

**Paysafe:**

# First Quarter 2022 Earnings Presentation

May 11, 2022



# Forward Looking Statements and Non-GAAP Financial Measures

## Forward-Looking Statements

This presentation includes “forward-looking statements” within the meaning of the “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements are provided for illustrative purposes only and are not intended to serve as, and must not be relied on by any investor as, a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Paysafe Limited’s (“Paysafe,” “PSFE” or the “Company”) actual results may differ from their assumptions, expectations, estimates, guidance, and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Words such as “anticipate,” “assume,” “appear,” “approximate,” “believe,” “budget,” “continue,” “could,” “estimate,” “expect,” “forecast,” “foresee,” “goal,” “guidance,” “intends,” “may,” “might,” “plan,” “possible,” “potential,” “predict,” “project,” “seek,” “should,” “would” and variations of such words and similar expressions (or the negative version of such words or expressions) may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. These forward-looking statements include, without limitation, Paysafe’s expectations with respect to future performance.

These forward-looking statements involve significant risks and uncertainties that could cause the actual results to differ materially, and potentially adversely, from those expressed or implied in the forward-looking statements. While the Company believes its assumptions concerning future events are reasonable, a number of factors could cause actual results to differ materially from those projected, including, but not limited to: cyberattacks and security vulnerabilities; complying with and changes in money laundering regulations, financial services regulations, cryptocurrency regulations, consumer and business privacy and data use regulations or other regulations in Bermuda, the UK, Ireland, Switzerland, the United States, Canada and elsewhere; geopolitical events, including acts of war and terrorism, including the conflict in Ukraine, the economic and other impacts of such conflict and the responses of governments around the world thereto; changes in our relationships with banks, payment card networks, issuers and financial institutions; risk related to processing online payments for merchants and customers engaged in the online gambling and foreign exchange trading sectors; risks related to our focus on specialized and high-risk verticals; risks related to becoming an unwitting party to fraud or be deemed to be handling proceeds of crimes being committed by customers; risks associated with the integration of acquisitions; the effects of chargebacks, merchant insolvency and consumer deposit settlement risk; changes to our continued financial institution sponsorship; failure to hold, safeguard or account accurately for merchant or customer funds; risks related to the availability, integrity and security of internal and external IT transaction processing systems and services; failure of third parties to comply with contractual obligations; changes and compliance with payment card network operating rules; substantial and increasingly intense competition worldwide in the global payments industry; the COVID-19 pandemic, including the resulting global economic uncertainties; risks associated with interest rate and foreign currency exchange rate fluctuations, including the impact of possible currency devaluations in countries experiencing high inflation rates; risks related to developing and maintaining effective internal controls over financial reporting; managing our growth effectively, including growing our revenue pipeline; any difficulties maintaining a strong and trusted brand; keeping pace with rapid technological developments; risks associated with the significant influence of our principal shareholders; our ability to retain, attract and motivate key personnel; and other factors included in the “Risk Factors” in our Form 20-F and in other filings we make with the SEC, which are available at <https://www.sec.gov>. Readers are cautioned not to place undue reliance upon any forward-looking statements, which speak only as of the date made. The Company expressly disclaims any obligations or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in their expectations with respect thereto or any change in events, conditions, or circumstances on which any statement is based, except as required by law.

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## Statement Regarding Non-GAAP Financial Measures

This presentation also contains non-GAAP financial information. Paysafe management believes the presentation of these non-GAAP financial measures, when considered together with the Company’s results presented in accordance with GAAP, provide users with useful supplemental information regarding Paysafe’s operating performance. Reconciliations of these non-GAAP financial measures to their most directly comparable GAAP measures are set forth in the Appendix. These non-GAAP measures exclude items that are significant in understanding and assessing Paysafe’s financial results or position. Therefore, these measures should not be considered in isolation or as alternatives to measures under GAAP.

# Key messages

Q1 results ahead of guidance;  
confident in FY despite FX and  
Russia/Ukraine headwinds

Winning across Digital  
Commerce; continued  
progress in Digital Wallet

Strong growth from  
US Acquiring

Volume<sup>(1)</sup>  
**\$31.2 bn**  
+13% YoY

Revenue  
**\$367.7 m**  
-3% YoY (flat cc)

Adj. EBITDA<sup>(2)</sup>  
**\$104.0 m**  
-8% YoY (-5% cc)

# Winning across Digital Commerce

## Exciting wins with new and existing clients

- Go live with **Bitpanda** (card processing)
- **Enhanced forex solutions** driving growth with existing merchants
- New **neobank** eCash partnerships with **Tomorrow** and **Solarisbank**
- Expanding relationship with **Norwegian Air** (card processing)

## Progressing our embedded finance partnerships

- Q1 launch of **embedded finance** (white label wallet) solution with Binance
- Go live with major crypto exchange **FTX** (enabling IBAN in EEA)

## iGaming progress beyond North America

- Extending collaboration with **Playtech** into **UK/Eur**
- SafetyPay and PagoEfectivo **LatAm rollout**; **wallet integration** to Skrill / Neteller

Single integration to multiple geographies

More ways to pay

Deep regulatory capabilities

Deep customer focus across key verticals

# Leading in North America iGaming

Leading and up-and-coming brands come to Paysafe for the full suite of traditional and alternative payments

## Successful launch in Ontario

- Paysafe is live with **10 operators**

**POINTS BET** | **theScore** | **BET** | **bet365**

- Delivering full stack of processing and local APMs; live with multiple products incl. **Interac e-Transfer** – widely used by Canadian consumers

## Expanding with new and existing merchants

- **Skrill USA**
  - ✓ Signed Skrill's **first Tier 1** North American operator
  - ✓ **Marketing campaign** launch with **Barstool** in Q2
- Expanding with **Betsson** into the US (**CO**)
- **Resorts WorldBET** partnership further strengthens **NY** presence
- Won payment processing for **betPARX** in **PA** and **NJ** markets (competitive takeaway) through integration with **Playtech** platform
- Connected to **more acquiring banks** than any other provider



# Delivering on Digital Wallet turnaround; continued Eur market softness

## What we said...

### Actions to Reposition For Long-Term Success

#### Short-Term

- Improvements to customer experience and pricing changes
- Exit non-performing product features
- Rightsize the organization

#### Mid-Term

- Strengthen relationships with top merchants
- Continue to grow Skrill USA
- Expand crypto capabilities and partnerships

### Headwinds

- Continued market softness / regs in Europe
- Low 2021 exit rate

## ...early progress

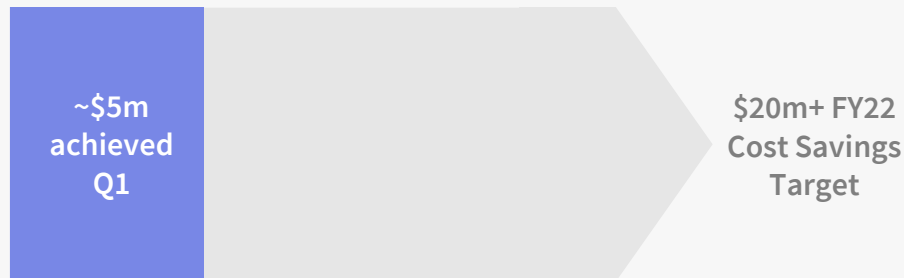
- ✓ Pricing optimization + improved UX driving increasing deposits in targeted European markets (**deposits up 14%** from Sept to Mar)
- ✓ Funnel optimization driving reduced fallout and **improving sign up to first deposit** conversion (Apr up versus Q1)
- ✓ **Rightsized** and refocused the organization in Q4
- ✓ Engagement with top merchants improving **checkout conversion**: Q1 versus Q4 increased **5%**
- ✓ **Skrill USA** – signed first **Tier 1 merchant** in N. America
- ✓ **New hires** to drive crypto strategy and new product development
- ✓ Rolling out Binance and FTX **embedded solution**; strong pipeline

- Continue to see 2022 as a transitional year
- Absorbing FX headwind, Germany and Netherlands regulatory impacts (~1H) as well as Russia/Ukraine

# Cost savings and M&A integrations on track

## Cost optimization

- Incremental \$20m+ 2022 savings through banking efficiencies and optimization of shared services/support functions
- Expanding banking relationships to support growth and further improvement in banking portfolio



## M&A integrations

- Closed SafetyPay Jan 31, 2022
- SafetyPay and PagoEfectivo rolling out in LatAm with European iGaming clients
  - >20 eCash merchants live via PagoEfectivo; expanding to further countries in LatAm via SafetyPay
  - Integration to Skrill and Neteller wallets is live in Peru via PagoEfectivo and additional 5 countries via SafetyPay

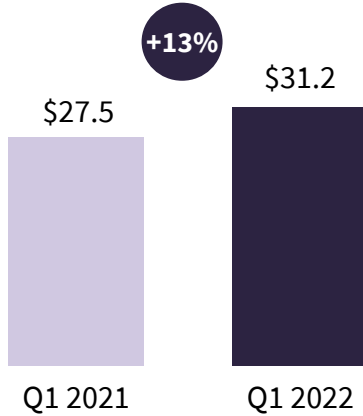
# Q1 performance exceeded guidance

\$millions	Q1 2022	
	Guidance	Actual
Revenue	\$355 – \$365	✓ <b>\$368</b>
Adj. EBITDA	\$95 – \$100	✓ <b>\$104</b>

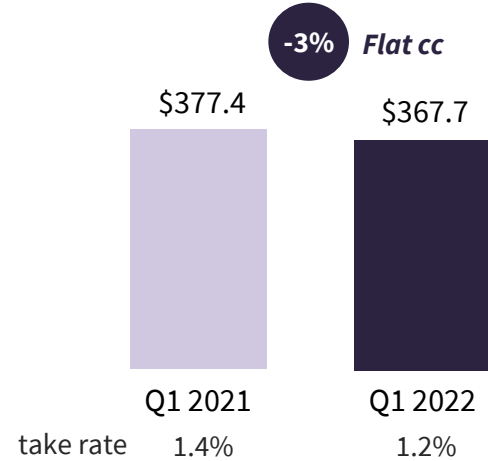


# Q1 financial highlights

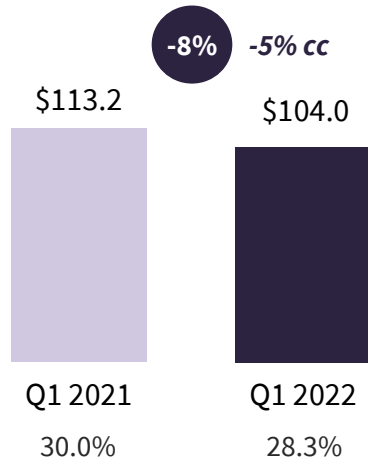
Volume<sup>(1)</sup> (\$bn)



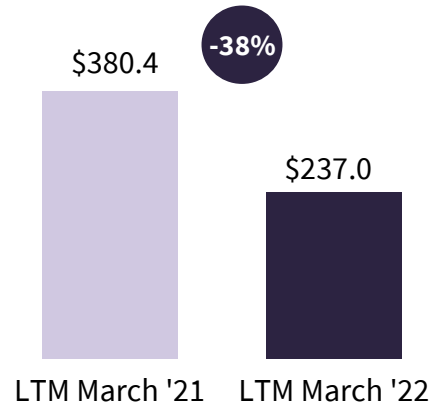
Revenue (\$m)



Adj. EBITDA<sup>(2)</sup> (\$m)



FCF<sup>(2)</sup> (\$m)



- **Volume.** Growth led by US Acquiring
  - Regulatory headwinds in Europe impacting Digital Commerce
  - Tough comparable YoY for eCash; offset by contribution from recent acquisitions
- **Revenue.** Revenue flat YoY, excl. currency impact
  - Lower take rate as expected, largely reflecting business mix; stable sequentially
- **Adj. EBITDA.** Margin lower YoY reflecting business mix and SG&A from acquisitions; margin flat sequentially
- **FCF.** 55% conversion (FCF/Adj. EBITDA) on a twelve-month basis

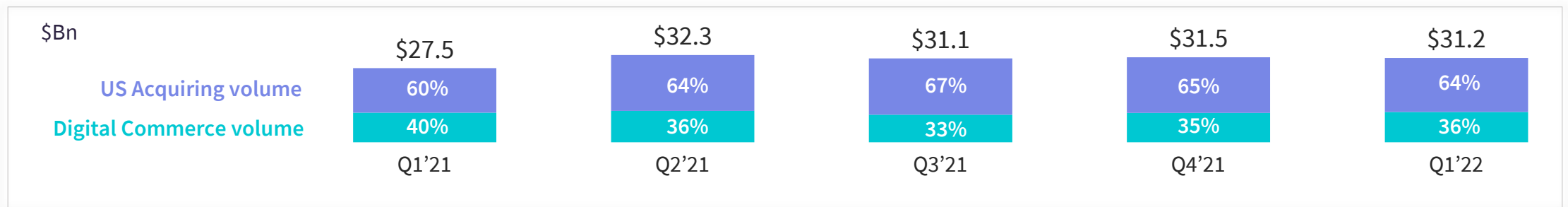
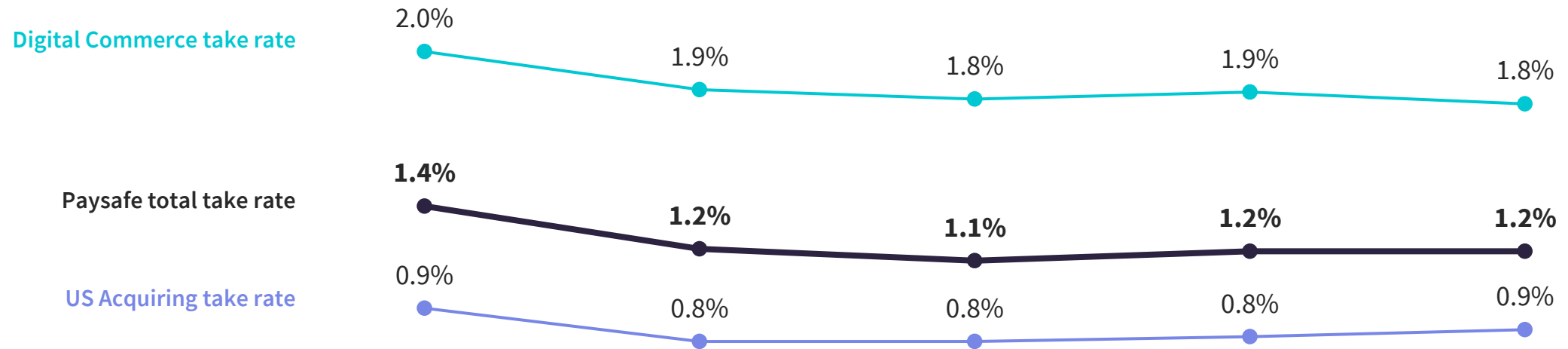
# Q1 summary of consolidated results

\$ in millions	Q1'21	Q1'22	Change
Revenue	\$377.4	\$367.7	(3%) flat cc
Gross Profit (excluding D&A) Margin %	\$226.4 60.0%	\$220.6 60.0%	(3%)
Adj. EBITDA Margin %	\$113.2 30.0%	\$104.0 28.3%	(8%)
Depreciation and amortization	\$65.5	\$63.4	(3%)
Interest expense, net	\$62.4	\$26.0	(58%)
Net loss attributable to Paysafe <sup>(1)</sup>	(\$60.6)	(\$1,171.2)	NM

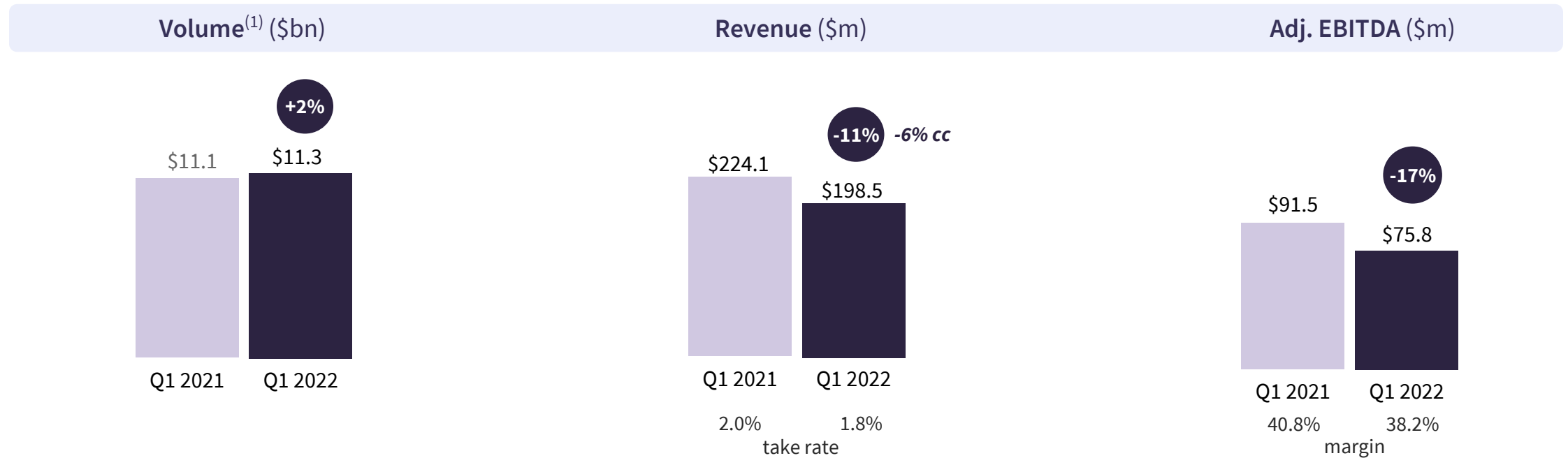
Net loss reflects \$1.2 bn non-cash impairment of goodwill due to the sustained decline in PSFE stock price and market capitalization as well as current market and macroeconomic conditions

- No impact on cash flow, liquidity, or compliance with debt covenants

# Paysafe total take rate stable sequentially; YoY reflects business mix

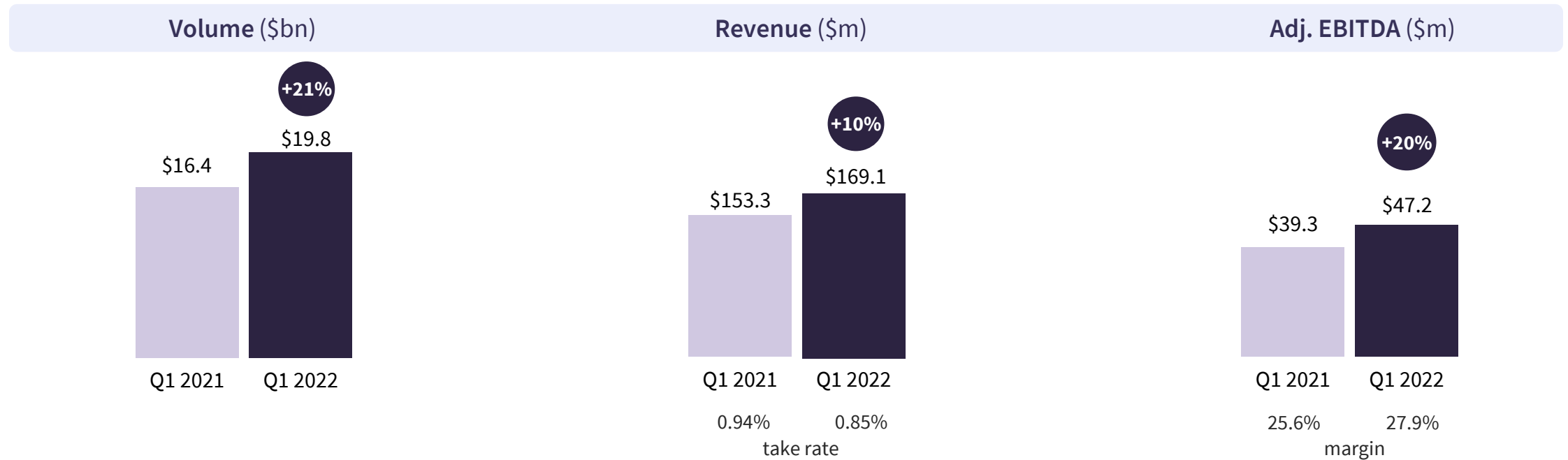


# Digital Commerce



- Performance largely inline with expectations with additional currency headwind and reflecting regulations in Europe (e.g., Germany, Netherlands)
- Revenue down 6% on constant currency basis
- Tough comparable for eCash as prior year period benefited from COVID-related lockdowns in Europe
- Lower take rate primarily reflects business mix
- Expect growth in 2H driven by lapping of regulatory headwinds and timing of pipeline/growth initiatives

# US Acquiring



- Strong volume despite Omicron-related softness in January; comparison to prior year reflects higher average ticket
- Direct marketing vertical improving
- Take rate up slightly versus Q4'21; lower versus Q1'21, primarily reflecting robust volume growth and channel mix

# Leverage summary

Liquidity summary (\$m)	3/31/22
Cash and cash equivalents	\$258
Undrawn amounts under revolving credit facility <sup>(1)</sup>	\$285

Leverage (\$m)	3/31/22
Total debt <sup>(1)</sup>	\$2,699
Cash and cash equivalents	\$258
Net debt <sup>(1)</sup>	\$2,441
Net debt-to-LTM Adj. EBITDA <sup>(2)</sup>	5.6x

- Maintaining significant covenant headroom
- New 4-year amortizing interest rate swap put in place, initially hedging \$400m of USD Term Loan B
- Continued commitment to long-term leverage goal of 3.5x

# Maintaining 2022 guidance

\$millions	FY 2022 Guidance	Q2 2022 Guidance
Revenue <i>year-over-year</i>	\$1,530 – \$1,580 <i>3% to 6%</i>	\$370 – \$380 <i>(4%) to (1%)</i>
Adj. EBITDA <i>Adj. EBITDA Margin</i>	\$440 – \$460 <i>~29%</i>	\$100 – \$110 <i>~28%</i>

## FY 2022 expectations

- *US Acquiring*: high single-digit to low double-digit growth
- *Digital Commerce*: flat to low single-digit growth
  - ▲ Inorganic contribution (PagoEfectivo, SafetyPay, viafintech)
  - ▲ Integrated & eCommerce (e.g., NA iGaming, crypto)
  - ▼ Digital wallet turnaround; regulations in Europe
  - ▼ Assumes 1.08 USD/Euro for remainder of 2022

## Q2'22 expectations

- High single-digit US Acquiring growth YoY, offset by Digital Commerce including incremental FX headwind

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# Appendix





# Digital Commerce revenue disaggregation

\$m	Q1 Revenue	% of Total Revenue	YoY % change		Active Users
			Reported	CC	
eCash	\$ 101	51%	-10%	-4%	16.8m
Digital Wallet	82	41%	-13%	-8%	2.8m
Integrated & eCommerce	23	12%	-2%	-1%	
Intrasegment	(8)				
<b>Total Digital Commerce</b>	<b>\$ 199</b>	<b>100%</b>	<b>-11%</b>	<b>-6%</b>	

# Supplemental: summary of segment results

	2021					2022
	Q1	Q2	Q3	Q4	FY 2021	Q1
<b>Volume (\$m)</b>						
US Acquiring	\$ 16,398	\$ 20,507	\$ 20,685	\$ 20,439	\$ 78,028	\$ 19,849
Digital Commerce	11,114	11,786	10,374	11,050	44,325	11,320
Total	\$ 27,512	\$ 32,292	\$ 31,060	\$ 31,489	\$ 122,353	\$ 31,169
<b>Take Rate</b>						
US Acquiring	0.9%	0.8%	0.8%	0.8%	0.8%	0.9%
Digital Commerce	2.0%	1.9%	1.8%	1.9%	1.9%	1.8%
Total	1.4%	1.2%	1.1%	1.2%	1.2%	1.2%
<b>Revenue (\$m)</b>						
US Acquiring	\$ 153.3	\$ 164.6	\$ 164.9	\$ 166.8	\$ 649.8	\$ 169.1
Digital Commerce	224.1	219.7	188.6	204.8	837.2	198.5
Total	\$ 377.4	\$ 384.3	\$ 353.6	\$ 371.7	\$ 1,487.0	\$ 367.7
<b>Gross Profit, excl. D&amp;A (\$m)</b>						
US Acquiring	\$ 78.5	\$ 79.7	\$ 81.0	\$ 82.3	\$ 321.5	\$ 84.3
Digital Commerce	147.9	148.8	127.8	141.2	565.7	136.2
Total	\$ 226.4	\$ 228.6	\$ 208.7	\$ 223.5	\$ 887.2	\$ 220.6
<b>Gross Profit Margin, excl. D&amp;A</b>						
US Acquiring	51%	48%	49%	49%	49%	50%
Digital Commerce	66%	68%	68%	69%	68%	69%
Total	60%	59%	59%	60%	60%	60%
<b>Adj. EBITDA (\$m)</b>						
US Acquiring	\$ 39.3	\$ 40.7	\$ 40.7	\$ 46.9	\$ 167.6	\$ 47.2
Digital Commerce	91.5	95.1	80.0	84.8	351.4	75.8
Corporate	(17.5)	(16.9)	(14.3)	(26.3)	(75.0)	(19.1)
Total	\$ 113.2	\$ 118.8	\$ 106.4	\$ 105.5	\$ 443.9	\$ 104.0
<b>Adj. EBITDA Margin</b>						
US Acquiring	26%	25%	25%	28%	26%	28%
Digital Commerce	41%	43%	42%	41%	42%	38%
Total	30%	31%	30%	28%	30%	28%

# Statement regarding Non-GAAP financial measures

To supplement the Company's condensed consolidated financial statements presented in accordance with generally accepted accounting principles, or GAAP, the company uses non-GAAP measures of certain components of financial performance. This includes Gross Profit (excluding depreciation and amortization), Gross Profit Margin (excluding depreciation and amortization), Adjusted EBITDA, Adjusted EBITDA margin, Free cash flow and Free cash flow conversion, which are supplemental measures that are not required by, or presented in accordance with, accounting principles generally accepted in the United States ("U.S. GAAP").

Gross Profit (excluding depreciation and amortization) is defined as revenue less cost of services (excluding depreciation and amortization). Gross Profit Margin (excluding depreciation and amortization) is defined as Gross Profit (excluding depreciation and amortization) as a percentage of revenue. Management believes Gross Profit to be a useful profitability measure to assess the performance of our businesses and ability to manage cost.

Adjusted EBITDA is defined as net income/(loss) before the impact of income tax (benefit)/expense, interest expense, net, depreciation and amortization, share based compensation, impairment expense on goodwill and intangible assets, restructuring and other costs, loss/(gain) on disposal of a subsidiaries and other assets, net, and other income/(expense), net. These adjustments also include certain costs and transaction items that are not reflective of the underlying operating performance of the Company. Adjusted EBITDA margin is defined as Adjusted EBITDA as a percentage of Revenue. Management believes Adjusted EBITDA to be a useful profitability measure to assess the performance of our businesses and improves the comparability of operating results across reporting periods.

Free cash flow is defined as net cash flows provided by/used in operating activities, adjusted for the impact of capital expenditure, payments relating to restructuring and other costs, cash paid for interest and movements in customer accounts and other restricted cash. Capital expenditure includes purchases of property plant & equipment and purchases of other intangible assets, including software development costs. Capital expenditure does not include purchases of merchant portfolios. Free cash flow conversion is defined as free cash flow as a percentage of Adjusted EBITDA. Management believes free cash flow to be a liquidity measure that provides useful information about the amount of cash generated by the business.

Management believes the presentation of these non-GAAP financial measures, including Gross Profit, Gross Profit Margin, Adjusted EBITDA and Adjusted EBITDA margin, when considered together with the Company's results presented in accordance with GAAP, provide users with useful supplemental information in comparing the operating results across reporting periods by excluding items that are not considered indicative of Paysafe's core operating performance. In addition, management believes the presentation of these non-GAAP financial measures provides useful supplemental information in assessing the Company's results on a basis that fosters comparability across periods by excluding the impact on the Company's reported GAAP results of acquisitions and dispositions that have occurred in such periods. However, these non-GAAP measures exclude items that are significant in understanding and assessing Paysafe's financial results or position. Therefore, these measures should not be considered in isolation or as alternatives to revenue, net income, cash flows from operations or other measures of profitability, liquidity or performance under GAAP.

You should be aware that Paysafe's presentation of these measures may not be comparable to similarly titled measures used by other companies. In addition, the forward-looking non-GAAP financial measures of Adjusted EBITDA, Free Cash Flow conversion and Gross Profit provided herein have not been reconciled to comparable GAAP measures due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliations. We have reconciled the historical non-GAAP financial measures presented herein to their most directly comparable GAAP financial measures. A reconciliation of our forward-looking non-GAAP financial measures to their most directly comparable GAAP financial measures cannot be provided without unreasonable effort because of the inherent difficulty of accurately forecasting the occurrence and financial impact of the adjusting items necessary for such reconciliations that have not yet occurred, are out of our control, or cannot be reasonably predicted. For the same reasons, we are unable to address the probable significance of the unavailable information, which could be material to future results.

# GAAP Net loss to Adjusted EBITDA reconciliation

	Three months ended	
	March 31,	
(\$ in thousands)	2022	2021
<b>Net loss</b>	\$ (1,170,812)	\$ (60,529)
Income tax benefit	(43,414)	(5,936)
Interest expense, net	25,956	62,369
Depreciation and amortization	63,423	65,462
Share based compensation expense	13,970	80,841
Impairment expense on goodwill and intangible assets	1,205,731	578
Restructuring and other costs	12,591	2,970
Other income, net	(3,478)	(32,525)
<b>Adjusted EBITDA</b>	<b>\$ 103,967</b>	<b>\$ 113,230</b>
Adjusted EBITDA Margin	28.3%	30.0%

# Operating Cash Flow to Free Cash Flow reconciliation (LTM)

	<u>LTM Q1 2022</u>	<u>LTM Q1 2021</u>
(\$ in thousands)		
<b>Net cash inflows from operating activities</b>	<b>\$ 679,576</b>	<b>\$ 446,270</b>
Capital expenditure	(89,076)	(66,370)
Cash paid for interest	69,446	152,940
Payments relating to restructuring and other costs	30,421	16,809
Movement in customer accounts and other restricted cash	(453,339)	(169,225)
<b>Free Cash Flow</b>	<b>\$ 237,028</b>	<b>\$ 380,424</b>
Adjusted EBITDA	434,634	426,229
<b>Free Cash Flow conversion</b>	<b>55%</b>	<b>89%</b>

LTM = last twelve months

# Operating Cash Flow to Free Cash Flow reconciliation

	Three months ended	
	March 31,	
(\$ in thousands)	2022	2021
<b>Net cash inflows from operating activities</b>	\$ 503,848	\$ 48,740
Capital expenditure	(20,639)	(15,406)
Cash paid for interest	14,754	36,853
Payments relating to restructuring and other costs	12,141	3,455
Movement in customer accounts and other restricted cash	(450,882)	34,886
<b>Free Cash Flow</b>	<b>\$ 59,222</b>	<b>\$ 108,528</b>
Adjusted EBITDA	103,967	113,230
<b>Free Cash Flow conversion</b>	<b>57%</b>	<b>96%</b>

# GAAP Gross Profit to Gross Profit (excl. D&A) reconciliation

	Three months ended	
	March 31,	
(\$ in thousands)	2022	2021
<b>Revenue</b>	<b>\$ 367,668</b>	<b>\$ 377,424</b>
Cost of services (excluding depreciation and amortization)	147,103	151,037
Depreciation and amortization	63,423	65,462
Gross Profit <sup>(1)</sup>	<u>\$ 157,142</u>	<u>\$ 160,925</u>
Depreciation and amortization	63,423	65,462
<b>Gross Profit (excluding depreciation and amortization)</b>	<b><u>\$ 220,565</u></b>	<b><u>\$ 226,387</u></b>

(1) Gross Profit has been calculated as revenue, less cost of services and depreciation and amortization. Gross profit is not presented within the Company's consolidated financial statements.

Plug into **Paysafe** 