



PAYFARE

First Quarter 2024 Financial Results

May 8, 2024



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.

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This presentation contains unaudited financial information which has not been audited nor opined by its auditors. Security holders, potential security holders and other prospective investors are cautioned not to place undue reliance on unaudited financial information, which is still subject to audit completion.

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 Company’s future audited financial statements and the timing of its annual filings and the auditor’s report in respect thereof, the delivery of the SOC 1 report by the Vendor, the Company’s future financial conditions, results of operations, plans, objectives, performance or business developments and includes statements on the launch of new programs, services and platforms including white label partnerships and international expansion with existing partners, revenue and Adjusted EBITDA guidance and targets for 2024, active user growth, expansion into Earn Wage Access including its commercial agreement with ADP. 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 intended benefits of its commercial agreements with EWA partner(s) do not materialize, Payfare’s ability to finance and support new programs and platforms, a general decline in the credit markets, confidence in the banking sector 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, industry competitors who may have superior technology or are quicker to take advantage of certain market opportunities, regulatory uncertainty and constraints around the EWA sector, and those risks set forth in the “Risk Factors” sections in the annual MD&A of the Company for the year ended December 31, 2022 (MD&A), which is available on www.sedarplus.ca. 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 before amortization and depreciation expenses, foreign exchange (gain) loss, amortization of deferred income, finance and interest income/ costs, current tax expense and change in fair value of derivative liability.

Adjusted EBITDA

Adjusted EBITDA adjusts EBITDA for share-based compensation expense, 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 claim settlements, acquisition, divestiture, asset impairment charges and going public transaction. Please refer to the Company’s press release dated April 25, 2024 for a reconciliation of Net Income to Adjusted EBITDA.

Adjusted Net Income

“Adjusted net income” adjusts net income for share-based compensation expense, 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 claim settlements, acquisition, divestiture and going public transaction. Please refer to the Company’s press release dated April 25, 2024 for a reconciliation of net income to Adjusted Net Income.

“Adjusted Net Income” per share is calculated as Adjusted Net Income divided by the basic weighted average number of shares outstanding during the period.

Free Cash Flow

Free cash flow is equal to cash from operating activities less cash used in investing activities (including additions to intangible assets and purchase of building, property and equipment). Free cash flow represents the amount of cash generated by the Company, after accounting for reinvestment in non-current capital assets by the Company. Please refer to the Company’s press release dated April 25, 2024 for a reconciliation cash from operating activities to free cash flow.





Q1/24 Financial Highlights

- Revenue of \$51.9MM, up 23% Y/Y.
- Gross profit of \$12.8MM (25% margin), up 36% Y/Y.
- Net Income of \$5.1MM (\$0.11 per share), up 296% Y/Y.
- Adjusted Net Income¹ of \$7.5 MM (\$0.15 per share), up 116% Y/Y.
- Adj. EBITDA¹ of \$6.0MM, up 98% Y/Y.

¹ Non-GAAP Measure. See Legal Disclaimer for definition and further disclosure.



2024 Objectives

Payfare has issued 2024 revenue and Adjusted EBITDA¹ guidance range of \$235 to \$245 million (mid-point 29% over 2023) and \$30 to \$35 million (mid-point 51% over 2023), respectively.

- **Update:** *Payfare remains on track to meet its full year revenue and Adjusted EBITDA¹ guidance.*

The Company is actively working on extending partnerships with existing gig platform partners. Payfare expects to announce meaningful progress on this initiative over the course of the year.

- **Update:** *Payfare launched new programs in Canada including with Uber (the Uber Pro Card powered by Payfare), and a new embedded finance product with an international big box retailer, to provide earnings payouts to the retailer's delivery gig workforce in Canada.*

Continue to expand into new business verticals, including developing and offering Payfare's payment platform and technology solutions for EWA for hourly-paid employees.

- **Update:** *Payfare is actively working towards integrating with payroll, time and attendance providers within its award-winning platform.*

Q1/24 Revenue and GDV Growth

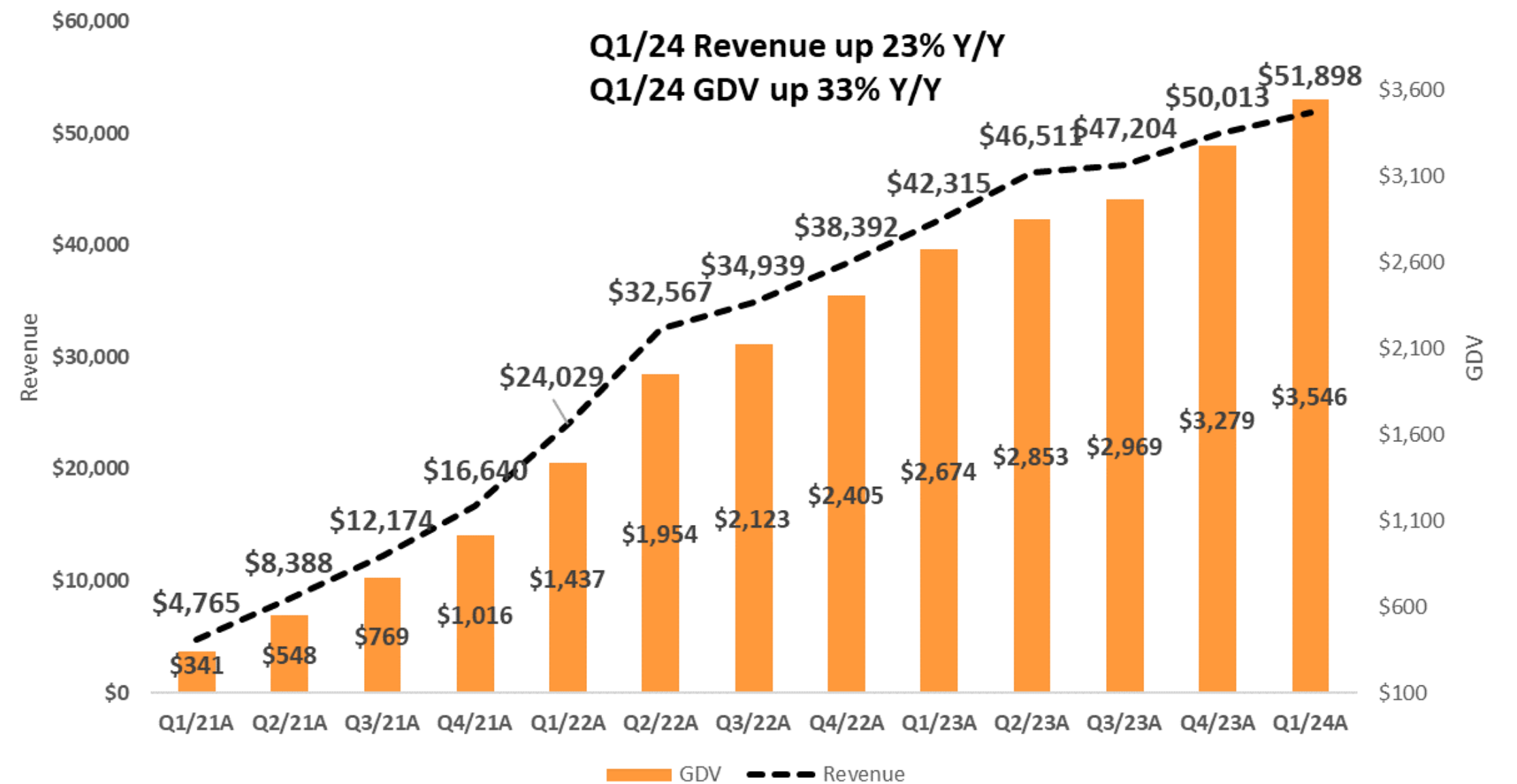
Recurring Revenue

We generate approximately 70% - 80% of our revenue from network interchange fees from payment networks and approximately 20%-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 (\$MM) vs. Revenue (\$000s)



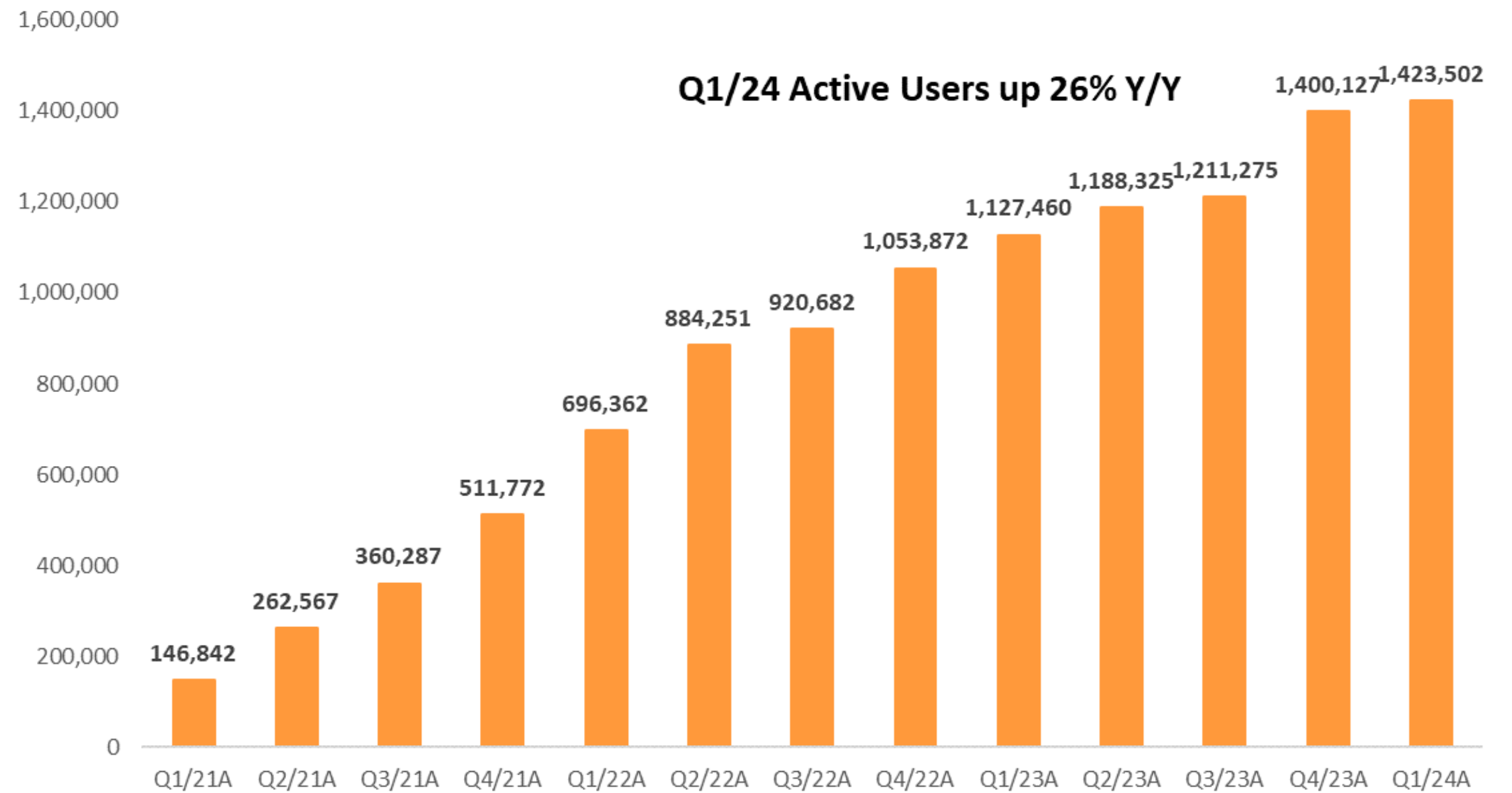
Source: Payfare Inc.



Q1/24 Active User Growth



Payfare Active Users



Source: Payfare Inc.

Q1/24 Financial Results



Income Statement and Free Cash Flow Highlights

Income Statement

- Q1/24 Adj. EBITDA, Net Income, expansion a function of higher active user base, lower tier processor rates, and vendor cost reductions.

000s	Q1/24	Q1/23
IS Summary		
Revenue	\$51,898	\$42,315
Cost of Services	(\$39,139)	(\$32,933)
Gross Profit	\$12,759	\$9,382
Gross Profit %	24.6%	22.2%
G&A	(\$6,759)	(\$6,347)
Adj. EBITDA	\$6,001	\$3,034
Adj. EBITDA %	11.6%	7.2%
Net Non-Operating Costs	(\$892)	(\$1,746)
Net Income (Loss)	\$5,109	\$1,289
Net Income %	9.8%	3.0%
Add back:		
Non cash, non operating expenses	\$2,349	\$2,164
Adj. Net Income (Loss)	\$7,457	\$3,453
Adj. Net Income %	14.4%	8.2%
Avg. Shareholders' Equity	\$68,265	\$47,823
ROE %	43.7%	28.9%
Free Cash Flow		
Cash Flow	\$7,546	\$7,702
Less Capex	(\$1,729)	(\$1,193)
Free Cash Flow	\$5,817	\$6,508

Source: Payfare Inc.

Q1/24 Financial Results

Balance Sheet

- Q1/24 ending Cash of \$85 MM demonstrates balance sheet strength.
- Growth objectives are fully funded by internally generated Free Cash Flow.
- No debt.

Payfare Summary Balance Sheet

000s	Q1/24	Q4/23
<i>Assets</i>		
Cash	\$84,663	\$78,153
Pre-Funded Deposit	\$253,014	\$207,585
Other Assets	\$13,528	\$10,188
PP&E	\$195	\$111
Intangible Assets	\$6,085	\$5,608
Total Assets	\$357,485	\$301,645
<i>Liabilities</i>		
Pre-Funded Liability	\$253,014	\$207,585
Other Liabilities	\$27,363	\$22,814
Total Liabilities	\$280,377	\$230,399
Shareholders' Equity	\$77,108	\$71,246

Source: Payfare Inc.

