

Letter to Shareholders





Quick facts (FY23)

\$140Bn

Transaction Payment Volume

\$1.6Bn

Revenue

~3,200

Employees

18M¹

Consumers

~260²

Local Payment Methods

#4³

US Processor Rank

1. Reflects active users transacting at least once in the last 12 months.

2. Total count ~260, of which ~145 are direct integrations, which is the sum of unique branded LPMs and local bank transfers counted once per country.

3. Nilson Report ranking. Excludes bank and bank-owned acquirers; Paysafe ranks within the top 10 including bank and bank-owned acquirers.



Bruce Lowthers
Chief Executive Officer

Message from our CEO

Dear fellow shareholders,

2023 was an encouraging year of progress as we continued to advance our turnaround, making great strides towards our ambition to be a world-class payments company. We delivered improved financial and operational results, while further reducing our debt, refining our long-term vision, and refreshing our brand identity. Of course, none of this would have been possible without the collective effort and commitment to teamwork of our employees, who strive for excellence each day. It truly does start here!

So, as we mark the third year since Paysafe's IPO and I finish my second year as CEO, I want to share some highlights of our accomplishments and review our priorities for the year ahead.

In 2023 we sharpened our focus on Paysafe's unique and growing value proposition as a trusted payments partner for the fast-growing entertainment sectors such as iGaming, online video gaming, travel and leisure, fintech services, and other entertainment-focused verticals. As payments evolve, Paysafe continuously finds new ways of connecting consumers and merchants. We believe that transactions are about more than numbers. They are about turning every transaction into an experience. The ambition of a growing business, the thrill of a gamer's next quest or the wanderlust of a global traveler – Paysafe is powering those experiences. Digital and physical worlds converge in the experiential economy, creating a new generation of entertainment that increases consumer demand for frictionless, curated, and personalized interactions. Younger, tech-savvy consumers expect immediate "DIY" access to a variety of ways to pay. For all businesses regardless of size, this means every experience, and every transaction, must count!

These evolving needs of consumers and merchants continue to align perfectly with Paysafe's strategic focus, global footprint and product offering. As a leader in the experiential economy, Paysafe is fueling fun through the power of safe payments.

Paysafe Revenue:

2023

\$1,601M
+7% YoY

Revenue Mix:¹

Merchant Solutions
\$878M
55% of total

Digital Wallets
\$735M
46% of total

1. Segment percentages sum to 101% due to intersegment revenue of \$12M.

Adj. EBITDA:²

2023

\$459M
28.6% margin
+120bps

2. Adjusted EBITDA and adjusted EBITDA margin are non-GAAP financial measures. For a reconciliation to the closest GAAP financial measure, please see the Q4 2023 earnings presentation on Paysafe's Investor Relations website. Paysafe reported GAAP net loss of (\$20.3) million for 2023.



Improved our financial performance

Since going public in the first quarter of 2021, the fourth quarter of 2023 was our strongest ever quarter in terms of both revenue and adjusted EBITDA. We achieved our 2023 financial guidance, with full year revenue reaching \$1.6 billion, a 7% increase compared to 2022. Our performance was fueled by continued momentum across our SMB merchant base, along with double-digit growth from both our classic digital wallet solutions as well as e-commerce solutions for our enterprise merchants. We also improved our profitability, generating adjusted EBITDA¹ of \$459 million in 2023, reflecting 12% growth and margin expansion of 120 basis points. Additionally, we reduced our net leverage¹ ratio to 5.0x, compared to 5.8x at 2022 year-end, overachieving our initial leverage target for 2023.

Transformed our sales strategy

My initial observation when joining Paysafe was that we had a robust global presence in attractive markets, an impressive roster of marquee clients, and a unique breadth of technologies catering to both merchants and consumers. While we benefited from having many of the key elements to power end-to-end payments for our core markets, I recognized an opportunity to greatly improve how we leverage these assets to create more value across the ecosystem and, in turn, better serve our clients. With that in mind, growing Paysafe's sales organization and rebuilding our go-to-market strategy became one of our top priorities for 2023 and this continues to be a key focus area in 2024.

We began our sales transformation by welcoming new talent and re-organizing the company to improve cross-selling to existing clients across our global footprint. Our sales function now operates as a single team focused on our targeted verticals and is empowered and incentivized to sell the entire Paysafe product suite holistically. As a result, in 2023 we won a record number of enterprise deals with both existing and new blue-chip clients, while increasing our net revenue retention. We are now seeing more cross-selling and geographical expansion than ever before, along with multi-product wins and a larger pipeline. With this newly established growth engine, I believe this is only the beginning of our opportunity to unlock significant value in the marketplace.

Refocused on innovation

Another key initiative that we established was returning to our roots as an innovator in the payments industry. In 2023, we made a number of organizational changes and adapted our capital spend to support this renewed focus on our product vision and roadmaps. We launched our first ever One Paysafe product that brings together our merchant and consumer capabilities - the Business Wallet for SMBs in the U.S. Drawing on our unique B2B and B2C capabilities, Business Wallet represents a meaningful value proposition for SMBs, and I am excited to see this offering evolve. We are beginning with a gradual roll-out in 2024, including a digital wallet for SMBs to receive acquiring settlement and to manage their business finances in one place. Our mission with this initiative is to help businesses with easy and convenient ways to move money, through simple, intuitive digital experiences.

¹ Please see the Q4 2023 earnings presentation and accompanying disclosures on Paysafe's Investor Relations website for more information on non-GAAP financial measures, including adjusted EBITDA, adjusted EBITDA margin, and net leverage.



Strengthened customer experience

We maintained our pursuit and commitment to operational excellence and customer experience, investing in new technologies and capabilities that enhanced user experience, such as network tokenization, artificial intelligence, and local payment methods (LPMs). We delivered improvements in key indicators such as a reduction in the rate of customer service contacts by improving self-service and implementing more automation and state-of-the-art tools. Importantly, we also saw increased consumer engagement in our Skrill and NETELLER digital wallets, including growth in transactions per user and average revenue per user. On the merchant side, I am very pleased that Paysafe was recently ranked second - well above industry standard - in the J.D. Power 2024 U.S. Merchant Services Satisfaction StudySM, a testament to our team's hard work and focus on the customer.



Focused on our people and advanced our sustainability priorities

We continued to make positive strides in creating a vibrant work environment to help us retain and attract the best talent. Our Glint survey results remain high, with an overall engagement score of 75 (June 2023), above the global benchmark, reflecting a workforce that is happy working at Paysafe and would recommend Paysafe as a great place to work. We saw more than 370 employees celebrate 10+ years of service! I am also proud that 39% of our leadership team is female. This year we are committed to investing more in the communities where we live and work to ensure we are an employer of choice in the payments industry.

In everything we do, and wherever we operate, we strive to do so with the highest standards of ethical business practices. In the spring of 2024 we plan to release our inaugural Sustainability Report, which will highlight the core tenets of Paysafe's new Sustainability strategy, which seeks to deepen the work we do in three key areas where we believe we can have the greatest impact: Trusted technology, Engaged employees, and Thriving society. These principles underpin our business and are the foundation of our Sustainability initiatives, building on our commitment to act as a responsible business and guiding us to strengthen our frameworks to help ensure accountability.





Looking ahead

In 2024 we will continue to deliver on our strategic imperatives, building on our achievements in 2023, charting a clear path for Paysafe’s future success. We have entered 2024 in a solid financial position with strong cash generation, allowing for continued investment in innovation, while also deleveraging the business to create shareholder value. Below is a summary of our near-term focus areas that will guide our decision-making for the coming year:

- ◆ We must continue to pursue new merchant partnerships, while retaining and growing with our existing client base, which presents a great opportunity for Paysafe. As part of this ongoing initiative, we plan to invest in the further **expansion of our sales team in 2024** to support long-term growth in our core verticals.
- ◆ We will also invest in the **optimization of our portfolio**, particularly within our SMB business, to support the improvement of growth in our SMB direct sales channels, while also expanding our capabilities and access to value-added services for our merchants.
- ◆ In 2023, we recorded **double-digit growth in e-commerce** and this remains a high growth area for Paysafe. We will continue to focus on enhancing our platform and gateway capabilities to deliver market-leading authorization rates and other e-commerce solutions.
- ◆ On the consumer side, which reflects our eCash solutions and classic digital wallets, we are **improving our marketing programs**, including more effective and sophisticated campaigns to drive consumer acquisition, expand our channel mix, and deliver more high-impact content.
- ◆ Our efforts around **product innovation** will build upon our progress in 2023 and focus on **creating memorable user experiences**, leveraging Paysafe’s unique B2B and B2C capabilities, and identifying new ways for consumers and merchants to connect.

In closing, I am proud of the progress we have made and excited about what lies ahead. To our extraordinary team, thank you for your hard work and resiliency. Together, we have built a stronger and more nimble foundation, ready to deliver sustainable growth and operational excellence. To our Board of Directors, thank you for your steadfast support. And to our valued customers, shareholders, and partners, thank you for your trust in Paysafe, we look forward to continuing this journey together.

Bruce Lowthers
Chief Executive Officer



About Paysafe

Paysafe Limited (“Paysafe”) (NYSE: PSFE) (PSFE.WS) is a leading payments platform with an extensive track record of serving merchants and consumers in the global entertainment sectors. Its core purpose is to enable businesses and consumers to connect and transact seamlessly through industry-leading capabilities in payment processing, digital wallet, and online cash solutions. With over 25 years of online payment experience, an annualized transactional volume of \$140 billion in 2023, and approximately 3,200 employees located in 12+ countries, Paysafe connects businesses and consumers across 260 payment types in over 40 currencies around the world. Delivered through an integrated platform, Paysafe solutions are geared toward mobile-initiated transactions, real-time analytics and the convergence between brick-and-mortar and online payments. Further information is available at www.paysafe.com.