

Appendix



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, Adjusted net income and Adjusted net income per share, 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.

Adjusted net income excludes the impact of certain non-operational and non-cash items. Adjusted net income is defined as net income/(loss) attributable to the Company before the impact of other non-operating income / (expense), net, impairment expense on goodwill and intangible assets, restructuring and other costs, accelerated amortization of debt fees, amortization of acquired assets, loss/(gain) on disposal of subsidiaries and other assets, share based compensation, discrete tax items and the income tax (benefit)/expense on these non-GAAP adjustments. Adjusted net income per share is adjusted net income as above divided by weighted average dilutive shares outstanding. Management believes the removal of certain non-operational and non-cash items from net income enhances shareholders ability to evaluate the Company's business performance and profitability by improving 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, 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.

Q2 summary of consolidated results

\$ in millions	Q2 '21	Q2 '22	Change	
Revenue	\$384.3	\$378.9	(1%) 3% cc	<ul style="list-style-type: none"> Reduction in interest expense reflects acceleration of deferred debt financing expense in prior year \$676.5m additional non-cash goodwill impairment due to the sustained decline in PSFE market capitalization as well as current market and macro conditions No impact on cash flow, liquidity, or compliance with debt covenants
Gross Profit (excluding D&A) <i>Margin %</i>	\$228.6 59.5%	\$219.9 58.0%	(4%) (150bps)	
Adj. EBITDA <i>Margin %</i>	\$118.8 30.9%	\$103.0 27.2%	(13%) (370bps)	
Depreciation and amortization	\$70.1	\$69.6	(1%)	
Interest expense, net	\$62.7	\$28.4	(55%)	
Net income (loss) attributable to Paysafe	\$6.6	(\$658.7) ⁽¹⁾	NM	
Adjusted net income	\$56.1 ⁽²⁾	\$37.5	(33%)	
Adjusted EPS	\$0.08 ⁽²⁾	\$0.05	(33%)	

(1) Following an internal review of the disclosures in our terms and conditions of foreign exchange rates in our Digital Commerce business for the period January 2018 to August 2022, and pursuant to discussions with our regulator that were initiated by us and concluded in September 2022, we agreed to provide payments to certain customers. As a result, we recorded a provision of \$33.6 million related to this matter as of June 30, 2022 in our interim financial statements filed on Form 6-K October 19, 2022. This was a subsequent event that occurred after the filing of our Q2 2022 earnings release and therefore was not reflected in the financial results included therein. The following line items for Q2'22 have been updated to reflect this provision: Net (loss) / income, restructuring and other costs, and income tax (benefit) / expense.

(2): Upon further review of the adjustments to Adjusted net income, amounts for Q2'21 have been updated from amounts previously presented to account for the tax impact related to accelerated debt fees.

GAAP Net (loss) income to adjusted EBITDA reconciliation

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
(\$ in thousands) ⁽¹⁾				
Net income / (loss)	\$ (658,739)	\$ 6,785	\$ (1,829,551)	\$ (53,744)
Income tax (benefit) / expense ⁽¹⁾	(16,618)	16,690	(60,032)	10,754
Interest expense, net	28,426	62,650	54,382	125,019
Depreciation and amortization	69,585	70,114	133,008	135,576
Share based compensation expense	17,736	3,276	31,706	84,117
Impairment expense on goodwill and intangible assets	676,456	1,357	1,882,187	1,935
Restructuring and other costs ⁽¹⁾	41,602	4,518	54,193	7,488
Loss / (gain) on disposal of subsidiaries and other assets, net	660	(28)	660	(28)
Other income, net	(56,155)	(46,558)	(59,633)	(79,083)
Adjusted EBITDA	\$ 102,953	\$ 118,804	\$ 206,920	\$ 232,034
Adjusted EBITDA Margin	27.2%	30.9%	27.7%	30.5%

(1) Following an internal review of the disclosures in our terms and conditions of foreign exchange rates in our Digital Commerce business for the period January 2018 to August 2022, and pursuant to discussions with our regulator that were initiated by us and concluded in September 2022, we agreed to provide payments to certain customers. As a result, we recorded a provision of \$33.6 million related to this matter as of June 30, 2022 in our interim financial statements filed on Form 6-K October 19, 2022. This was a subsequent event that occurred after the filing of our Q2 2022 earnings release and therefore was not reflected in the financial results included therein. The following line items have been updated to reflect this provision: Net (loss) / income, restructuring and other costs, and income tax (benefit) / expense.

Reconciliation of GAAP net (loss) income to Adjusted net income

	Three months ended		Six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
(\$ in thousands) (unaudited)				
Net (loss) / income attributable to the Company	\$ (658,739)	\$ 6,597	\$ (1,829,922)	\$ (54,050)
Other non operating income, net ⁽¹⁾	(58,611)	(50,546)	(64,019)	(89,266)
Impairment expense on goodwill and intangible assets	676,456	1,357	1,882,187	1,935
Accelerated amortization of debt fees ⁽²⁾	-	40,538	-	62,262
Amortization of acquired assets ⁽³⁾	43,283	50,298	85,549	100,363
Restructuring and other costs	41,602	4,518	54,193	7,488
Loss / (gain) on disposal of subsidiaries and other assets, net	660	(28)	660	(28)
Share based compensation expense	17,736	3,276	31,706	84,117
Discrete tax items ⁽⁴⁾	13,601	25,394	6,976	22,300
Income tax (benefit) / expense on non-GAAP adjustments ⁽⁵⁾	(38,447)	(25,328) ⁽⁶⁾	(92,528)	(40,919) ⁽⁶⁾
Adjusted net income attributable to the Company	\$ 37,541	\$ 56,076 ⁽⁶⁾	\$ 74,802	\$ 94,202 ⁽⁶⁾
(in millions)				
Weighted average shares - diluted	725.9	728.0	724.9	723.7
Adjusted diluted impact	1.8	1.7	1.5	3.1
Adjusted weighted average shares - diluted	727.7	729.7	726.4	726.8

Note: The following line items for Q2'22 and YTD'22 have been updated to reflect the provision related to the subsequent event as described on the previous slide: Net (loss) / income attributable to the company, restructuring and other costs, and income tax (benefit)/expense.

(1): Other non operating (income) /expense, net primarily consists of income and expenses outside of the Company's operating activities, including fair value gain on derivative instruments, fair value fair on warrant liabilities and (gain) / loss on contingent consideration payable and receivables and gain on foreign exchange. For the three months and six months ended June 30, 2022, this item includes the gain on the repurchase of secured notes.

(2): Accelerated amortization of debt fees represents the non-cash amortization of debt fees relating to the refinancing in 2021.

(3): Amortization of acquired asset represents amortization expense on the fair value of intangible assets acquired through various Company acquisitions, including Brands, Customer relationships, software and merchant portfolios.

(4): Discrete tax items represents certain amounts within income tax (benefit)/expense, including changes in uncertain tax positions and the remeasurement of certain deferred tax balances due to changes in the statutory tax rates in certain jurisdictions.

(5): Income tax (benefit) / expense on non-GAAP adjustments reflects the tax impact of the non-GAAP adjustments to Net (loss)/income attributable to the Company to calculated Adjusted net income.

(6): Upon further review of the adjustments to non-GAAP net (loss)/income, amounts for the three months ended and six months ended June 30, 2021 have been updated from amounts previously presented for the three months ended June 30, 2021 to account for the tax impact related to accelerated debt fees.