Deutsche Bank AG (0000948046)	4,937	0.01	38,755	(16,588)
Barclays PLC (0000312069)	4,225	0.01	33,166	(14,196)
American International Group Inc. (0000005272)	4,168	0.01	32,719	(14,004)
UBS Group AG (0001610520)	3,008	-	23,613	(10,107)
Tower Research Capital LLC (TRC) (0001533421)	1,998	-	15,684	(6,713)
Citigroup Inc. (0000831001)	1,830	-	14,366	(6,149)
STRS Ohio (0000820478)	1,700	-	13,345	(5,712)
Bank of America Corp, DE (0000070858)	1,247	-	9,789	(4,190)
Legal & General Group PLC (0000764068)	1,180	-	9,263	(3,965)
Wolverine Asset Management, LLC (0001279891)	829	-	6,508	(2,785)
Ameritas Investment Partners, Inc. (0001055980)	578	-	4,537	(1,942)
Bank of Montreal, CAN (0000927971)	547	-	4,294	(1,838)
Held by Top 30	4,957,602	7.4	38.9 million	

\*Note: Unrealised profit/(loss) is computed on the basis of shares held at end of quarter times current price of \$US4.49 less price at end of quarter of \$US7.85.

8.5 Net institutional selling: TTM ended June 30, 2019

Total reported institutional buying = 45,648 shares

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Total reported institutional selling = 215,795 shares

Net reported institutional selling = 170,147 shares

## 8.6 Reported institutional buying and selling (No of shares)

Quarter Ended	Jun 30
Buying	45,648
(Selling)	(215,795)
Net Buying/(Selling)	(170,147)
Holding (end of quarter)	4,957,602

## 8.7 Reported holdings of institutions as of June 30, 2019

Total reported holdings of institutions = 4,957,602 shares

Market Value = \$US38.9 million (% of Total Capital 7.4)

Quarter Ended	Jun 30
Market Value (\$ Million)	
Reported Holdings of Institutions	38.9
% of issued capital	7.4

## 8.8 Institutional Shareholder Activity - Net Buying/(Selling) by Institutions: Trailing 12 Months (TTM)

Institution	Q2'19	Total TTM	USD Value as on October 04, 2019
Wellington Management Group LLP	(153,606)	(153,606)	689,691
Schonfeld Strategic Advisors LLC	(54,003)	(54,003)	242,473
Southside Capital, LLC	41,717	41,717	187,309
Timesquare Capital Management, LLC	(5,200)	(5,200)	23,348
Bank of America Corp, DE	(2,986)	(2,986)	13,407
UBS Group AG	2,131	2,131	9,568
JP Morgan Chase & Co	1,800	1,800	8,082
Total		(170,147)	763,960

## SECTION 9 STOCK NEWS

## 9.1 Priority Technology Holdings Corporate Wires

## 9.1.1 8-K people news

June 06: Priority Technology Holdings appoints Michael K. Passilla as director

07 June 2019

Priority Technology Holdings has appointed Michael K. Passilla as Director. The appointment takes effect from Jun 06, 2019.

## 9.1.2 8-K other news

To view all 8-K Other news click here,  
[http://www.buysellsignals.net/BuySellSignals/report/Usnasdaq/Stock/Daily/Link/Announcements\\_8K\\_othersnews4788.html](http://www.buysellsignals.net/BuySellSignals/report/Usnasdaq/Stock/Daily/Link/Announcements_8K_othersnews4788.html)

## 9.1.3 Management Issues

July 15: ICV Partners Announces Appointment of Matthew Kearney as CEO of LeadingResponse  
 Charles DallAcqua to remain in key advisory position



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TAMPA, Fla.----Private equity firm ICV Partners has named Matthew Kearney CEO of LeadingResponse, the nation's leading marketing solutions company serving the professional services industry.

Kearney joins LeadingResponse as Charles DallAcqua, the CEO since 2014, retires from day-to-day management. DallAcqua will continue to work with the company in his new role as senior advisor and board member.

Source: Nasdaq Stock Exchange

## 9.1.4 Performance

May 13: Priority Technology Holdings, Inc. Announces First Quarter 2019 Financial Results

ALPHARETTA, Ga.---- Priority Technology Holdings, Inc. (NASDAQ:PRTH) ("Priority" or the "Company"), a leading fintech enterprise with strong core payments technology, today announced its first quarter 2019 financial results.

## Highlights

Highlights of the first quarter 2019 financial results as compared with the first quarter of 2018 include:

Source: Nasdaq Stock Exchange

May 07: Priority Technology Holdings, Inc. Announces Updated First Quarter 2019 Financial Results Release Date and Conference Call Information

ALPHARETTA, Ga.---- Priority Technology Holdings, Inc. (NASDAQ:PRTH) ("Priority" or the "Company"), a leading fintech enterprise with strong core payments technology, today announced that it will release its first quarter 2019 financial results before the financial markets open on Monday, May 13, 2019. The Company had previously announced it would report results on Thursday, May 9, 2019, but the date was changed due to an unexpected family conflict.

In addition, the Company will host a conference call and webcast to review its financial and operating results. A question-and-answer session will follow.

## First Quarter 2019 Conference Call

Monday, May 13, 2019

8:30 a.m. Eastern Time

Phone: U.S./Canada: (877) 501-3161 or International: (786) 815-8443

Internet webcast link can be accessed at <https://edge.media-server.com/m6/p/myfikjd7and> will also be posted in the "Investor Relations" section of the Company's website at [www.PRTH.com](http://www.PRTH.com).

Source: Nasdaq Stock Exchange

May 02: Priority Technology Holdings, Inc. Announces First Quarter 2019 Financial Results Release Date and Conference Call Information

ALPHARETTA, Ga.---- Priority Technology Holdings, Inc. (NASDAQ:PRTH) ("Priority" or the "Company"), a leading fintech enterprise with strong core payments technology, today announced that it will release its first quarter 2019 financial results after the close of financial markets on Thursday, May 9, 2019.

In addition, the Company will host a conference call and webcast to review its financial and operating results. A question-and-answer session will follow.

## First Quarter 2019 Conference Call

Source: Nasdaq Stock Exchange

March 22: Priority Technology Holdings: Results of Operations and Financial Condition

On March 20, 2019, Priority Technology Holdings, Inc. issued a press release announcing its financial results for the quarter and year ended December 31, 2018. A copy of that press release is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Current Report on Form 8-K, including Exhibit 99.1, is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in this Current Report on Form 8-K shall not be incorporated

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by reference into any registration statement or other document filed pursuant to the Securities Act of 1933, as amended.

Source: SEC

## 9.1.5 Press Releases

July 10: Billtrust and Priority Commercial Payments Partner to Enable Automated Acceptance for Merchants through Business Payments Network

LAWRENCEVILLE, N.J., July 10, 2019 -- Billtrust, the leader in B2B order-to-cash solutions, announced today that Priority Commercial Payments ("Priority") has joined Billtrust's Business Payments Network (BPN) to provide merchants the technology and support to streamline reconciliation of commercial payments captured through the BPN platform.

With this new strategic partnership, Priority -- which processes more than \$45 billion on behalf of over 190,000 merchants annually -- further expands BPN's ability to serve merchants that wish to receive touchless electronic payments remitted through accounts payable (A/P) platforms. Merchants receiving payments through BPN via Priority will reduce costs and gain efficiencies by receiving automated payments that post straight through to their preferred ERP or accounting system.

Source: Nasdaq Stock Exchange

March 06: Priority Technology: Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing.

Priority Technology Holdings, Inc. (the "Company") previously announced that it had received a written notice (the "Notice") from The Nasdaq Stock Market LLC ("Nasdaq") indicating that the Company was not in compliance with Listing Rules 5405(a)(3) and 5410(d) (the "Minimum Public Holders Rules"), which require the Company to have at least 400 round lot holders of its common stock and warrants, respectively, for listing on The Nasdaq Global Market. Furthermore, the Notice indicated that the Company's units were not in compliance with Listing Rule 5225(a)(1)(A) because the individual components of the units, one share of common stock and one warrant, did not comply with the Minimum Public Holders Rules. As previously announced, Nasdaq later concluded that the Company's common stock would remain listed on The Nasdaq Global Market and granted an extension to maintain the listing of the warrants and units through February 27, 2019 subject to the Company's ability to demonstrate that the warrants and the units complied with the Minimum Public Holders Rules by that date.

Source: SEC

## SECTION 10 PRIORITY TECHNOLOGY HOLDINGS FINANCIALS

## 10.1 Financial Results as reported (Annual)

## 10-K RESULTS OF OPERATIONS AND FINANCIAL CONDITION

(In \$US Thousand, except per share data and shares outstanding)

## INCOME STATEMENT AS REPORTED

Description	\$US Thousand	\$US Thousand	
Dec 31	2018	2017	Change %
REVENUE:			
Merchant card fees	392,033	398,988	Down 1.7
Outsourced services and other	32,382	26,631	Up 21.6
Total revenue	424,415	425,619	Down 0.3
OPERATING EXPENSES:			
Costs of merchant card fees	296,223	305,461	Down 3.0
Costs of outsourced services and other	18,128	15,743	Up 15.1
Salary and employee benefits	38,324	32,357	Up 18.4

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Depreciation and amortization	19,740	14,674	Up 34.5
Selling general and administrative	32,081	22,545	Up 42.3
Changes in fair value of contingent consideration		-410	
Total operating expenses	404,496	390,370	Up 3.6
Income from operations	19,919	35,249	Down 43.5
OTHER (EXPENSES) INCOME:			
Interest expense	-29,935	-25,058	Deterioration 19.5
Other net	-6,784	-5,597	Deterioration 21.2
Total other expenses net	-36,719	-30,655	Deterioration 19.8
(Loss) income before income taxes	-16,800	4,594	Deterioration
Income tax benefit	-1,759		
Net (loss) income	-15,041	4,594	Deterioration
(Loss) income per common share:			
Basic and diluted	-24.0c	6.0c	Deterioration
Weighted-average common shares outstanding:			
Basic and diluted	61,607,000	67,144,000	Down 8.2

## BALANCE SHEET AS REPORTED

Description	\$US Thousand	\$US Thousand	
Dec 31	2018	2017	Change %
ASSETS			
Current assets:			
Cash	15,631	27,966	Down 44.1
Restricted cash	18,200	16,193	Up 12.4
Accounts receivable net of allowances of 511 and 484 respectively	45,651	47,433	Down 3.8
Prepaid expenses and other current assets	3,642	3,747	Down 2.8
Current portion of notes receivable	979	3,442	Down 71.6
Settlement assets	1,042	7,207	Down 85.5
Total current assets	85,145	105,988	Down 19.7
Notes receivable less current portion	852	3,807	Down 77.6
Property equipment and software net	17,482	11,943	Up 46.4
Goodwill	109,515	101,532	Up 7.9
Intangible assets net	124,637	42,062	Up 196.3
Deferred income tax assets net	49,692		
Other non-current assets	1,295	1,375	Down 5.8
	303,473	160,719	Up 88.8
Total assets	388,618	266,707	Up 45.7
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)			
Current liabilities:			
Accounts payable and accrued expenses	27,638	18,603	Up 48.6
Accrued residual commissions	18,715	23,470	Down 20.3

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Customer deposits and advance payments	3,282	4,853	Down 32.4
Current portion of long-term debt	3,293	7,582	Down 56.6
Settlement obligations	11,132	10,474	Up 6.3
Current portion of equity repurchase obligation		1,500	
Total current liabilities	64,060	66,482	Down 3.6
Long-term debt net of discounts and deferred financing costs	402,095	267,939	Up 50.1
Warrant liability		8,701	
Equity repurchase obligation		7,690	
Other non-current liabilities	7,936	6,050	Up 31.2
Total long-term liabilities	410,031	290,380	Up 41.2
Total liabilities	474,091	356,862	Up 32.8
Commitments and contingencies			
Stockholders' equity (deficit):			
Preferred stock par value 0.001 per share 100000000 and zero shares authorized at December 31 2018 and 2017 respectively and zero shares issued and outstanding at December 31 2018 and 2017			
Common stock par value of 0.001 per share 1 billion shares authorized 67038304 and 73110114 shares issued and outstanding at December 31 2018 and 2017 respectively	67	73	Down 8.2
Accumulated deficit	-85,540	-90,228	Improved 5.2
Total stockholders' equity (deficit)	-85,473	-90,155	Improved 5.2
Total liabilities and stockholders' equity (deficit)	388,618	266,707	Up 45.7

## CASH FLOW AS REPORTED

Description	\$US Thousand	\$US Thousand	
Dec 31	2018	2017	Change %
Cash Flows From Operating Activities:			
Net (loss) income	-15,041	4,594	Deterioration
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation and amortization of assets	19,740	14,674	Up 34.5
Equity-based compensation	1,649	1,021	Up 61.5
Amortization of debt issuance costs and discount	1,418	1,211	Up 17.1
Equity in losses and impairment of unconsolidated entities	865	133	Up 550.4
Provision for deferred income taxes	-2,206		
Change in fair value of warrant liability	3,458	4,198	Down 17.6
Change in fair value of contingent consideration		-410	
Loss on debt extinguishment		1,753	
Payment-in-kind interest	4,897	5,118	Down 4.3
Other non-cash charges	211	133	Up 58.6
Change in operating assets and liabilities (net			

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of business combinations):

Accounts receivable	1,991	-13,687	Recovery
Settlement assets	6,166	-1,517	Recovery
Prepaid expenses and other current assets	171	1,673	Down 89.8
Notes receivable	4,862	-1,677	Recovery
Accounts payable and other current liabilities	2,473	19,017	Down 87.0
Other assets and liabilities	694	635	Up 9.3
Net Cash Provided By Operating Activities	31,348	36,869	Down 15.0
Cash Flows From Investing Activities:			
Acquisitions of businesses	-7,508		
Additions to property equipment and software	-10,562	-6,554	Deterioration 61.2
Acquisitions of merchant portfolios	-90,858	-2,483	Deterioration 3,559.2
Net Cash Used In Investing Activities	-108,928	-9,037	Deterioration 1,105.4
Cash Flows From Financing Activities:			
Proceeds from issuance of long-term debt net of issue discount	126,813	276,290	Down 54.1
Repayments of long-term debt	-2,834	-90,696	Improved 96.9
Borrowings under revolving line of credit	8,000		
Repayments of borrowings under revolving line of credit	-8,000		
Debt issuance costs	-425	-4,570	Improved 90.7
Distributions from equity	-7,075	-3,399	Deterioration 108.1
Redemptions of equity interests	-76,211	-203,000	Improved 62.5
Recapitalization proceeds	49,389		
Redemption of warrants	-12,701		
Recapitalization costs	-9,704		
Net Provided By (Used In) Financing Activities	67,252	-25,375	Recovery
Net change in cash and restricted cash	-10,328	2,457	Deterioration
Cash and restricted cash at beginning of year	44,159	41,702	Up 5.9
Cash and restricted cash at end of year	33,831	44,159	Down 23.4

## Margins %

Dec 31	2018	2017
Gross Profit Margin	25.9	24.5
EBITDA Margin	0.7	4.5
Earnings from Cont. Ops. Margin	-4	1.1
Net Income Margin	-3.5	1.1

## 10.2 Annual Report: Key Parameters

FY2018 Annual Report: Priority Technology Holdings Gross Profit up 5.4%

Priority Technology Holdings (NASDAQ:PRTH) reported gross profit for the year-ended 31 December 2018 of \$US110m, up 5.4% from \$US104m in the previous year.

Major changes compared with previous year:

Favourable Changes:

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- Total non-current assets to Total Assets up from 60.3% to 78.1%

## Unfavourable Changes:

- Total revenue to total assets down from 1.6 to 1.1
- Administration expenses to Revenues up from 7.6% to 9%
- Sales and marketing expenses to Revenues up from 5.3% to 7.6%
- Current ratio down 16.4% from 1.6 to 1.3
- Working capital to total assets down from 14.8% to 5.4%
- Total current assets to Total Assets down from 39.7% to 21.9%
- Current Debtors to Total Assets down from 19.1% to 12%
- Total Liabilities to Operating Cash Flow of 15.1 compares unfavourably with the Joseph Piotroski benchmark of <4. This ratio has deteriorated by 56.2% from the previous year's ratio of 9.7.

## Note:

- Total revenue steady at \$US424.4m
- Cost of Goods Sold to Revenues down from 75.5% to 74.1%
- Depreciation to Revenues up from 3.4% to 4.7%
- Intangibles to Total Assets up from 53.8% to 60.3%

## Annual Report [Year-on-year comparison: 2018 vs 2017]

Company Name : Priority Technology Holdings Inc (PRTH)

December 31	2018	2017	Change
Description	\$US m	\$US m	(%)
Total Revenue	424.4	425.6	Down 0.3
EBITDA	2.9	19.3	Down 84.7
Depreciation	19.7	14.7	Up 34.5
Working Capital	21.1	39.5	Down 46.6
Current Assets	85.1	106	Down 19.7
Current Liabilities	64.1	66.5	Down 3.6
Shareholders' Funds	(85.5)	(90.2)	Improved 5.2
Total Liabilities	474.1	356.9	Up 32.8
Total Assets	388.6	266.7	Up 45.7
Current Debt	3.3	7.6	Down 56.6
Non-Current Debt	402.1	267.9	Up 50.1
Total Debt	405.4	275.5	Up 47.1
Cash and cash equivalents	15.6	28	Down 44.1
Operating Cash Flow	31.3	36.9	Down 15
Net Assets	(85.5)	(90.2)	Improved 5.2
Net Tangible Assets	(319.6)	(233.7)	Deterioration 36.7
Auditor	RSM US LLP		&nbsp;

## Year-on-year comparison of Per Share figures

December 31	2018	2017	Change (%)
Description	\$US	\$US	
Cash	25.4c	41.7 c	Down 39.1
Shareholders' Funds	(138.7c)	(134.3c)	Deterioration 3.3

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## Year-on-year comparison of Performance Ratios

December 31	2018	2017	Change (%)
Total Liabilities to Operating Cash Flow	15.1	9.7	Up 56.2
Current Ratio	1.3	1.6	Down 16.4
Common Size Ratios by Assets %			
Total non-current assets to Total Assets	78.1	60.3	Up 29.6
Intangibles to Total Assets	60.3	53.8	Up 12.0
Total current assets to Total Assets	21.9	39.7	Down 44.9
Future income tax benefit to Total Assets	12.8	na	na
Current Debtors to Total Assets	12.0	19.1	Down 37.1
Common Size Ratios by Revenues %			
Cost of Goods Sold to Revenues	74.1	75.5	Down 1.8
Administration expenses to Revenues	9.0	7.6	Up 18.4
Sales and marketing expenses to Revenues	7.6	5.3	Up 43.5
Depreciation to Revenues	4.7	3.4	Up 36.3
Tax expenses to Revenues	(0.4)	-	-

## SECTION 11 PRIORITY TECHNOLOGY HOLDINGS BOARD OF DIRECTORS

## 11.1 Board of Directors and years since appointment

Name	Designation	Since Appointment
Thomas C. Priore	Chief Executive Officer	-
Michael Vollkommer	Chief Financial Officer	-
Marc Manuel	Director	-
William Gahan	Director	-
Michael K. Passilla	Director	4 Mos
Matthew Kearney	Director	-
Tim Schneible	Chief Operating Officer	-
John V. Priore	Vice Chairman	-

## 11.2 Profiles

## Thomas C. Priore

## CEO

Thomas Priore has served as Executive Chairman and founding member of Priority since August 2005 and recently assumed the role of Chief Executive Officer in December of 2018. Under Mr. Priore's strategic direction, Priority has emerged from a start-up organization to become the 13th largest merchant acquirer in the US and a leading provider of commercial payment solutions to major global institutions. Prior to dedicating his full time to Priority, he founded ICP Capital, a boutique investment banking enterprise that became a market leader in structured finance reaching over \$20 billion in assets under management. From 1999 until 2003, Mr. Priore was with Guggenheim Securities where he founded the Structured Finance Trading and Origination business and managed its Fixed Income Sales and Trading division. Previously, Mr. Priore spent eight years in PaineWebber's Fixed Income Sales and Trading department, rising to Vice President. Mr. Priore is a graduate of Harvard University and holds an MBA from Columbia University. Thomas Priore is the brother of John Priore, Priority's Vice Chairman.

## Michael Vollkommer

## CFO

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Michael Vollkommer is a CPA who has over 30 years of financial experience in a variety of industries, serving in executive-level positions within several global corporations after beginning his career at a Big Four accounting firm. From 2001 to 2006 Vollkommer was Executive Vice President & Chief Financial Officer of Certegy Inc., a leading provider of credit, debit, and check risk management services to over 6,500 financial institutions and 100,000 retail merchants. Certegy was spun off from Equifax in 2001 and merged with FIS in 2006. Most recently Vollkommer served as the Chief Financial Officer of Vesta Corporation, a privately-held international provider of comprehensive fraud and payment solutions for online commerce, and before that was the Executive Vice President & Chief Financial Officer of Mueller Water Products.

Michael K. Passilla

Director

William Gahan

Director

William Gahan is a risk management specialist focused on institutional fixed income asset management and debt capital markets. Most recently, from 2011 until 2017, Mr. Gahan was Managing Director at Benefit Street Partners, a credit-focused alternative asset management firm with approximately \$25 billion in assets under management where he managed a strategic credit investment operation. Prior to his role at Benefit Street Partners, Mr. Gahan operated a proprietary credit trading portfolio at Greenwich Capital after a career in debt capital markets with Merrill Lynch, Kidder Peabody and Paine Webber. Mr. Gahan received a Bachelor of Arts from the University of Virginia in 1988.

Matthew Kearney

Director

Matthew Kearney has been an Operating Partner at Rockbridge Growth Equity, LLC since March 2015. Mr. Kearney is responsible for driving a range of strategic and operational improvement and initiatives across the firm while also overseeing Rockbridge's media portfolio and advising on new media investments. During his time at Rockbridge, Matthew has overseen the successful sale of Triad Retail Media to WPP and the merger of the Rockbridge and Verifone petro media businesses to form "GSTV". Mr. Kearney now serves as the Chairman of GSTV. Prior to joining Rockbridge, Mr. Kearney served as Executive Chairman of Carlyle Talent Holdings, a Carlyle Group backed special payments company serving the advertising industry, from March 2013 to March 2015. Mr. Kearney also serves as an advisor to the Board of Directors of Telenor Group, the Norwegian multinational telecommunications company (OSE: TEL) and has advised the board of M I Acquisitions. Mr. Kearney previously served as CEO of Screenvision, a cinema advertising and media distribution company. Mr. Kearney holds a B.S. degree in Aeronautical Engineering from the University of Manchester and an MBA from London Business School.

Marc Manuel

Director

Marc Manuel currently serves as a Director of Priority Technology Holdings, Inc. and previously served as Chief Financial Officer and Director of M I Acquisitions, Inc. Mr. Manuel is currently Head of Structuring at Dominion Capital, LLC. Mr. Manuel served various roles advancing to Managing Director for Magna Management from 2012 until 2017. During his time with Magna Management, Mr. Manuel was responsible for helping to build out the Magna Management's Equities division, structuring the Equities division's investments both as lead investor in syndicated transactions and as a sole investor. Prior to joining Magna Management, from September 2009 until July 2012, Mr. Manuel worked as an Investment Banker at Scarsdale Equities LLC. He holds a B.A. from George Washington University, Cum Laude and an MBA from Fordham University.

Tim Schneible

Chief Operating Officer

Tim Schneible joined Priority as Chief Operating Officer in October 2018. Prior to joining Priority, Tim was the Executive Vice President of Operations at Merchant e-Solutions. Tim is a veteran of the financial services industry, with 25 years of combined experience. He served as the director of Fraud and Credit Operations at Barclay Card



## Stock Weekly: Priority Technology Holdings tumbles 8.9%

U.S. where he spearheaded risk management plans for the start-up card-issuing division. He also held multiple risk, operations and customer service positions at WorldPay Merchant Services and Bank One. Tim earned his Business Administration degree from Delaware State University.

John V. Priore

Vice Chairman

John Priore is the co-founder of Priority and served as Chief Executive Officer of Priority from August 2005 until assuming the role of Vice Chairman of the Board in December of 2018. He has over twenty-five years of experience in the payments industry. Prior to founding Priority, he was the Executive Vice President of Financial Systems at Ingenico, and also served in a variety of positions at other firms, including NOVA, First Data and American Express. Mr. Priore is a member of the Technology Association of Georgia (TAG), a legacy member of the Alpharetta Technology Commission and currently serves on the Board of Directors for the Electronic Transactions Association. His commitment to the industry has helped propel Priority to be a leader in payments technology. John Priore is the brother of Thomas Priore, Priority's Chief Executive Officer and Executive Chairman.

## SECTION 12 CORPORATE PROFILE

### 12.1 Stock Identifiers

ISIN: US74275G1076

PermID: 5051779426

Central Index Key (CIK): 1653558

CUSIP: 74275G107

### 12.2 Contact details

Website

<http://www.miacquisitions.com>

Physical Address

C/O Magna Management LLC, 40 Wall Street, 58th Floor, New York, NY, 10005

Phone

+1 347 491-4240

### 12.3 Activities

Priority Technology Holdings Inc, formerly M I Acquisitions Inc is a blank check company. Its objective is to acquire, through a merger, share exchange, asset acquisition, stock purchase, recapitalization, reorganization or other similar business combination.

## SECTION 13 GLOSSARY

PV1000: Present value of 1000 invested 1 year/'n' years ago

Relative Price Change [RPC]: Relative price change is price change of stock with respect to Benchmark Index

Relative Strength (6 Months): Price close today/Price close 6 months ago, then ranked by percentile within the entire market.

Volume Index (VI): Number of shares traded in the period/Average number of shares traded for the period

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## Classification

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**Ticker:** PRTH

**Industry:** STOCK EXCHANGES (90%); STOCK INDEXES (90%); STOCK PRICES (90%); PRICE CHANGES (89%); SECURITIES TRADING (78%)

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