

**Paysafe:**

# Fourth Quarter and Full Year 2021 Earnings Presentation

March 2, 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 expectations, estimates, and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Words such as “anticipate,” “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 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.

## Trademarks

This presentation may contain trademarks, service marks, trade names and copyrights of other companies, which are the property of their respective owners. Solely for convenience, some of the trademarks, service marks, trade names and copyrights referred to in this presentation may be listed without the TM, SM © or ® symbols, but Paysafe will assert, to the fullest extent under applicable law, the rights of the applicable owners, if any, to these trademarks, service marks, trade names and copyrights.

## 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

**4Q results ahead of revised guidance**  
Rev +3%, Adj. EBITDA +11% vs. guide<sup>(1)</sup>

**Delivering on Digital Wallet turnaround**

**Winning across Digital Commerce, strong U.S. Acquiring growth, executing on cost savings**

## Q4

**+20% YoY**  
volume growth

**flat YoY**  
revenue growth

**+11% YoY**  
Adj. EBITDA<sup>(3)</sup> growth

## Full year

**+22% YoY**  
volume growth

**+6% YoY**  
revenue growth  
*excl. Pay Later<sup>(2)(3)</sup> (+4% reported)*

**+5% YoY**  
Adj. EBITDA<sup>(3)</sup> growth  
*excl. Pay Later<sup>(2)(3)</sup> (+4% reported)*

(1) Compared to the midpoint of guidance provided on November 11, 2021.

(2) Paysafe reported revenue of \$1,487 million in 2021 and \$1,426 million in 2020. Adj. EBITDA was \$444 million in 2021 and \$426 million in 2020. Growth rate of 6% for Revenue and 5% for Adj. EBITDA excludes Pay Later which was divested October 2020.

(3) See appendix for reconciliations of non-GAAP financial measures.

# 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 tier merchants
- Continue to grow Skrill USA
- Expand crypto capabilities and partnerships

## ...early progress

- ✓ Pricing optimization + improved UX driving increasing deposits in targeted European markets
- ✓ Rightsized the organization in Q4

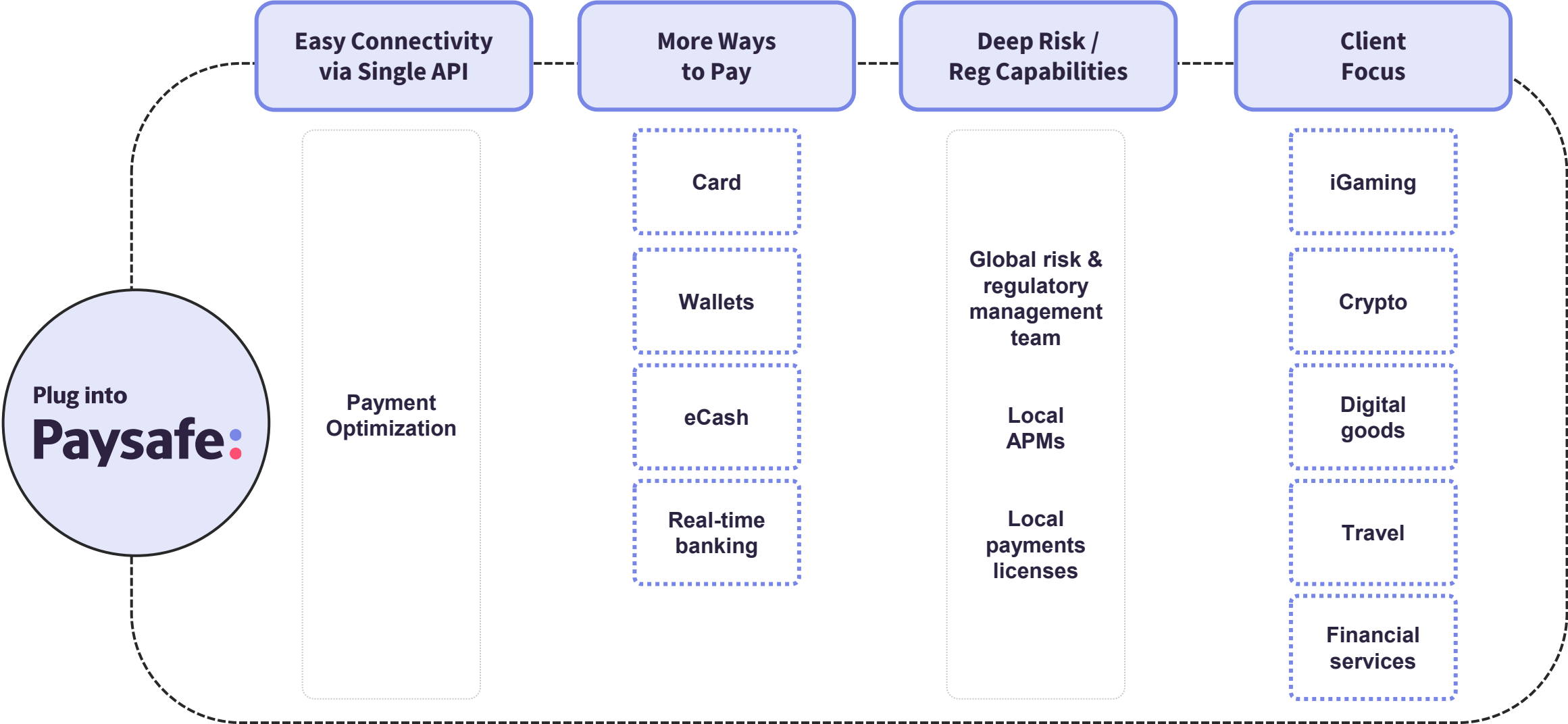
- ✓ Positive Skrill US data points (volume up 3X Q3 to Q4; repeat VIP users); launching marketing campaign with Barstool Sports
- ✓ Won Binance with white label wallet solution (phased rollout); strong pipeline

### Headwinds

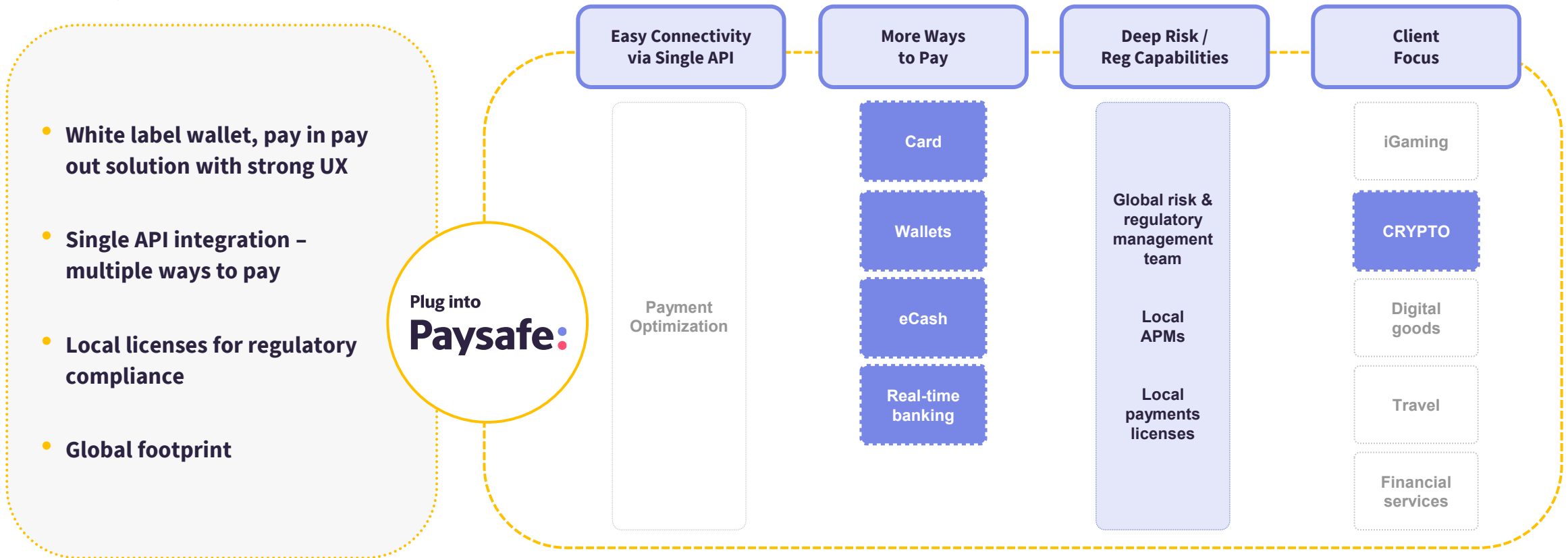
- Continued market softness / regs in Europe
- Low 2021 exit rate

- Continue to see 2022 as a transitional year

# Paysafe Digital Commerce – leading specialized payments platform



# Paysafe Digital Commerce – single API and white label wallet solution combined to enable frictionless payments for major crypto exchange



# Paysafe Digital Commerce – winning in North America iGaming

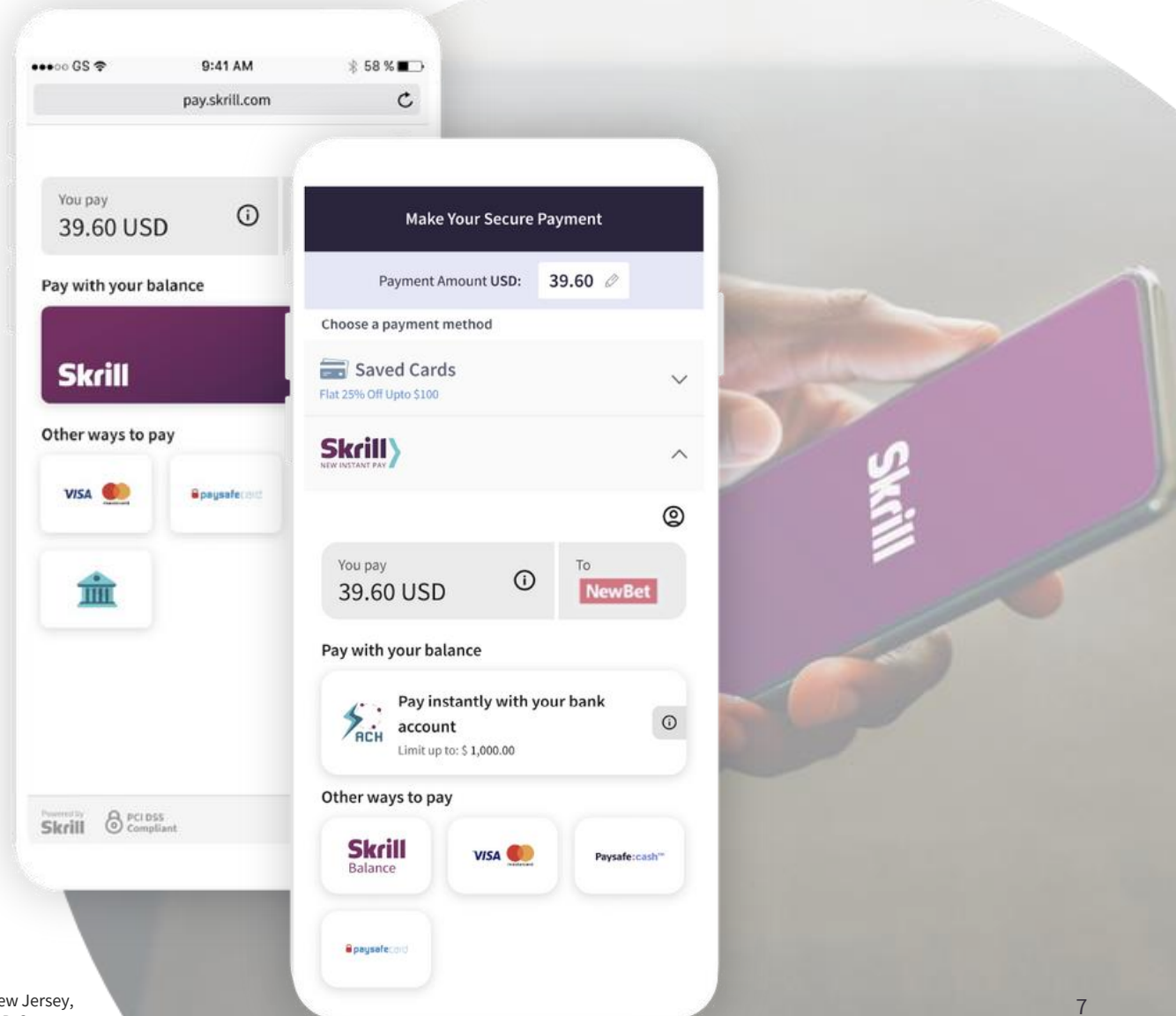
## *The go-to iGaming partner for online payment solutions*

*(Q4 and recent highlights)*

- New York launch with DraftKings, Caesars Entertainment, WynnBET, PointsBet
- Additional launches with multiple brands in Oregon and Louisiana – Paysafe now live in 21\* states
- New client wins across multiple states, including Hard Rock Digital and Bally's sportsbook and iCasino brands
- Excited for Q2 Ontario expansion with multiple operators
- Progressing Skrill USA Digital Wallet
  - ✓ Repeat VIP users; US iGaming volumes up 3x Q3 to Q4
  - ✓ Launching marketing partnership with Barstool



\* Arizona, Colorado, Connecticut, Delaware, Illinois, Indiana, Iowa, Louisiana, Michigan, Montana, Nevada, New Jersey, New Hampshire, New York, Oregon, Pennsylvania, Tennessee, Virginia, West Virginia, Wyoming, Washington, D.C.



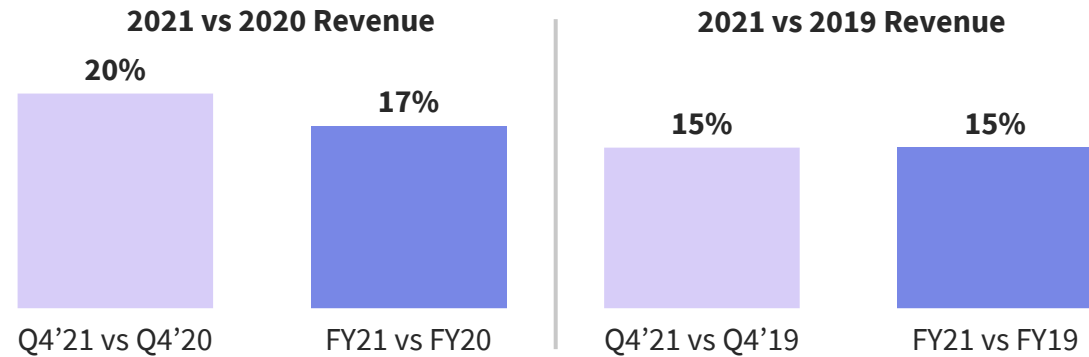
# US Acquiring – strong SMB growth; direct marketing recovering

## Paysafe US Acquiring

- Scaled merchant acquirer for SMB
- Single platform for onboarding and servicing
- Multi-processor options
- Driving cost reduction and automation
- Direct marketing vertical recovering

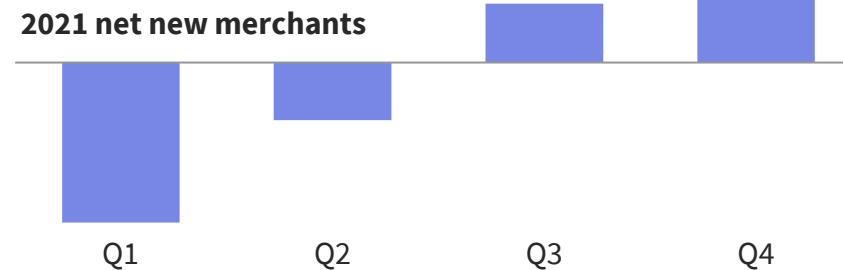
## US acquiring retail (SMB)

Strong growth YoY and vs 2019



## Direct marketing

Strong recovery





# Delivering on cost savings, efficiencies and M&A integrations

## Cost optimization

- Exceeded cost saving plan: ~\$40m 2021 (vs. \$30m original target)
- Targeting incremental \$20m+ 2022
  - Additional banking efficiencies
  - Further optimization of shared services/support functions

## M&A integrations

- Closed SafetyPay Jan 31, 2022
- Pago and viafintech integrations on track (volume up >50% Q4 YoY)
- Key Paysafe merchants went live in LATAM with Pago in Q4 (~20 live today)
- Advancing global real-time banking
- Strong interest from existing clients

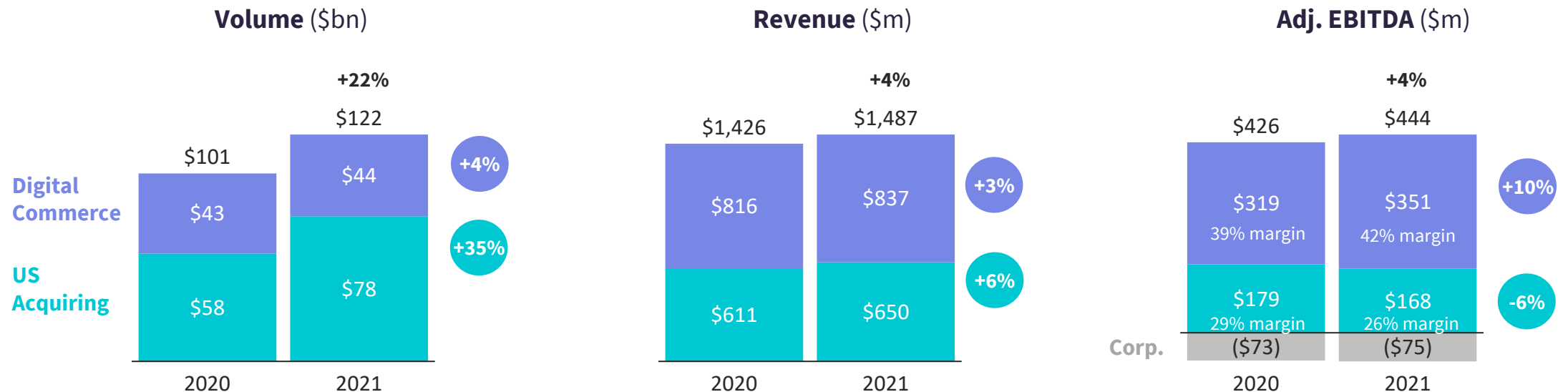
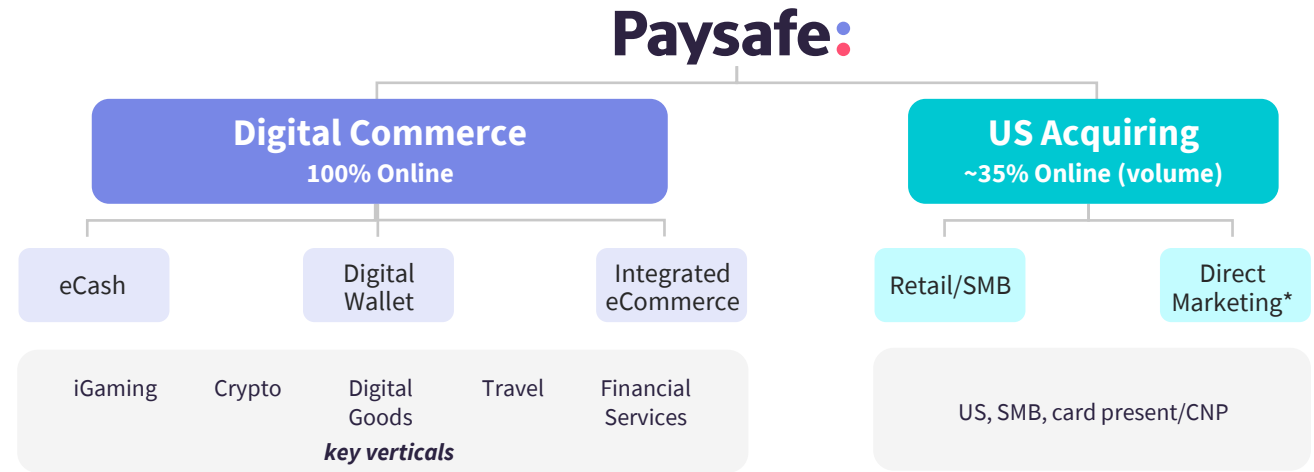
safety▶pay

 PagoEfectivo

 viafintech

# Segment realignment – Digital Commerce and US Acquiring

- Digital Commerce merchants plug into Paysafe to access end-to-end solutions; single go-to-market approach across key verticals
- Supported by platform consolidation – single data and risk platform, single API, consolidated banking platform, business ~80% now in Cloud
- US Acquiring serves US SMBs

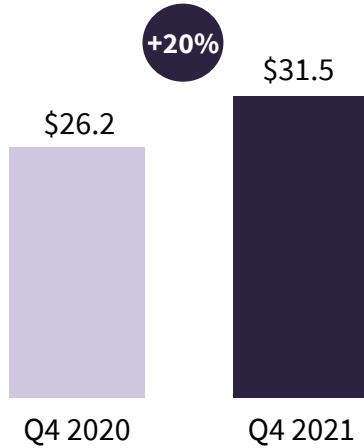


# Q4 performance exceeded revised guidance

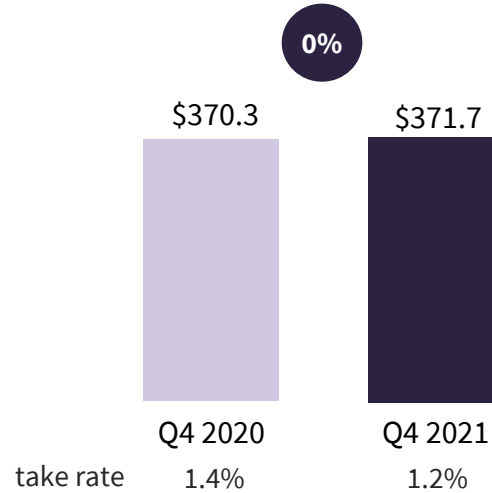
\$millions	Q4 2021	
	Guidance as revised Nov. 11	Actual
Revenue	\$355 – \$365	✓ <b>\$372</b>
Gross Profit (excl. D&A)	\$205 – \$215	✓ <b>\$224</b>
Adj. EBITDA	\$90 – \$100	✓ <b>\$105</b>
Cost of Services (excl. D&A) + SG&A (excl. SBC)	~\$265	✓ <b>\$266</b>

# Q4 financial highlights

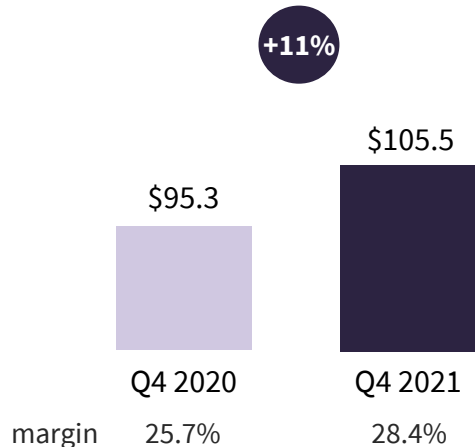
Volume (\$bn)



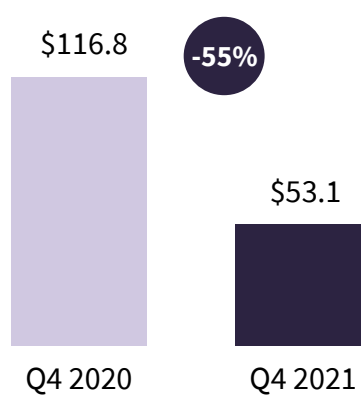
Revenue (\$m)



Adj. EBITDA<sup>(1)</sup> (\$m)



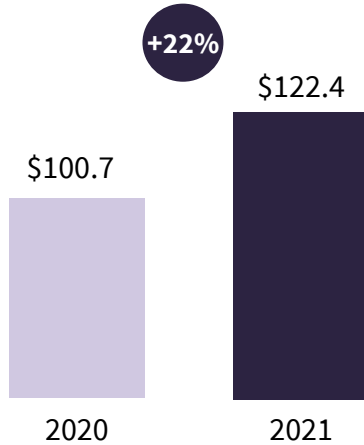
FCF<sup>(1)</sup> (\$m)



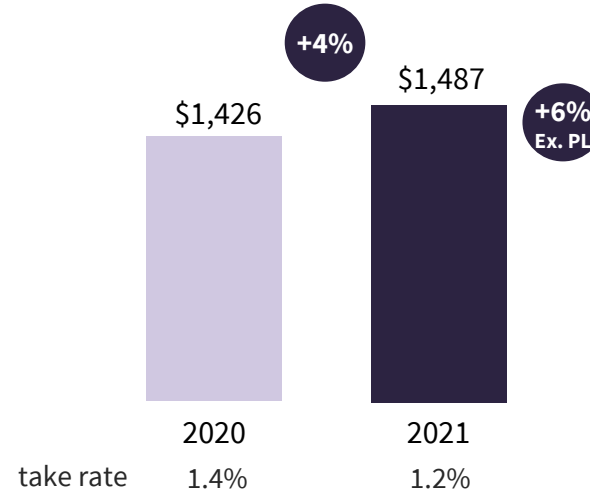
- **Volume.** Strong growth from Integrated Processing offset declines from Digital Wallet
  - Market/regulatory headwinds in Europe impacting eCash and Digital Wallet
  - eCash lapping strong Q4'20, which benefited from COVID-19 lockdowns in Europe
- **Revenue.** Lower take rate largely reflects business mix
  - Growth from US Acquiring, Integrated eCommerce and acquisitions offset by decline from eCash, Digital Wallet and direct marketing
- **Adj. EBITDA.** Margin comparison reflects higher credit losses in Q4'20 and salary payback in Q4'20 relating to covid cost saving measures (implemented Q2'20), in addition to cost optimization and accretive impact of acquisitions in 2021
- **FCF.** 50% conversion (FCF/Adj. EBITDA)

# 2021 full year financial highlights

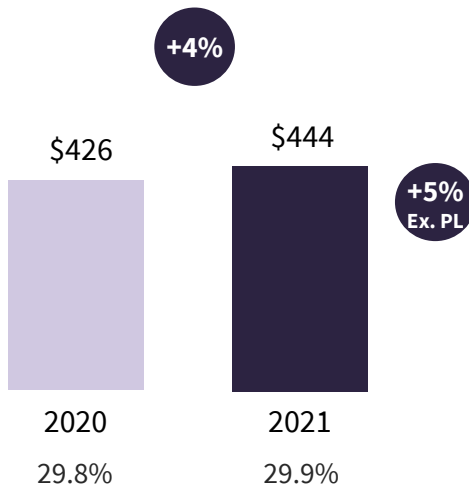
Volume (\$bn)



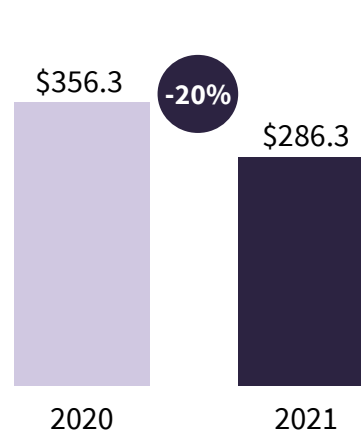
Revenue (\$m)



Adj. EBITDA<sup>(1)</sup> (\$m)



FCF<sup>(1)</sup> (\$m)



- **Volume.** Strong growth from Integrated Processing and eCash offset decline from Digital Wallet
- **Revenue.** Growth driven by eCash and Integrated Processing; lower take rate reflects overall business mix
  - ↑ eCash +22% despite 2H market regulations (Germany and Netherlands)
  - ↑ Integrated Processing +7% (excl. Pay Later)
    - ↑ Double-digit growth from US SMB Acquiring fueled by economic recovery
    - ↑ Double-digit growth from eCommerce
    - ↓ Direct marketing headwind
  - ↓ Digital Wallet -8%
- **Adj. EBITDA.** Margin stable YoY as cost optimization (SG&A down 5% YoY) offset business mix headwind
- **FCF.** 65% conversion (FCF/Adj. EBITDA)

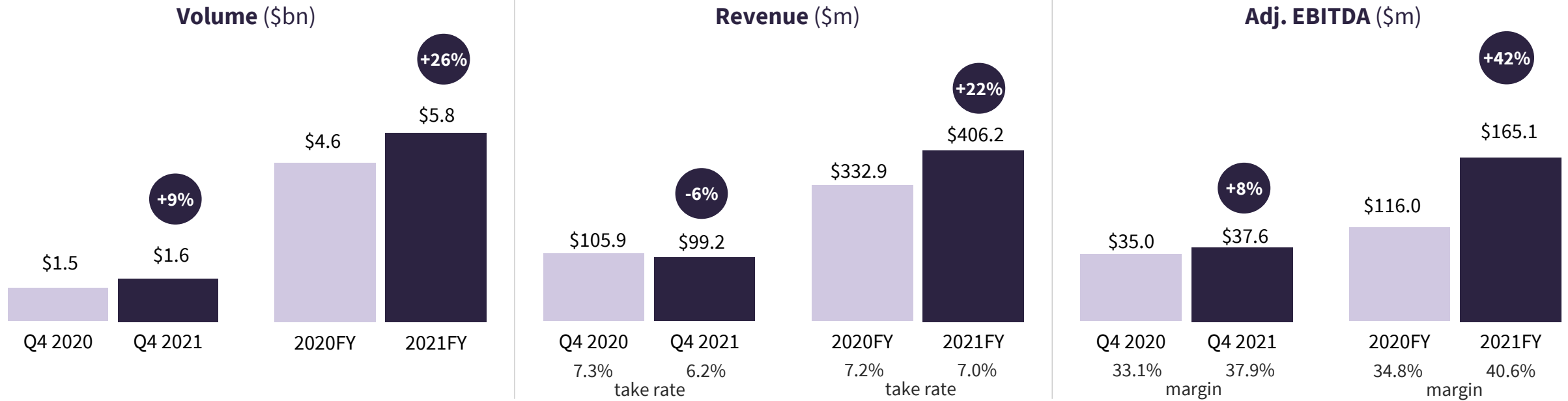
# Q4 summary of consolidated results

<i>\$ in millions, except volume</i>	Q4'20 <sup>(1)</sup>	Q4'21	Change
Volume	\$26.2bn	\$31.5bn	20%
Revenue	\$370.3	\$371.7	0%
Gross Profit (excluding D&A) Margin %	\$226.4 61.2%	\$223.6 60.1%	(1%)
Adj. EBITDA Margin %	\$95.3 25.7%	\$105.5 28.4%	11%
Depreciation and amortization	\$65.0	\$64.0	(2%)
Interest expense, net	\$41.5	\$21.5	(48%)
Net income (loss) attributable to Paysafe	(\$3.4)	\$90.3	NM

## Q4 commentary

- Net income benefited from fair value gain of \$64m resulting from the remeasurement of the warrant liability at quarter-end
- Reduction in interest expense due to the impact of debt repayment and the subsequent refinancing in the year

# eCash

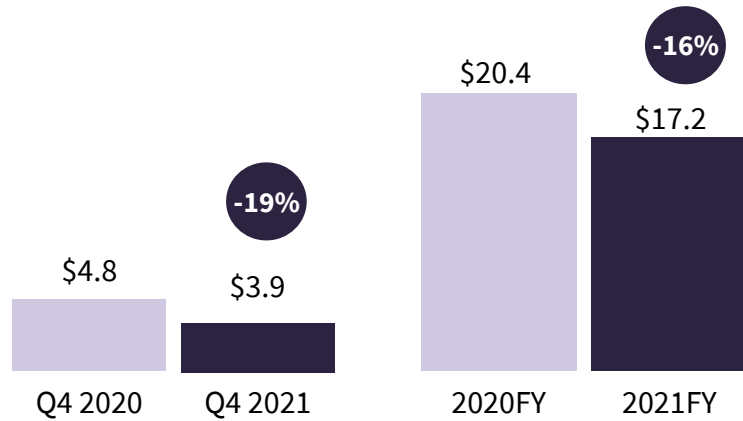


## Q4 commentary

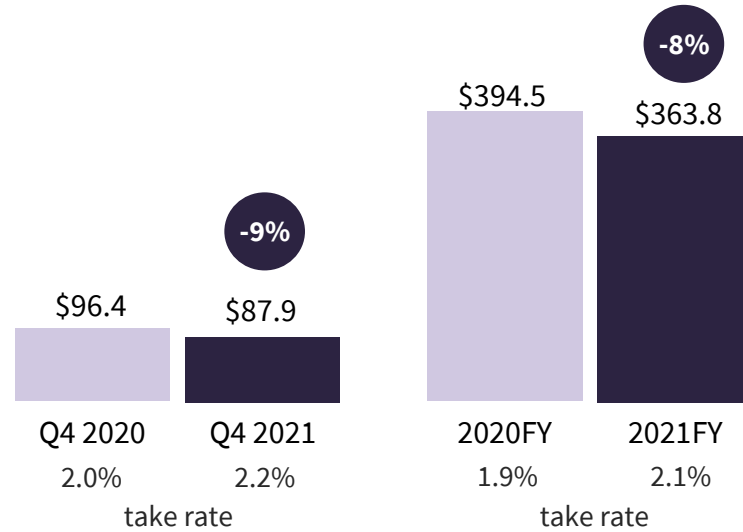
- Volume growth reflects inorganic contribution from PagoEfectivo and viafintech acquisitions, partially offset by moderation of European gambling volumes (tough comparable to Q4'20) as well as regulatory impacts in Germany and the Netherlands
- Lower take rate driven by impact of acquisitions
- Margin comparison reflects higher advertising and promotional spend prior year; accretive margin contribution from acquisitions
- Overall active users 10.9m<sup>(1)</sup>
- SafetyPay closed Jan 31, 2022

# Digital Wallet

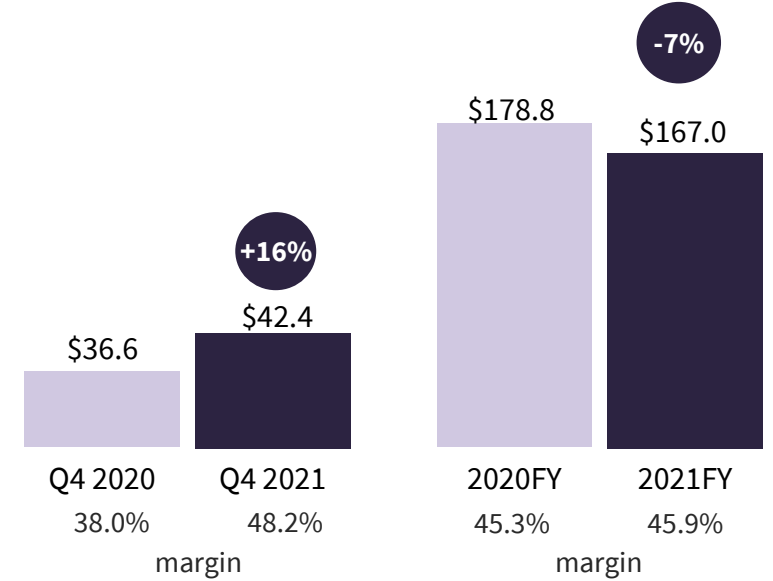
**Volume (\$bn)**



**Revenue (\$m)**



**Adj. EBITDA (\$m)**

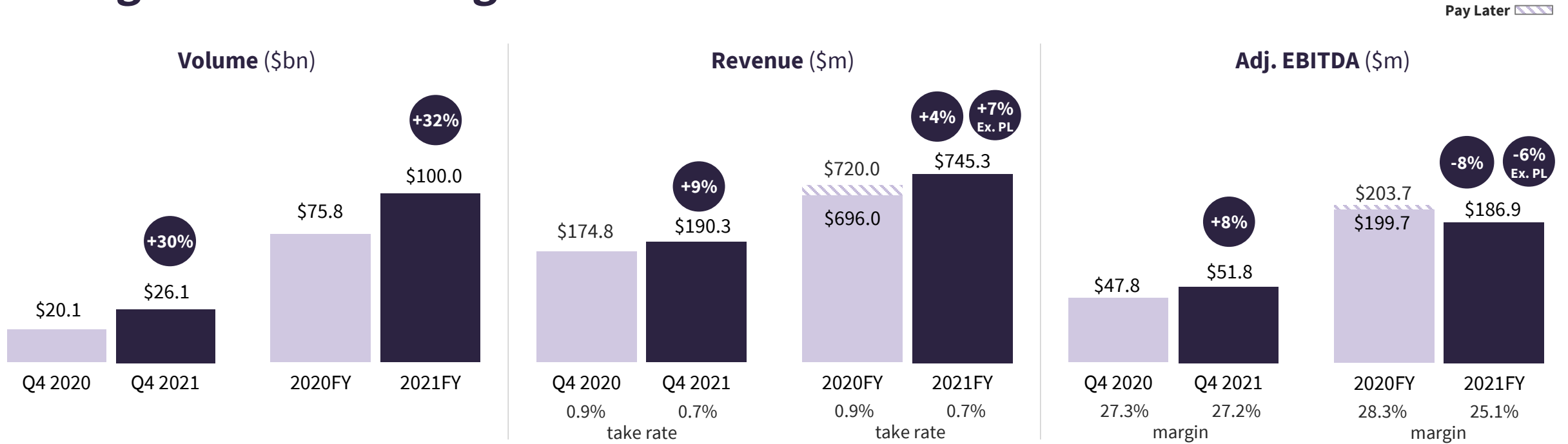


## Q4 commentary

- Compared to prior year, overall performance reflects exits and market impacts (Germany and Netherlands regs; Norway Q4'20 exit), partially offset by initial progress on turnaround initiatives
- Take rates reflects mix
- Adj. EBITDA margin reflects lower credit losses
- Active users 3.1m<sup>(1)</sup>



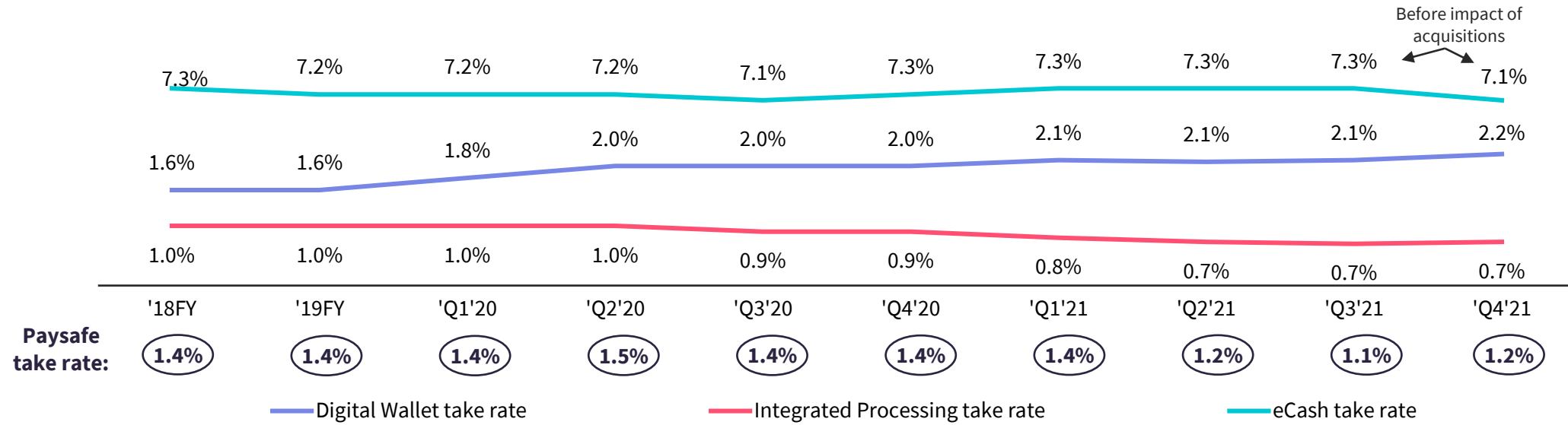
# Integrated Processing



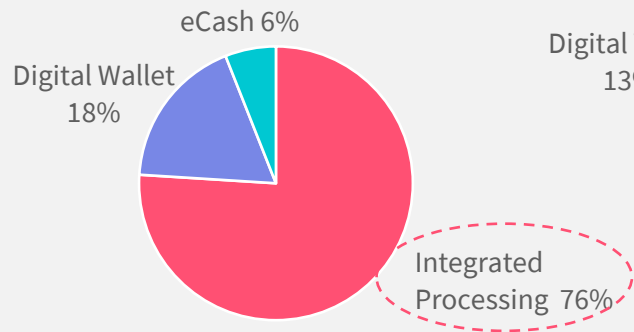
## Q4 commentary

- Robust volume growth led by US Acquiring Retail (+37% YoY) driven by covid-19 recovery and ending of lockdowns; integrated & eCommerce (+16%) driven by growth in ISV and iGaming
- Revenue reflects direct marketing headwind YoY (but recovering - sequential growth)
- Take rate decline primarily reflects mix – lower direct marketing volumes (higher take rate) and higher contribution from US Acquiring Retail (lower take rate)

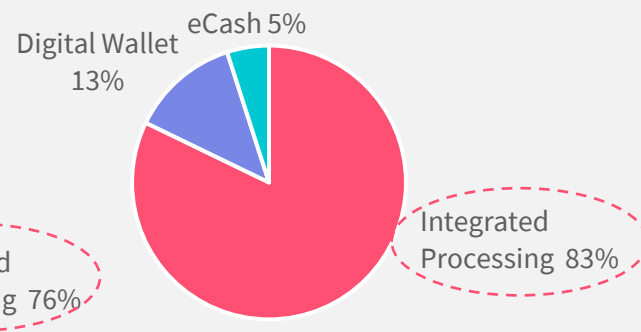
# Sustained take rates across segments; mix shift to Processing



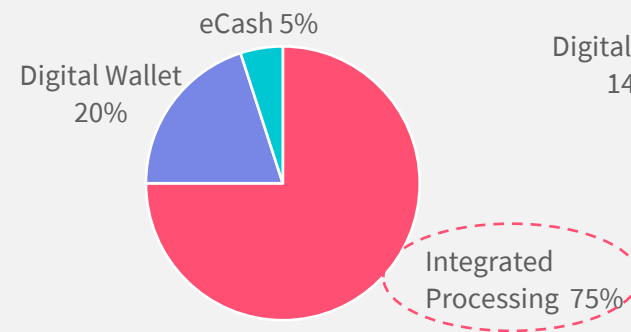
**Q4'20 volume mix<sup>(1)</sup>**



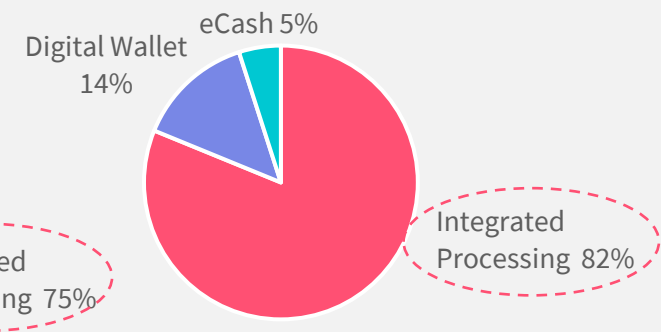
**Q4'21 volume mix<sup>(1)</sup>**



**2020 volume mix<sup>(1)</sup>**



**2021 volume mix<sup>(1)</sup>**



# Leverage summary

Liquidity summary (\$m)	12/31/21
Cash and cash equivalents <sup>(1)</sup>	\$702
Undrawn amounts under revolving credit facility <sup>(2)</sup>	\$277

Leverage (\$m)	12/31/21
Total debt <sup>(2)</sup>	\$2,744
Cash and cash equivalents	\$702
Net debt <sup>(2)</sup>	\$2,042
Net debt-to-LTM Adj. EBITDA <sup>(3)</sup>	4.6x

- Net leverage 5.5x pro forma (12/31/21) with closing of SafetyPay acquisition (1/31/22)
- Maintaining significant covenant headroom
- Continued commitment to long-term leverage goal of 3.5x

- (1) Cash and cash equivalents includes \$387 million of cash held in escrow relating to the Company's acquisition of Safetypay Inc, which completed in Q1 2022. The cash is classified with Customer accounts and other restricted cash in the Company's Statement of Financial Position, but is treated as Cash and cash equivalents for leverage purposes in accordance with the Company's Senior Credit Facility
- (2) Total debt includes the outstanding principal on the Company's borrowings. Total debt excludes the drawn amounts of a local \$50 million Credit Facility held in the US outside the Company's Senior Credit Facility. The nature of the facility is to draw on the facility daily and to prefund daily interchange and acts as a source of working capital. Total debt includes \$390 million for the acquisition of SafetyPay.
- (3) Net debt-to-LTM Adj. EBITDA is defined as Net Debt (Total Debt less Cash and cash equivalents) divided by the Company's adjusted EBITDA as defined on slide 25 for the last 12 months and does not represent the definition of adjusted EBITDA that is used for covenant calculation purposes.

# 2022 FY and Q1'22 guidance

	2022 FY	Q1 2022
\$millions	Guidance	Guidance
Revenue	\$1,530 – \$1,580	\$355 – \$365
<i>Year-over-year</i>	3% to 6%	(6%) to (3%)
Adj. EBITDA	\$440 – \$460	\$95 – \$100
<i>Adj. EBITDA Margin</i>	~29%	~27%

## FY 2022 expectations

- *US Acquiring*: high single-digit to low double-digit growth
- *Digital Commerce*: flat to low single-digit growth
  - ↑ Inorganic contribution (Pago, SafetyPay, viafintech)
  - ↑ Integrated & eCommerce (e.g., North America iGaming, crypto)
  - ↓ Digital wallet turnaround; regulations in Europe
  - ↓ FX assumption 1.13 USD/Euro 2022

## Q1'22 expectations

- Digital Commerce down high single-digit YoY, partly offset by mid single-digit growth YoY in US Acquiring
- FX YoY headwind

# Summary

Focused on delivering on our strategic priorities, underscored by end-to-end payment solutions and risk management, to partner with leading-edge companies in fast growing verticals

Delivering on digital wallets turnaround with positive early results

Winning exciting deals across NA iGaming and crypto

Maintaining 2022 outlook and positioning Paysafe for strong future growth

**Paysafe:**



# Appendix



# Supplemental: summary of 2020-2021 segment results (new structure)

	2020					2021				
	Q1	Q2	Q3	Q4	FY 2020	Q1	Q2	Q3	Q4	FY 2021
Volume (\$m)										
US Acquiring	\$ 14,381	\$ 12,797	\$ 15,541	\$ 15,166	\$ 57,884	\$ 16,398	\$ 20,507	\$ 20,685	\$ 20,439	\$ 78,028
Digital Commerce	11,179	9,902	10,626	11,076	42,783	11,114	11,786	10,374	11,050	44,325
Total	\$ 25,560	\$ 22,698	\$ 26,167	\$ 26,242	\$ 100,667	\$ 27,512	\$ 32,292	\$ 31,060	\$ 31,489	\$ 122,353
Take Rate										
US Acquiring	1.1%	1.2%	1.0%	1.0%	1.1%	0.9%	0.8%	0.8%	0.8%	0.8%
Digital Commerce	1.8%	1.9%	1.9%	2.0%	1.9%	2.0%	1.9%	1.8%	1.9%	1.9%
Total	1.4%	1.5%	1.4%	1.4%	1.4%	1.4%	1.2%	1.1%	1.2%	1.2%
Revenue (\$m)										
US Acquiring	\$ 157.1	\$ 149.6	\$ 152.0	\$ 152.0	\$ 610.7	\$ 153.3	\$ 164.6	\$ 164.9	\$ 166.8	\$ 649.8
Digital Commerce	202.6	191.4	203.5	218.2	815.8	224.1	219.7	188.6	204.8	837.2
Total	\$ 359.7	\$ 341.0	\$ 355.5	\$ 370.3	\$ 1,426.5	\$ 377.4	\$ 384.3	\$ 353.6	\$ 371.7	\$ 1,487.0
Gross Profit, excl. D&A (\$m)										
US Acquiring	\$ 90.4	\$ 84.7	\$ 81.4	\$ 82.9	\$ 339.4	\$ 78.5	\$ 79.7	\$ 81.0	\$ 82.3	\$ 321.5
Digital Commerce	139.9	130.1	138.8	143.5	552.3	147.9	148.8	127.8	141.2	565.7
Total	\$ 230.3	\$ 214.8	\$ 220.2	\$ 226.4	\$ 891.7	\$ 226.4	\$ 228.6	\$ 208.7	\$ 223.5	\$ 887.2
Gross Profit Margin, excl. D&A										
US Acquiring	58%	57%	54%	55%	56%	51%	48%	49%	49%	49%
Digital Commerce	69%	68%	68%	66%	68%	66%	68%	68%	69%	68%
Total	64%	63%	62%	61%	63%	60%	59%	59%	60%	60%
Adj. EBITDA (\$m)										
US Acquiring	\$ 47.5	\$ 46.0	\$ 42.4	\$ 43.1	\$ 179.0	\$ 39.3	\$ 40.7	\$ 40.7	\$ 46.9	\$ 167.6
Digital Commerce	84.3	73.6	85.2	76.3	319.3	91.5	95.1	80.0	84.8	351.4
Corporate	(19.0)	(9.3)	(20.4)	(24.0)	(72.6)	(17.5)	(16.9)	(14.3)	(26.3)	(75.0)
Total	\$ 112.8	\$ 110.3	\$ 107.2	\$ 95.3	\$ 425.8	\$ 113.2	\$ 118.8	\$ 106.4	\$ 105.5	\$ 443.9
Adj. EBITDA Margin										
US Acquiring	30%	31%	28%	28%	29%	26%	25%	25%	28%	26%
Digital Commerce	42%	38%	42%	35%	39%	41%	43%	42%	41%	42%
Total	31%	32%	30%	26%	30%	30%	31%	30%	28%	30%

# Supplemental: summary of 2021 segment results (previous structure)

	2021				
	Q1	Q2	Q3	Q4	FY 2021
<b>Volume (\$m)</b>					
Integrated Processing	\$ 21,565	\$ 26,356	\$ 25,953	\$ 26,128	\$ 100,001
Digital Wallet	4,602	4,698	3,995	3,931	17,226
eCash	1,549	1,432	1,268	1,595	5,844
Intersegment	(204)	(194)	(156)	(164)	(719)
<b>Total</b>	<b>\$ 27,512</b>	<b>\$ 32,292</b>	<b>\$ 31,060</b>	<b>\$ 31,489</b>	<b>\$ 122,353</b>
<b>Take Rate</b>					
Integrated Processing	0.8%	0.7%	0.7%	0.7%	0.7%
Digital Wallet	2.1%	2.1%	2.1%	2.2%	2.1%
eCash	7.3%	7.3%	7.1%	6.2%	7.0%
<b>Total</b>	<b>1.4%</b>	<b>1.2%</b>	<b>1.1%</b>	<b>1.2%</b>	<b>1.2%</b>

	2021				
	Q1	Q2	Q3	Q4	FY 2021
<b>Revenue (\$m)</b>					
Integrated Processing	\$ 176.9	\$ 191.2	\$ 186.9	\$ 190.3	\$ 745.3
Digital Wallet	94.9	97.3	83.7	87.9	363.8
eCash	112.9	103.9	90.2	99.2	406.2
Intersegment	(7.3)	(8.0)	(7.1)	(5.8)	(28.3)
<b>Total</b>	<b>\$ 377.4</b>	<b>\$ 384.3</b>	<b>\$ 353.6</b>	<b>\$ 371.7</b>	<b>\$ 1,487.0</b>
<b>Gross Profit, excl. D&amp;A (\$m)</b>					
Integrated Processing	\$ 92	\$ 94	\$ 93	\$ 96	\$ 374
Digital Wallet	70.3	75.3	63.6	69.9	279.1
eCash	64.5	59.4	52.4	57.5	233.7
Intersegment	0.0	0.0	0.0	(0.0)	0.0
<b>Total</b>	<b>\$ 226.4</b>	<b>\$ 228.6</b>	<b>\$ 208.7</b>	<b>\$ 223.5</b>	<b>\$ 887.2</b>
<b>Gross Profit Margin, excl. D&amp;A</b>					
Integrated Processing	52%	49%	50%	51%	50%
Digital Wallet	74%	77%	76%	80%	77%
eCash	57%	57%	58%	58%	58%
<b>Total</b>	<b>60%</b>	<b>59%</b>	<b>59%</b>	<b>60%</b>	<b>60%</b>
<b>Adj. EBITDA (\$m)</b>					
Integrated Processing	\$ 44.9	\$ 45.8	\$ 44.4	\$ 51.8	\$ 186.9
Digital Wallet	37.8	46.9	39.9	42.4	167.0
eCash	48.1	43.0	36.3	37.6	165.1
Corporate	(17.5)	(16.9)	(14.3)	(26.3)	(75.0)
<b>Total</b>	<b>\$ 113.2</b>	<b>\$ 118.8</b>	<b>\$ 106.4</b>	<b>\$ 105.5</b>	<b>\$ 443.9</b>
<b>Adj. EBITDA Margin</b>					
Integrated Processing	25%	24%	24%	27%	25%
Digital Wallet	40%	48%	48%	48%	46%
eCash	43%	41%	40%	38%	41%
<b>Total</b>	<b>30%</b>	<b>31%</b>	<b>30%</b>	<b>28%</b>	<b>30%</b>



# 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 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 income (loss) to Adjusted EBITDA reconciliation

(\$ in thousands)	Three months ended December 31,		Years ended December 31,	
	2021	2020	2021	2020
<b>Net income / (loss)</b>	<b>\$ 90,522</b>	<b>\$ (3,012)</b>	<b>\$ (110,328)</b>	<b>\$ (126,714)</b>
Income tax benefit	(19,005)	(21,126)	(85,110)	(59,199)
Interest expense, net	21,536	41,456	165,827	164,788
Depreciation and amortization	63,964	65,034	261,372	268,166
Share based compensation expense	8,940	-	101,770	-
Impairment expense on intangible assets	-	6,616	324,145	130,420
Restructuring and other costs	3,562	10,129	25,883	20,640
Loss on disposal of subsidiaries and other assets, net	28	(13,496)	-	(13,137)
Other (income) / expense, net	(64,088)	9,743	(239,661)	40,805
<b>Adjusted EBITDA</b>	<b>\$ 105,459</b>	<b>\$ 95,344</b>	<b>\$ 443,898</b>	<b>\$ 425,769</b>
Adjusted EBITDA Margin	28.4%	25.7%	29.9%	29.8%

Note: As of December 31, 2020, an out of period adjustment related to the period ended March 31, 2020 was identified and corrected for the impairment of certain Digital Wallet's intangible assets. This resulted in the overstatement of Intangible assets, net and understatement of Impairment expense on intangible assets, net of \$21.4 million (\$15.8 million net of tax), respectively, as of March 31, 2020. The prior period results have been revised to reflect the correction of this misstatement.

# GAAP to Non-GAAP reconciliation – growth excluding business disposal

\$ millions	2020	2021	% change
<b>Paysafe total revenue</b>	<b>\$ 1,426</b>	<b>\$ 1,487</b>	4%
Adjustment for disposed business (Pay Later)	24	-	
<b>Paysafe Total revenue excluding Pay Later</b>	<b>\$ 1,402</b>	<b>\$ 1,487</b>	6%
<b>Integrated Processing total revenue</b>	<b>\$ 720</b>	<b>\$ 745</b>	4%
Adjustment for disposed business (Pay Later)	24	-	
<b>Integrated Processing Total revenue excluding Pay Later</b>	<b>\$ 696</b>	<b>\$ 745</b>	7%
<b>Net loss</b>	<b>\$ (127)</b>	<b>\$ (110)</b>	
Income tax benefit	(59)	(85)	
Interest expense, net	165	166	
Depreciation and amortization	268	261	
Share based compensation	-	102	
Impairment expense on intangible assets	130	324	
Restructuring and acquisition related costs	21	26	
Gain on disposal of subsidiaries and other assets, net	(13)	(0)	
Other expense/ (income), net	41	(240)	
<b>Total Paysafe Adjusted EBITDA</b>	<b>\$ 426</b>	<b>\$ 444</b>	4%
Adjustment for disposed business (Pay Later)	4	-	
<b>Paysafe total Adjusted EBITDA excluding Pay Later</b>	<b>\$ 422</b>	<b>\$ 444</b>	5%
<b>Integrated Processing Total Adjusted EBITDA</b>	<b>\$ 204</b>	<b>\$ 187</b>	-8%
Adjustment for disposed business (Pay Later)	4	-	
<b>Integrated Processing total Adjusted EBITDA excluding Pay Later</b>	<b>\$ 200</b>	<b>\$ 187</b>	-6%

# Operating Cash Flow to Free Cash Flow reconciliation

(\$ in thousands)	Three months ended December 21,		Years ended December 31,	
	2021	2020	2021	2020
<b>Net cash inflows from operating activities</b>	<b>\$ 131,868</b>	<b>\$ 236,303</b>	<b>\$ 224,468</b>	<b>\$ 409,109</b>
Capital expenditure <sup>(1)</sup>	(22,308)	(20,213)	(83,843)	(65,872)
Cash paid for interest	28,748	36,593	91,545	154,373
Payments relating to restructuring and other costs <sup>(2)</sup>	9,520	3,296	21,735	18,196
Movement in customer accounts and other restricted cash <sup>(3)</sup>	(94,770)	(139,142)	32,429	(159,523)
<b>Free Cash Flow</b>	<b>\$ 53,058</b>	<b>\$ 116,837</b>	<b>\$ 286,334</b>	<b>\$ 356,283</b>
Adjusted EBITDA	105,459	95,344	443,898	425,769
<b>Free Cash Flow Conversion</b>	<b>50%</b>	<b>123%</b>	<b>65%</b>	<b>84%</b>

(1) 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.

(2) Restructuring and other costs include acquisition costs related to the Company's merger and acquisition activity, restructuring costs, strategic transformation costs resulting from value creation initiatives following business acquisitions and professional consulting and advisory fees related to public company readiness activities. This includes certain professional advisory costs, office closure costs and resulting severance payments to employees.

(3) This line item has been adjusted to remove the increase in Customer accounts and other restricted cash related to cash held in escrow for the drawdown of the USD Incremental Term Loan for the Safety Pay acquisition in the amount of \$387,456 as of December 31, 2021. In accordance with ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash, the Company includes customer accounts and other restricted cash in the Cash and Cash Equivalents balance reported in the Consolidated Statements of Cash Flows. Management consider the movement in Customer accounts and other restricted cash as settlement related, and have therefore offset against movements in Settlement Receivables and Funds payable and amounts due to customers. The movement stated is net of foreign exchange movements on translation of non-USD subsidiaries to USD at the reporting date, as well as realized foreign exchange movements.

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

(\$ in thousands)	Three months ended December 31,		Years ended December 31,	
	2021	2020	2021	2020
<b>Revenue</b>	\$ 371,661	\$ 370,285	\$ 1,487,013	\$ 1,426,489
Cost of services (excluding depreciation and amortization)	148,111	143,838	599,778	534,823
Depreciation and amortization	63,964	65,034	261,372	268,166
<b>Gross Profit <sup>(1)</sup></b>	\$ 159,586	\$ 161,413	\$ 625,863	\$ 623,500
Depreciation and amortization	63,964	65,034	261,372	268,166
<b>Gross Profit (excluding depreciation and amortization)</b>	\$ 223,550	\$ 226,447	\$ 887,235	\$ 891,666

(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.