



# PAYFARE

Second Quarter 2022  
Financial Results

*August 11, 2022*



# Legal Disclaimer

## General

Unless otherwise indicated or the context otherwise requires, all references in this presentation to “Payfare”, the “Company,” “we,” “our,” “ours,” “us” or similar terms refer to Payfare Inc., together with its subsidiaries. All references to “\$”, “C\$”, “dollars” are to Canadian dollars. All references to “US\$” are to United States dollars. Capitalized terms used herein that are not otherwise defined have the meanings ascribed to such terms in the prospectus.

Any graphs, tables or other information demonstrating our historical performance or that of any other entity contained in this presentation are intended only to illustrate past performance and are not necessarily indicative of our or such entities’ future performance. The information contained in this presentation is accurate only as of the date of this presentation or the date indicated. No securities regulatory authority has expressed an opinion about the securities described herein and it is an offence to claim otherwise.

## Cautionary Note Regarding Forward-Looking Information

This presentation includes certain forward-looking statements that are made as of the date hereof and are based upon current expectations, which involve risks and uncertainties associated with our business and the economic environment in which the business operates. All such statements are made pursuant to the “safe harbour” provisions of, and are intended to be forward-looking statements under applicable Canadian securities laws. This presentation includes, but is not limited to, forward looking statements regarding the launch of new programs, services and platforms, guidance information, target revenue ranges for 2022, gross margin expansion, Gross Profit growth outpacing G&A spend, Adjusted EBITDA growth, cash balance impacted by non-cash working capital adjustments in Q2 and expected to reverse impact over the balance of the year and 2022 strategic objectives being fully funded. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. When relying on forward-looking statements, whether written or oral, to make decisions with respect to Payfare, investors and others should carefully consider the risks, uncertainties and assumptions, including Payfare’s inability to launch its new programs or platforms in a timely manner, the economic viability of new programs and platforms, the inability to scale Payfare’s operations, the impacts and restrictions caused by the COVID-19 pandemic become prolonged, Payfare’s ability to finance and support new programs and platforms, a general decline in the credit markets or gig economy in North America, the impact of inflation and rising costs of goods and services on Payfare’s business model, the availability of talent and the retention of employees to support Payfare’s plans, and industry competitors who may have superior technology or are quicker to take advantage of certain market opportunities, and those risks set forth in the “Risk Factors” sections in the annual MD&A of the Company for the year ended December 31, 2021 (MD&A), which is available on [www.sedar.com](http://www.sedar.com). All the forward-looking statements in this presentation are expressly qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences for the Company.

## Non-GAAP and Supplementary Financial Measures

The Company uses certain non-GAAP and supplementary financial measures to arrive at adjusted results to assess its business and to measure overall performance. Payfare believes that these financial measures provide readers with a better understanding of how management views the company’s overall performance. Definitions for certain of these measures used in this presentation are provided below. Additional information on these measures and other non-GAAP measures may be found under the heading “Definitions - IFRS, Additional GAAP and Non-GAAP Measures” in the MD&A and is incorporated by reference to this presentation.

### **Active user**

Active users represent users who have loaded earnings and direct deposits on their card in the period.

### **Gross dollar value load (“GDV”)**

GDV is the aggregate dollar amount of an active user’s earnings and direct deposits loaded on their payment card during the period.

### **EBITDA**

EBITDA means net income (loss) before amortization and depreciation expenses, foreign exchange loss (gain), amortization of deferred income, finance and interest costs (income) and provision for income taxes.

### **Adjusted EBITDA**

Adjusted EBITDA adjusts EBITDA for stock-based compensation expense, transactional gains or losses on assets, asset impairment charges, loss on extinguishment of debts, interest income, net foreign exchange gains or losses, gains or losses from changes in fair value of derivative financial instruments and contingent consideration liabilities measured at fair value through profit or loss, gains or losses from disposals of equipment, net income or loss from equity accounted investees and income tax expense or recovery, restructuring costs and non-recurring expense items. Non-recurring expense items are transactions or events which management believes will not re-occur within the foreseeable future and includes legal and professional fees related to acquisition and going public transaction. Please refer to page 9 of the three and six months ended June 30, 2022 and 2021 MD&A for a reconciliation of net loss to Adjusted EBITDA..





# Q2/22 Highlights

- Gross profit of \$6.4MM in Q2/22 (19.1% margin) up 463% Y/Y (13.0% margin in Q2/21), and up 50% Q/Q (17.2% margin in Q1/22).
- Net loss improved to (\$2.3 million) in Q2/22 compared to a net loss of (\$5.0 million) in Q2/21.
- First quarter generating positive Adj. EBITDA<sup>1</sup> of \$0.3MM in Q2/22, a \$3.4MM increase Y/Y, and a \$1.2MM increase Q/Q.
- First quarter generating positive Operating Cash Flow before Non-Cash Working Capital adjustments of \$0.5MM in Q2/22, an increase of \$3.5MM Y/Y, and \$1.4MM Q/Q.
- Repurchased 257,725 Common Shares to date under the NCIB at an average cost of \$4.53 per share as of Aug. 9.
- Raised 2022 revenue guidance by 8% (mid-point) to \$125MM - \$135MM.
- Successfully launched Paid App by Payfare in Q2/22.

<sup>1</sup> Non-GAAP Measure. See Legal Disclaimer for definition and further disclosure.

# Paid App - Now Available!

For Workforces of All Sizes.



## Choose the Paid Portal or APIs

Use the simple Paid Portal to onboard and payout or connect to Payfare APIs to seamless onboard and payout workers. Risk monitoring, 1099 reporting management tools and more.

## Worker onboarding

Add worker details manually or via bulk upload. Workers receive invitations to download the Paid App mobile app and sign up in a few steps.

Visit [paid.app](https://paid.app) Today!

## Worker chooses preferred payout method

Instant to Paid App Visa  
Instant to debit card or bank account  
2 business days to bank account

## Pay your workers

Pre-fund your master Paid App account as needed, then send individual or bulk payouts to workers 24/7/365. Payfare processes the payments according to each workers chosen payout method.





# Q2/22 Revenue and GDV Growth

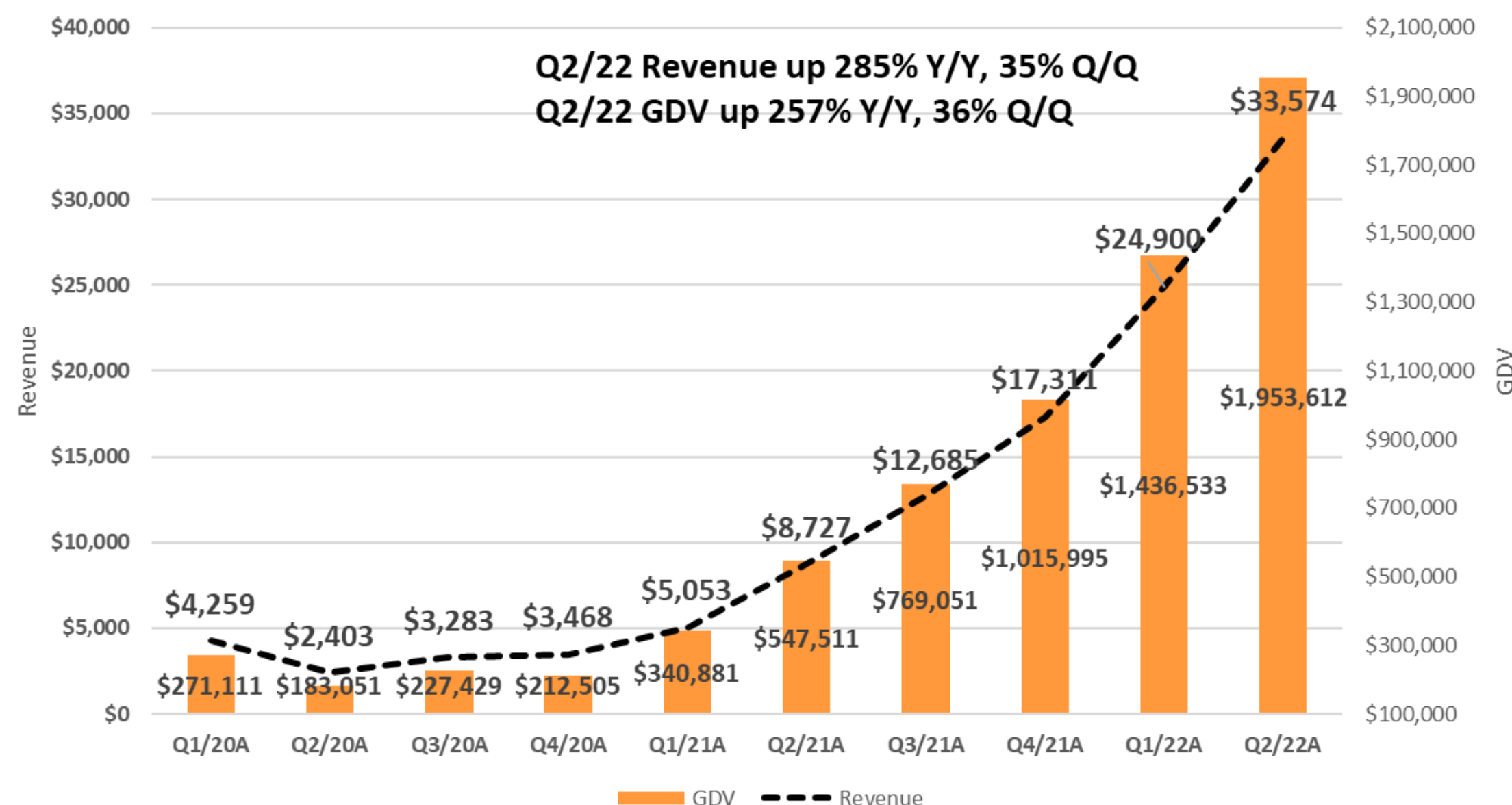
## Recurring Revenue

We generate approximately 70% of our revenue from network interchange fees from payment networks and approximately 30% from user banking fees such as ATM withdrawals, money transfers and foreign exchange

## Low Cost of Acquisition

With the Gig Platform client conducting the initial marketing and invitation, Payfare has low marketing costs and benefits from the Gig Platform's relationship and goodwill with their Gig Workers.

Payfare GDV vs. Revenue, 000s



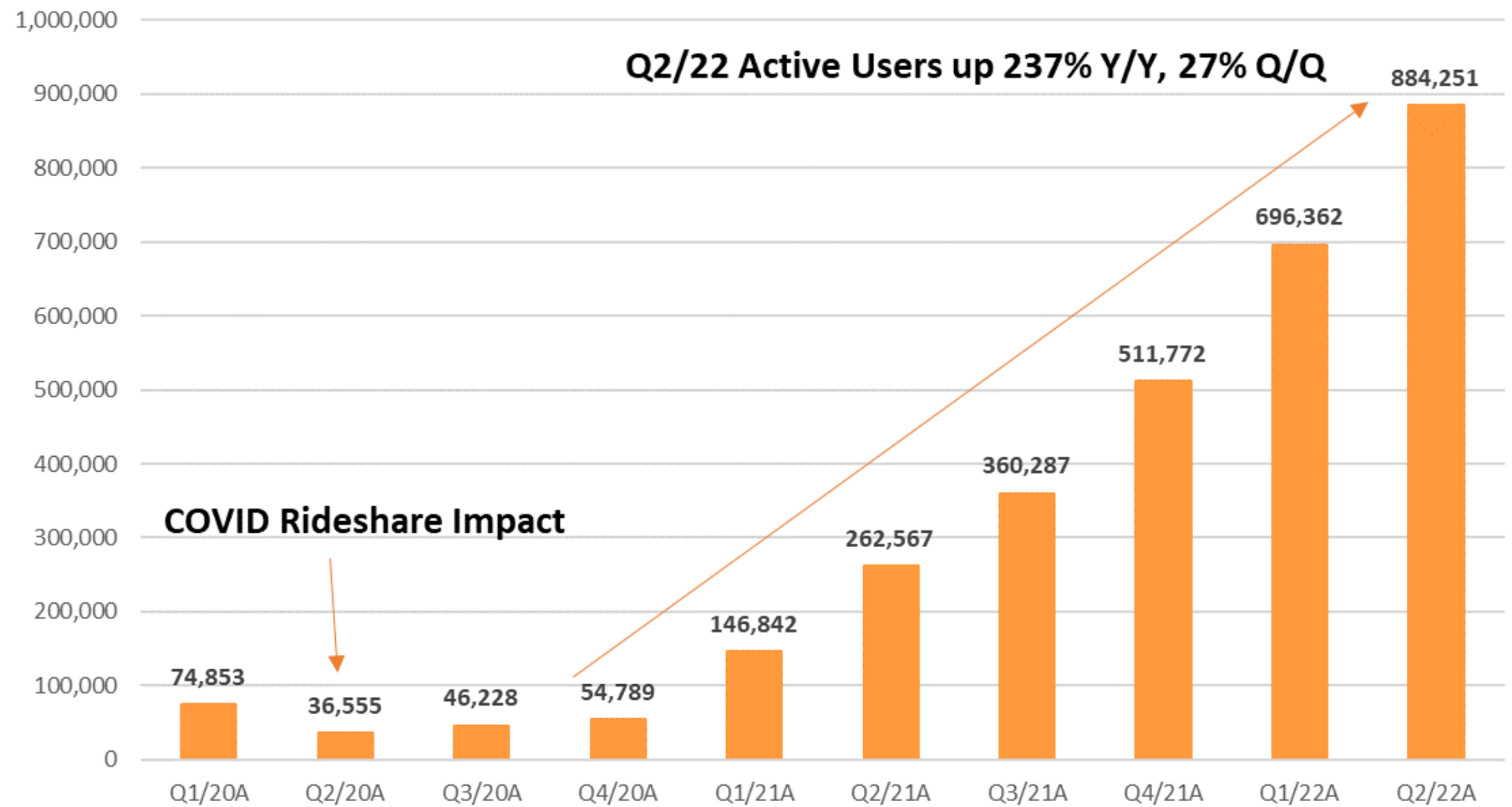
Source: Payfare Inc.



# Q2/22 Active User Growth



Payfare Active Users



Source: Payfare Inc.





# Q2/22 Financial Results

## Income Statement

- Q2/22 Gross Margin expansion a function of higher active user base, lower tier processor rates, and vendor cost reductions.
- Gross Profit growth outpacing G&A spend driving Adj. EBITDA growth.
- Payfare expects to be Adj. EBITDA positive for fiscal 2022.
- Non-Cash Working Capital adjustments to Operating Cash Flow a timing issue in Q2.
- Payfare expects to generate positive Operating Cash Flow in fiscal 2022.

### Income Statement Highlights

000s	Q2/22	Q2/21
Revenue	\$33,574	\$8,726
Cost of Services	(\$27,167)	(\$7,588)
Gross Profit	\$6,407	\$1,138
Gross Profit %	19.1%	13.0%
G&A	(\$6,116)	(\$4,205)
<b>Adj. EBITDA</b>	<b>\$291</b>	<b>(\$3,067)</b>
Adj. EBITDA %	0.9%	-35.1%

### Operating Cash Flow Before Non-Cash Working Capital Adjustments

000s	Q2/22	Q2/21
Operating Cash Flow	(\$3,402)	(\$6,758)
Add Back NC Working Cap.	\$3,875	\$3,711
<b>Operating Cash Flow Before NC. Working Cap.</b>	<b>\$473</b>	<b>(\$3,047)</b>

Source: Payfare Inc.



# Q2/22 Financial Results

## Balance Sheet

- Q2/22 ending Cash of \$38 MM demonstrates balance sheet strength.
- YTD change in Cash balance impacted by timing of Non-Cash Working Capital adjustments in Q2, expected to reverse impact over the balance of the year.
- 2022 Strategic Objectives are fully funded.
- No debt.

Payfare Summary Balance Sheet

000s	Q2/22	Q4/21
<i>Assets</i>		
Cash	\$38,201	\$40,930
Restricted Cash	\$113,245	\$175,110
Other Assets	\$8,947	\$6,937
PP&E	\$234	\$218
Intangible Assets	\$2,227	\$1,098
<b>Total Assets</b>	<b>\$162,854</b>	<b>\$224,293</b>
<i>Liabilities</i>		
Pre-Funded Liability	\$99,690	\$164,831
Debt	\$0	\$0
Other Liabilities	\$14,920	\$11,590
<b>Total Liabilities</b>	<b>\$114,610</b>	<b>\$176,421</b>
<b>Shareholders' Equity</b>	<b>\$48,244</b>	<b>\$47,872</b>

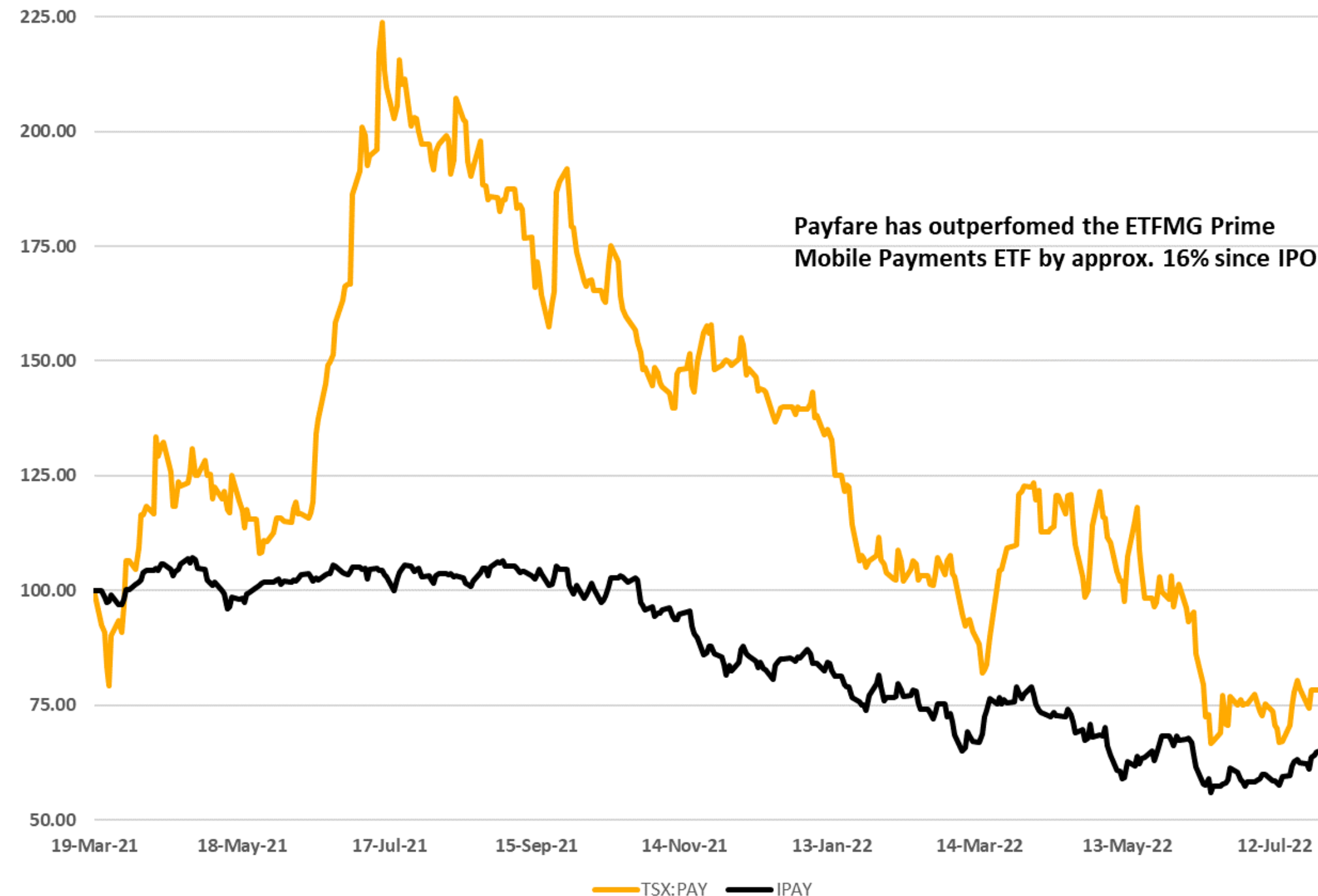
Source: Payfare Inc.



# Capital Markets Overview



Payfare Stock Price (TSX: PAY) vs. ETFMG Prime Mobile Payments ETF (NYSEARCA: IPAY)<sup>1</sup>



## Achievements Since IPO

- 2021 revenue of \$43.8M up 225% Y/Y.
- Introduced 2022 revenue guidance of \$125 MM - \$135MM, mid-point up 197% Y/Y.
- As of Q2/22 the core business is self financing generating positive Adj. EBITDA.
- Payfare expects to be Adj. EBITDA and Operating Cash Flow positive in 2022.
- Repurchased 257,725 Common Shares to date under the NCIB at an average cost of \$4.53 per share.

Source: S&P Capital IQ

<sup>1</sup> Stock price data assessed from March 19, 2021, to August 5, 2022

# Capital Markets Overview

## Payfare vs. High Growth Payments Peers, US\$

Company	Ticker	Price	Market	Enterprise	----- Enterprise Value / -----				Growth Adjusted			
		US\$	Cap	Value	-----Revenue-----		-----EBITDA-----		-----EV/Rev.-----		----Rev. Growth----	
		5-Aug-22	US\$mm	US\$mm	2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E
<b>High Growth Payments</b>												
Adyen N.V.	ENXTAM:ADYEN	\$1,775.14	\$54,976	\$50,433	36.2x	27.0x	56.9x	41.8x	1.0x	0.8x	37.7%	34.1%
FLEETCOR Technologies, Inc.	FLT	\$226.63	\$17,528	\$22,980	6.7x	6.2x	12.8x	11.6x	0.3x	0.8x	21.9%	8.2%
Bill.com Holdings, Inc.	BILL	\$142.46	\$14,854	\$13,941	22.4x	15.9x	NA	NA	0.1x	0.4x	177.1%	41.0%
DLocal Limited	DLO	\$31.45	\$9,282	\$8,881	21.0x	13.9x	56.9x	37.0x	0.3x	0.3x	74.4%	51.7%
WEX Inc.	WEX	\$166.14	\$7,339	\$8,567	3.8x	3.5x	8.6x	7.8x	0.2x	0.6x	23.3%	6.4%
Marqeta, Inc.	MQ	\$10.57	\$5,755	\$4,125	5.7x	4.4x	NA	NA	0.1x	0.1x	44.6%	30.7%
Nuvei Corporation	TSX:NVEI	\$37.51	\$5,304	\$5,096	5.3x	4.2x	12.4x	9.4x	0.2x	0.1x	32.1%	28.0%
Global-e Online Ltd.	GLBE	\$27.23	\$4,261	\$4,007	10.3x	7.1x	106.7x	59.1x	0.1x	0.2x	69.6%	44.3%
Flywire Corporation	FLYW	\$24.56	\$2,633	\$2,297	8.9x	6.8x	186.2x	99.1x	0.2x	0.2x	44.9%	30.0%
Payoneer Global Inc.	PAYO	\$5.58	\$1,933	\$1,490	2.6x	2.2x	NA	NA	0.1x	0.1x	22.4%	20.2%
Paymentus Holdings, Inc.	PAY	\$13.11	\$1,608	\$1,461	3.0x	2.3x	56.0x	35.0x	0.1x	0.1x	24.7%	27.2%
EVO Payments, Inc.	EVOP	\$33.47	\$1,605	\$2,751	5.0x	4.4x	13.4x	11.7x	0.4x	0.4x	11.8%	11.9%
Repay Holdings Corporation	RPAY	\$13.42	\$1,194	\$1,628	5.4x	4.6x	12.4x	10.4x	0.2x	0.3x	36.1%	18.0%
BTRS Holdings Inc.	BTRS	\$6.80	\$1,111	\$996	6.0x	4.9x	NA	NA	0.2x	0.2x	27.7%	21.8%
Paya Holdings Inc.	PAYA	\$6.83	\$902	\$1,000	3.6x	3.2x	13.6x	11.8x	0.2x	0.3x	14.3%	11.6%
EML Payments Limited	ASX:EML	\$0.80	\$298	\$302	1.9x	1.7x	8.3x	6.9x	0.1x	0.1x	23.6%	13.4%
Dave Inc.	DAVE	\$0.78	\$292	\$147	0.7x	NA	NA	NA	NA	NA	NA	NA
Trim Mean					7.4x	6.0x	35.0x	23.6x	0.2x	0.3x	35.5%	24.3%
Median					5.4x	4.5x	13.5x	11.8x	0.2x	0.2x	29.9%	24.5%
Payfare Inc.	TSX:PAY	\$3.89	\$211	\$151	1.5x	1.0x	78.5x	8.4x	0.0x	0.0x	223.2%	43.6%

Source: S&P Capital IQ

Forward looking data reflects consensus Analyst estimates

Payfare 2022E Revenue is mid-point of annual guidance (\$125MM - \$135MM)

Dave Inc. 2022E Revenue represents mid point of guidance stated in Fourth Quarter and Full Year 2021 Financial Results Press Release

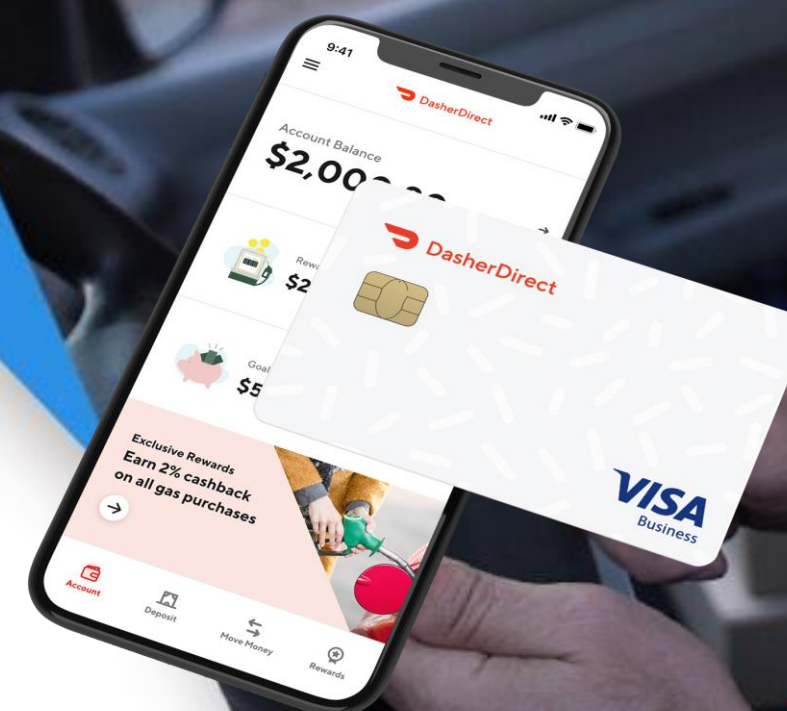
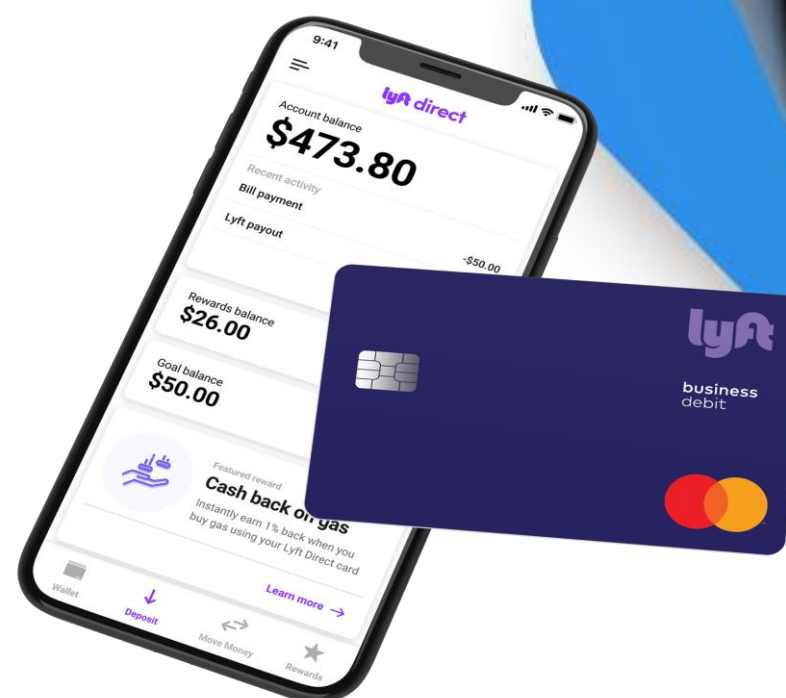






# Who We Are

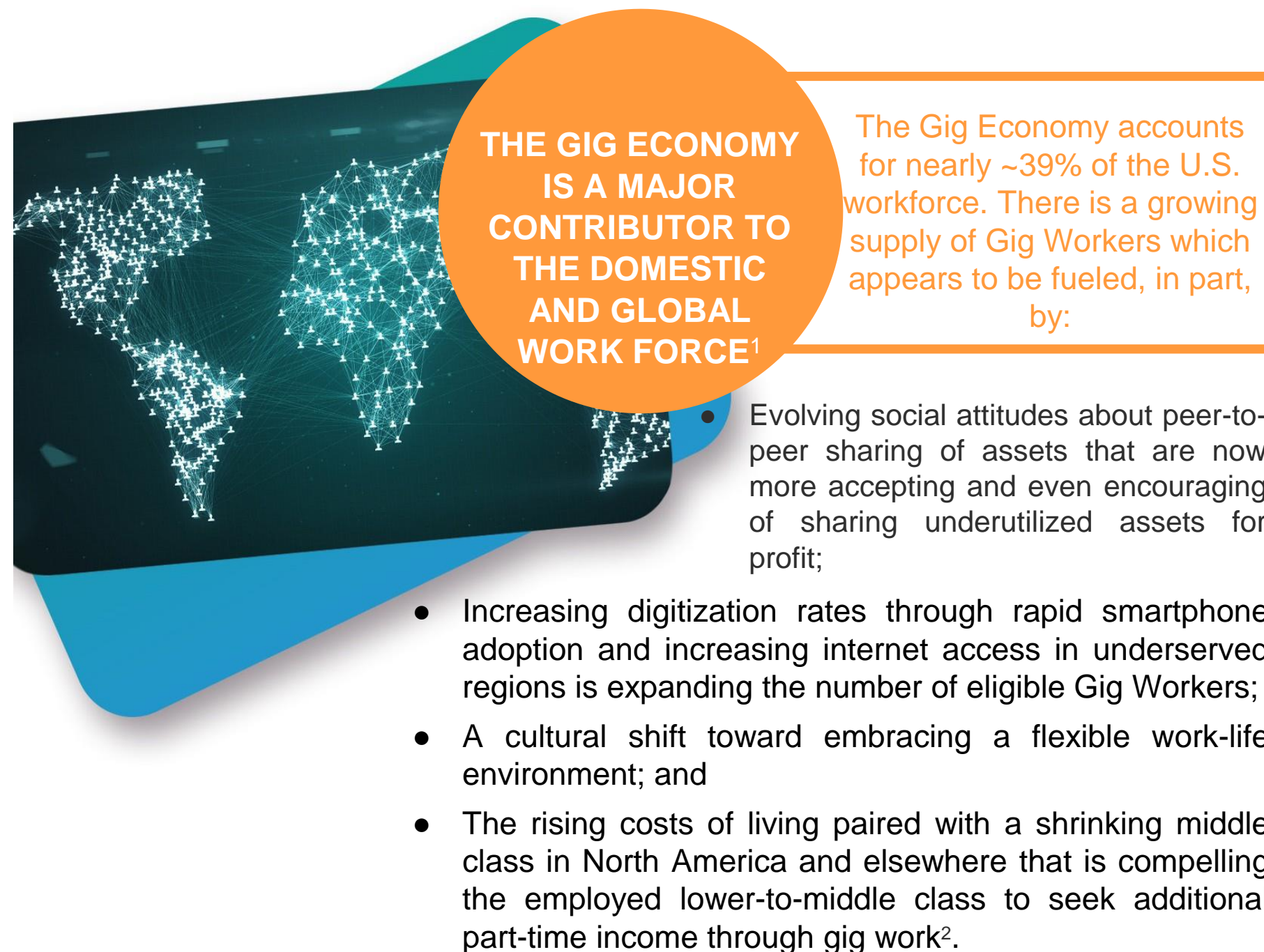
- Payfare is a fintech Earned Wage Access (EWA) solution to leading Gig Platform clients including DoorDash, Lyft and Uber.
- Payfare provides instant or near-instant access to Gig Worker earnings not yet received through traditional pay cycles. Earnings are paid out automatically to a free digital bank account powered by Payfare
- Highly scalable proprietary financial technology platform
- Headquartered in Toronto with 80+ employees





# The Gig Economy

*We refer to the “Gig Economy” as the collection of Gig Platforms, independent contractors and freelance workers offering their goods or services to consumers and businesses for a price on a Gig Platform. For instance, rideshare drivers for Uber, Lyft or food delivery drivers for DoorDash are “Gig Workers”*



**44%** of global Gig Worker gross volume today comes from the U.S.<sup>2,3</sup>

**84%** of workers want access to earnings between pay periods<sup>3</sup>

**47%** of households cannot cover a US\$400 unexpected expense<sup>4</sup>

**78%** of households live paycheck to paycheck<sup>5</sup>

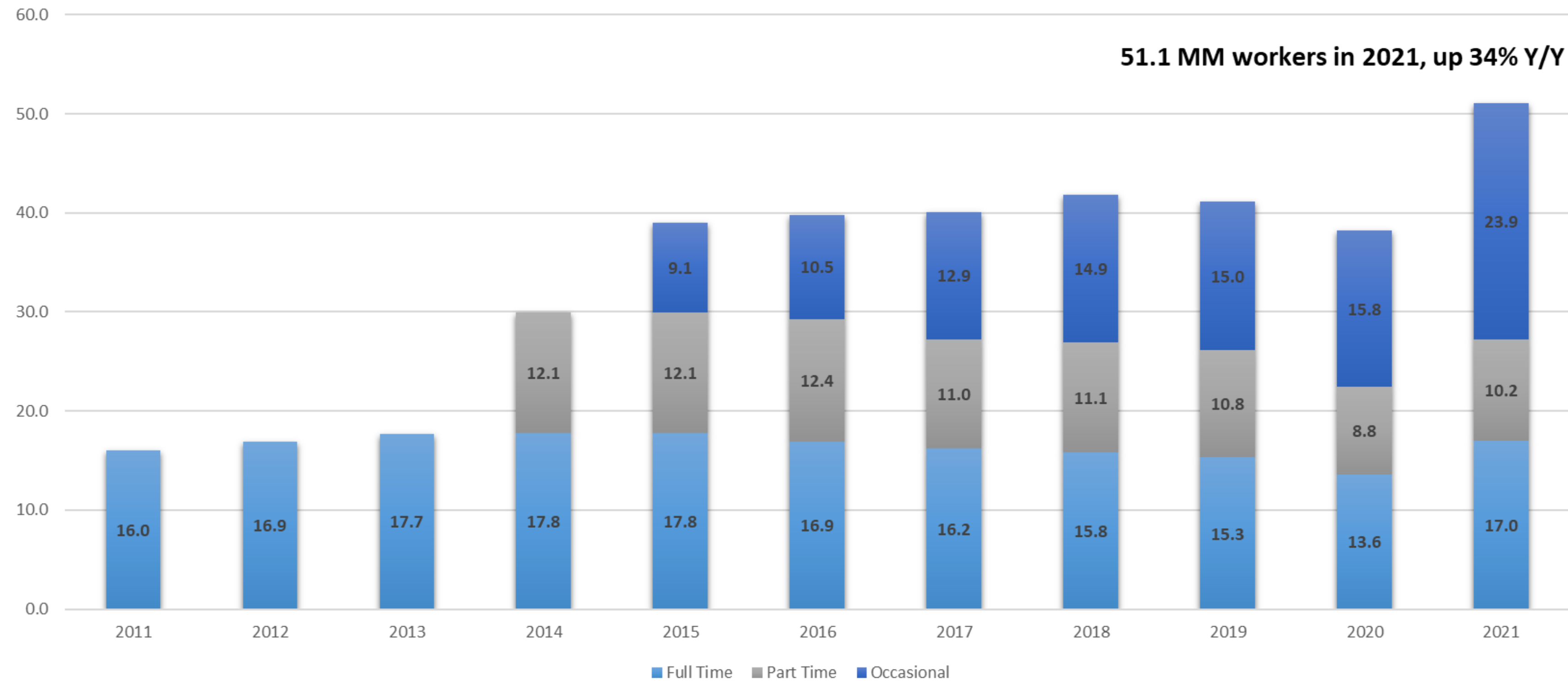
**68%** of workers report that personal finance worries impact their health<sup>5</sup>

**78%** of workers incur US\$1k/year in late payment and overdraft charges<sup>6</sup>



# The Gig Economy

Total US Independent Work Force, MM



Source: MBO Partners, 2021 State of Independence Research Report



# Proven Management Team

## **Marco Margiotta**

Co-Founder, CEO, Chairman

Mr. Margiotta is Payfare's Chief Executive Officer, Chairman, and Director. Mr. Margiotta has over 20 years of experience in fintech and the broader financial services sector as well as capital markets, lending and capital raising.

## **Ryan Deslippe**

Co-Founder, CRO

Mr. Deslippe co-founded Payfare and serves as the Company's Chief Revenue Officer. Mr. Deslippe serves as the executive sponsor for Payfare's major client programs including Uber, Lyft and DoorDash. Before joining Payfare, Mr. Deslippe co-founded a prepaid telecom & payments company.

## **Charles Park**

CFO

Mr. Park has served as Payfare's Chief Financial Officer since 2018. Mr. Park is a Chartered Accountant, Certified Internal Auditor and US CPA. Mr. Park has held several finance leadership positions at companies such as Soti, TeraGo Networks, Rakuten Kobo, Mobilicity and BMO.

## **Kamran Haidari**

CTO and CDO

Mr. Haidari serves as Payfare's Chief Technology and Data Officer. Mr. Haidari brings over 19 years of payments technology experience from his roles at TD & CIBC. Most recently as the AVP, Faster Payments, Enterprise Payments Technology at TD, Mr. Haidari led the technology build of TD Global Transfer, also known as International Remittance Marketplace, as well as the delivery of eTransfer Enhanced User Features and Interac Instant Real-Time Rail.

## **Braulio Lam**

CPO

Mr. Lam serves as Payfare's Chief Product Officer. Mr. Lam was Head of Development & IT of the payments division at Home Trust before it was sold to Peoples Trust. In 2016, Mr. Lam co-founded Pungle Payments, a leading Visa Direct integrated partner (acquired in 2019). Mr. Lam is also a Board Advisor for TipTap, a specialized card present acquiring solution for micro payments.

## **Cihan Tuncay**

Head of Investor Relations and Corporate Development

Mr. Tuncay is responsible for shareholder communications and assessing strategic investments including acquisitions. Previously Mr. Tuncay was Director of Equity Research covering fintech and financial services for Stifel Financial. He has over 12 years of capital markets experience.

## **Su Chun**

CCO and Head of Customer Support

Ms. Chun manages all compliance affairs and Payfare's Customer Support program. Prior to joining Payfare Ms. Chun held senior leadership positions at Mastercard Foundation, TMX Group, and OANDA. She has over 15 years of compliance experience.

## **Mark Lau**

CLO

Mr. Lau manages all legal affairs at Payfare. Prior to joining the Company, Mr. Lau was VP, Legal & General Counsel of TeraGo. Previous to that, he practiced corporate law at Borden Ladner Gervais LLP. He has over 12 years of corporate law experience.

## **Sonya Verheyden**

VP, Marketing

Ms. Verheyden manages marketing and brings over 20 years experience in global marketing, programs and channels across telecom, software, services and wireless industries. She has held marketing and sales leadership positions at companies such as BlackBerry, Rogers Communications, Soti, Acorn Biolabs and Premium Retail Services.





# Payments and Tech Focused Board



## Keith McKenzie

Director

Mr. McKenzie is the Co-Founder of Payfare. Before joining Payfare, Mr. McKenzie co-founded a prepaid telecom & payments company. Before that, Mr. McKenzie spearheaded multiple telecom ventures.

## Matt Swann

Director

Mr. Swann leads Nubank's technology strategy as the CTO having joined the company from Booking.com, where he also served as CTO. Previously, Mr. Swann held several senior executive positions including Chief Information Officer at Citibank, as well as Vice President and Global Payments Chief at Amazon. He has over 25 years of experience leading software and product engineering teams.

## Paul Haber

Director

Mr. Haber has served as the Lead Independent Director of Payfare's board since December 4, 2015. Mr. Haber has nearly two decades of experience in corporate finance and capital markets.

## Dmitry Shevelenko

Director

Mr. Shevelenko is Co-Founder & President of Tortoise and was previously the Director of Business Development at Uber. Mr. Shevelenko was also an adviser to various mobility and future of work startups: Skip, SpotHero, Cargo, Superpedestrian, Remix, and Codi. Earlier in his career, Mr. Shevelenko was a product and operations leader at Facebook, LinkedIn, and Pulse News.

## Kelly Graziadei

Director

Ms. Graziadei brings 20 years of leadership experience in tech with companies ranging from 3 people to 200,000. Ms. Graziadei built and led go-to-market teams at AltaVista, Yahoo and Facebook. She subsequently founded F7 Ventures, a female led seed investment fund, where she currently serves as General Partner.