



4Q 2023 Earnings Supplement

Nasdaq: PAYO

February 28, 2024

Disclaimers

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Certain statements in this presentation may be considered “forward-looking statements” within the meaning of the “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements generally relate to future events or the Company’s future financial or operating performance. In some cases, you can identify forward-looking statements by terminology such as “may,” “should,” “expect,” “intend,” “will,” “plan,” “estimate,” “anticipate,” “believe,” “predict,” “potential” or “continue,” or the negatives of these terms or variations of them or similar terminology. Such forward-looking statements are subject to risks, uncertainties, and other factors which could cause actual results to differ materially from those expressed or implied by such forward looking statements.

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Non-GAAP Financial Measures

Some of the financial information and data contained in this presentation, such as adjusted EBITDA, have not been prepared in accordance with United States generally accepted accounting principles (“GAAP”). Payoneer uses these non-GAAP measures to compare Payoneer’s performance to that of prior periods for budgeting and planning purposes. Payoneer believes these non-GAAP measures of financial results provide useful information to management and investors regarding certain financial and business trends relating to Payoneer’s results of operations. Payoneer’s method of determining these non-GAAP measures may be different from other companies’ methods and, therefore, may not be comparable to those used by other companies and Payoneer does not recommend the sole use of these non-GAAP measures to assess its financial performance. Payoneer management does not consider these non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with GAAP. The principal limitation of these non-GAAP financial measures is that they exclude significant expenses and income that are required by GAAP to be recorded in Payoneer’s financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management about which expense and income are excluded or included in determining these non-GAAP financial measures. In order to compensate for these limitations, management presents non-GAAP financial measures in connection with GAAP results. You should review Payoneer’s financial statements, which are included in Payoneer’s Annual Report on Form 10-K for the year ended December 31, 2023 and its subsequent Quarterly Reports on Form 10-Q, and not rely on any single financial measure to evaluate Payoneer’s business.

Non-GAAP measures include the following item:

Adjusted EBITDA: We provide adjusted EBITDA, a non-GAAP financial measure that represents our net income (loss) adjusted to exclude: M&A related expense (income), stock-based compensation expenses, restructuring expenses, share in losses (gain) of associated company, gain from change in fair value of warrants, other financial expense (income), net, taxes on income, and depreciation and amortization.

Adjusted EBITDA margin represents Adjusted EBITDA divided by revenue for the applicable period.

Other companies may calculate the above measure differently, and therefore Payoneer’s measures may not be directly comparable to similarly titled measures of other companies.

See the appendix of this presentation for a reconciliation of the historic measures to Payoneer’s most comparable GAAP financial measures.

In addition, guidance for fiscal year, where adjusted, is provided on a non-GAAP basis, which Payoneer will continue to identify as it reports its future financial results. The Company cannot reconcile its expected adjusted EBITDA to expected net income under “2024 Guidance” without unreasonable effort because certain items that impact net income and other reconciling metrics are out of the Company’s control and/or cannot be reasonably predicted at this time, which unavailable information could have a significant impact on the Company’s GAAP financial results.

In this presentation, we reference ARPU. ARPU (Average Revenue Per User) is defined as the Revenue from Active Customers divided by the number of Active Customers over the period in which the Revenue was earned. Active Customers for these purposes are defined as Payoneer account holders with at least 1 financial transaction over the period. Revenue from Active Customers represents revenue attributed to Active Customers based on their use of the Payoneer platform, including interest income earned from their balances, and excluding revenues unrelated to their activities.

In this presentation, we reference volume, which is an operational metric. Volume refers to the total dollar value of transactions successfully completed or enabled by our platform, not including orchestration transactions. For a customer that both receives and later sends payments, we count the volume only once. Note: we have updated our methodology to adjust for previously disclosed limited exceptions where both received and sent payments were counted in volumes, such that we count volume only once for a customer that both receives and later sends payments. The updated methodology has no impact on revenue and had for all periods presented, less than a 3% impact on volume. The update has been applied to all periods reflected in the volume table herein and we have updated the definition of volume accordingly.

Industry and Market Data

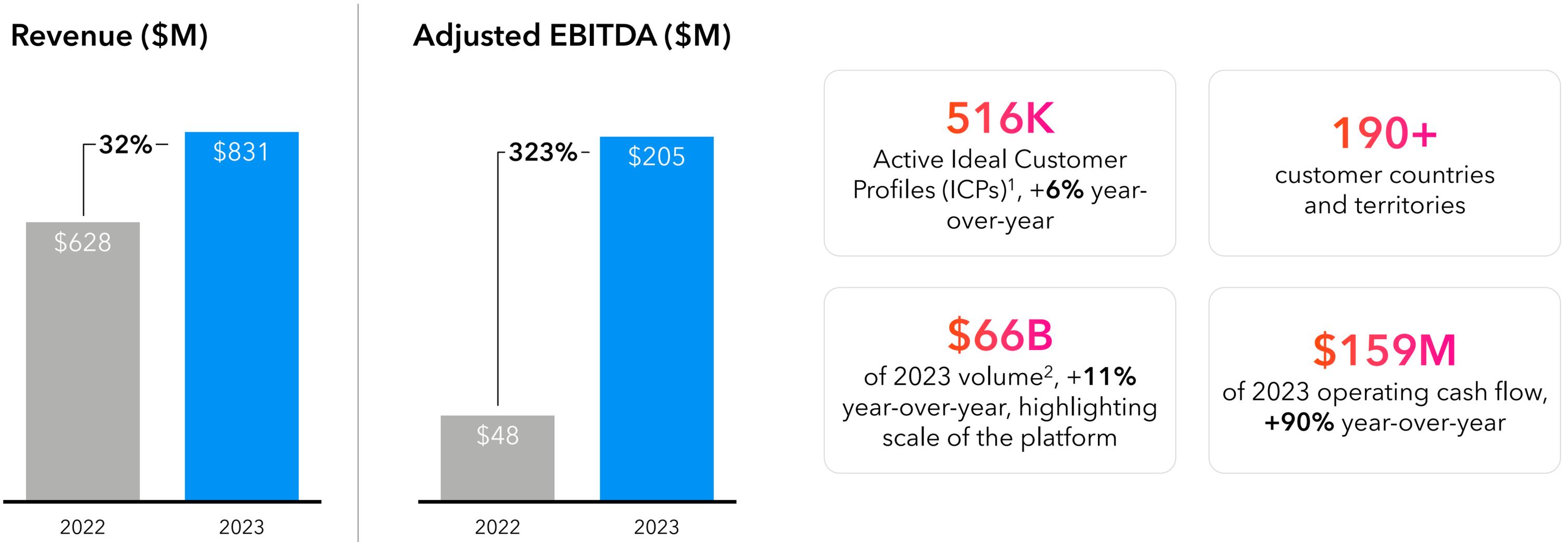
In this presentation, Payoneer relies on and refers to certain information and statistics obtained from third-party sources which it believes to be reliable, including reports by market research firms. Payoneer has not independently verified the accuracy or completeness of any such third-party information.

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Payoneer's mission:

**Connect the world's underserved businesses
to a rising, global economy**

Payoneer at a glance: strong growth and significant profitability



Data as of December 31, 2023. Please refer to the appendix of this presentation for the reconciliation from net income (loss) to adjusted EBITDA.

1. Active ICPs are defined as customers with a Payoneer Account that have on average over \$500 a month in volume and were active over the trailing twelve-month period.

2. We have updated our methodology to adjust for previously disclosed limited exceptions where both received and sent payments were counted in volumes, such that we count volume only once for a customer that both receives and later sends payments. The updated methodology has no impact on revenue and had for all periods presented less than a 3% impact on volume.

Global expansion is essential for today's SMBs but transacting across borders is complex



Can't get paid

Why does international money transfer take 3-4 business days?

Why am I paying 5% - 8% in "banking fees" when working internationally?



Can't pay

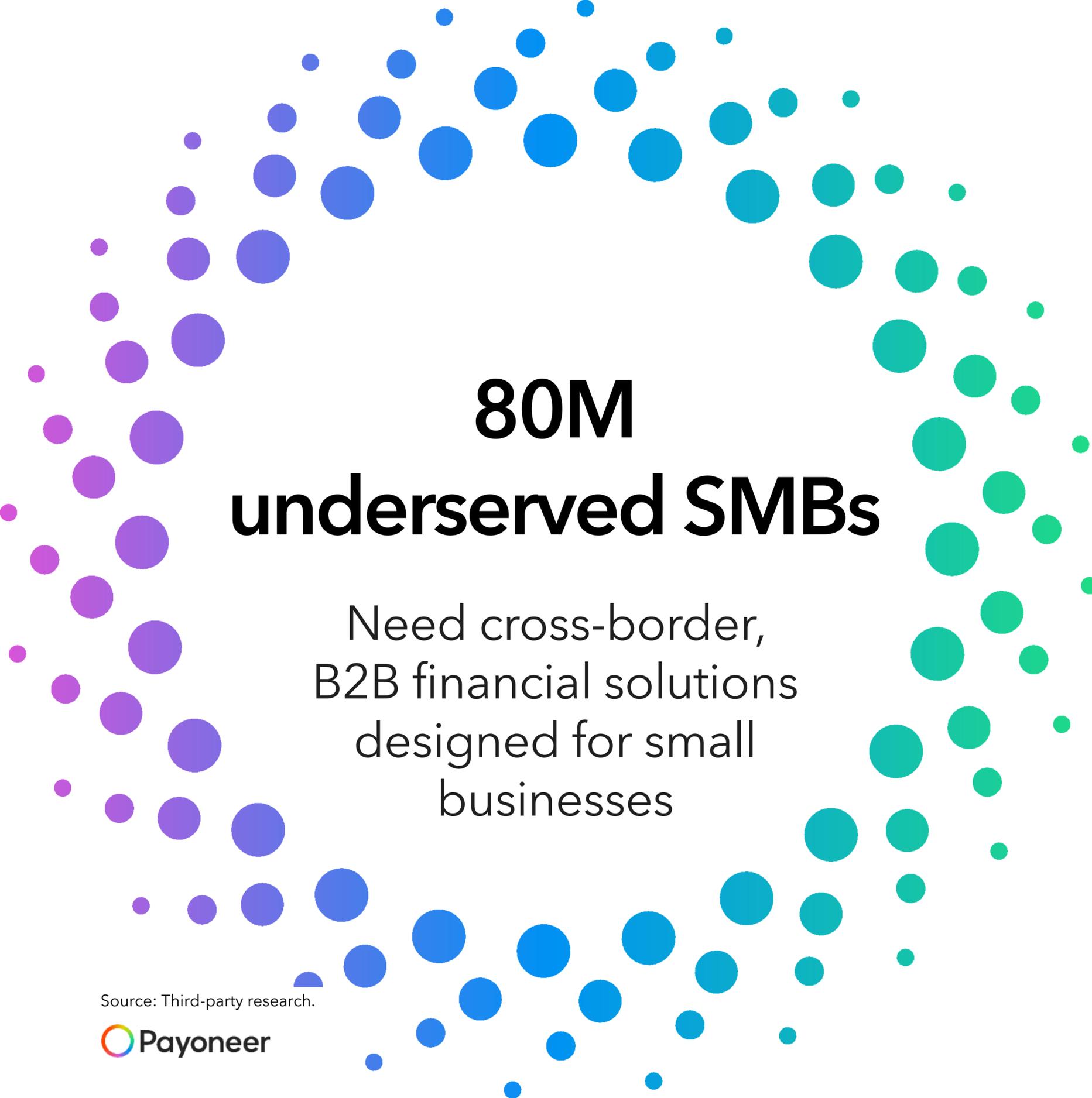
How can I use my card for global advertising without it being rejected?



Can't get capital

Why don't local lenders underwrite international businesses?





80M underserved SMBs

Need cross-border,
B2B financial solutions
designed for small
businesses



Global banks
Underserve small businesses



Fintech
Primarily for P2P, and
with limited geographies



Local banks
Underserve cross-border needs

Source: Third-party research.

Payoneer is the multi-currency financial stack optimized for the global SMB



Ease

All-in-one

Trust

Connection

We have unique assets and infrastructure

Scaled platform

- Financial services institution regulated across key markets, including US, Europe, Hong Kong, Japan, Australia, Singapore, UK
- Ability to onboard customers from 190+ countries and territories
- Nearly 100 banking providers and payment service providers (PSPs)
- Partnership with major global marketplaces

Localized experience

- Virtual account so customers are always local, no matter where they are and who they do business with
- Smart routing system that enables global payments in the most economical way possible
- Same day & real time settlement with highest reliability in 150+ countries
- 150+ customer success managers in 50 countries, speaking 50 languages

Strong brand

- 1.96M active customers, including 516K active Ideal Customer Profiles (ICPs)¹
- \$6.4B in customer balances
- Global awareness level among digital payment providers second only to PayPal²

Note: Data as of December 31, 2023.

1. Active ICPs are defined as customers with a Payoneer Account that have on average over \$500 a month in volume and were active over the trailing twelve-month period.

2. Source: Payoneer Global Brand Tracker, 2022.

We serve diverse customer types and use cases



Contractors and freelancers



Contractors and freelancers paid by **marketplaces** (Upwork, Fiverr) and **direct clients**

Top-3 global player



Consumer goods sellers



B2C sellers selling on **marketplaces** (Amazon, eBay, etc.) and **DTC stores**

The #1 global leader



Service providers

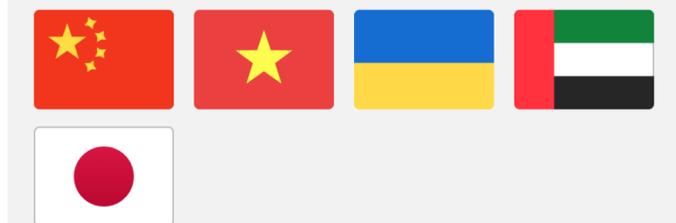


Service SMBs in IT, business process outsourcing, etc.

Early stages (<1% volume market share), clear product market fit in key markets



Goods traders and manufacturers



SMB exporters of electronics, auto-parts, textiles, agriculture, etc.

Initial signs of potential value and product market fit

Source: Third-party research. Industry data and Payoneer volume market share as of 2022.

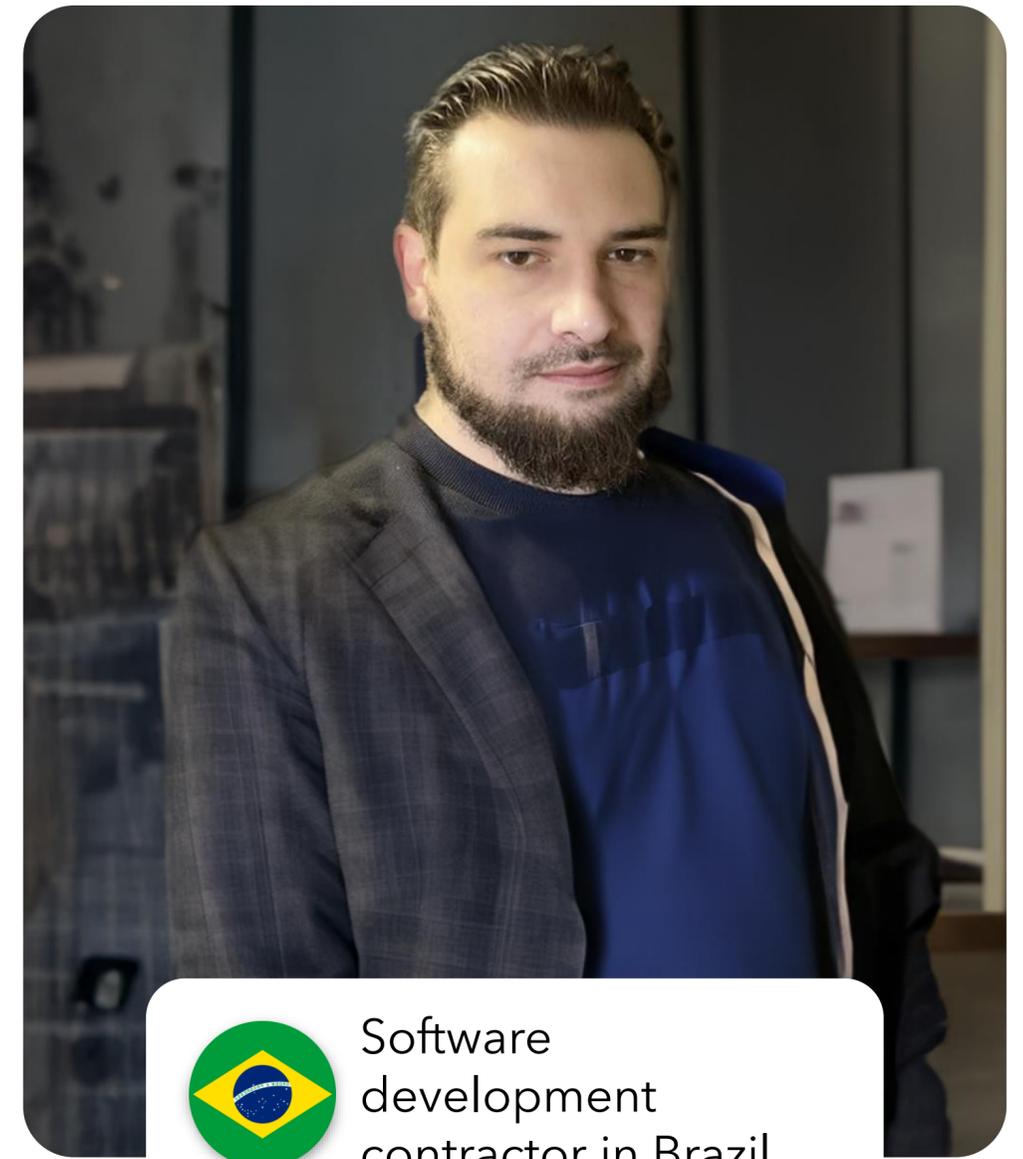
Payoneer helps SMBs in the fastest growing markets do business globally



Producer and seller of 3D printers in China

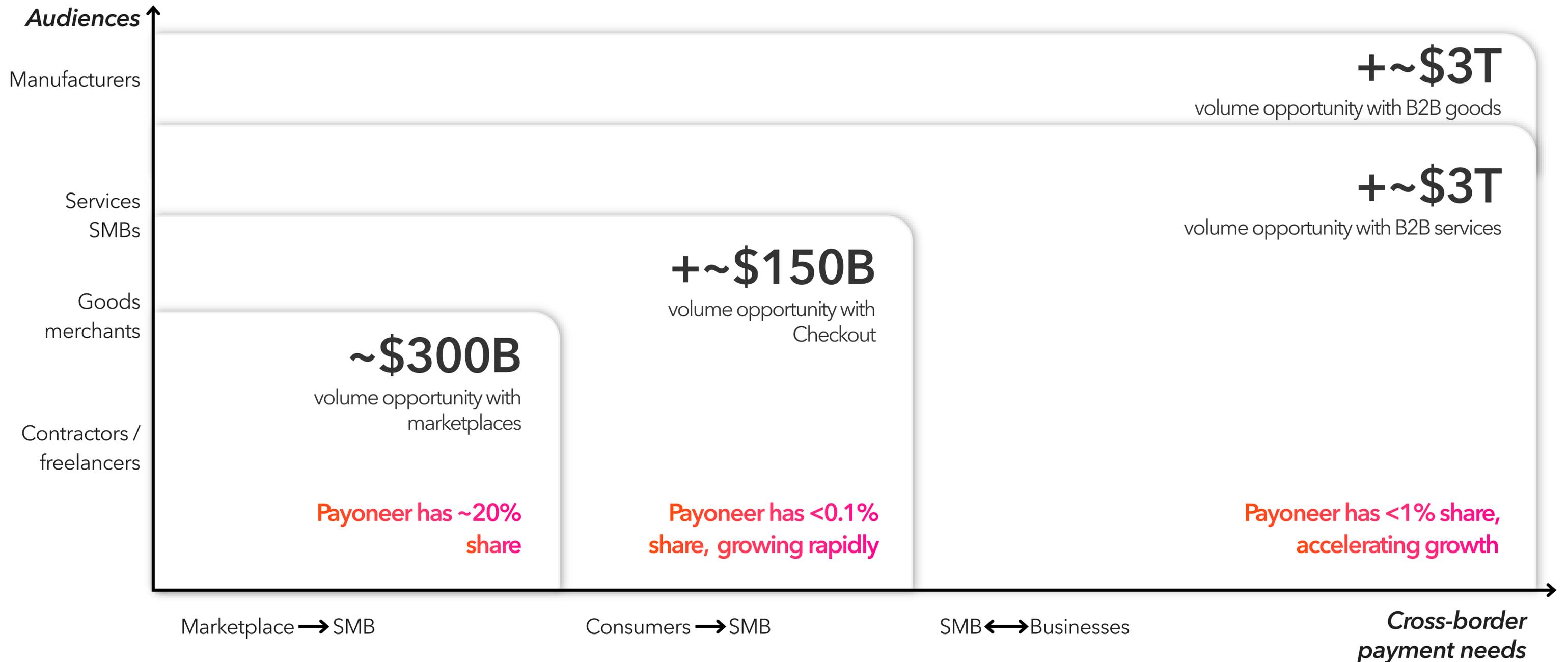


Business process outsourcing in the Philippines



Software development contractor in Brazil

We are pursuing a \$6 trillion opportunity

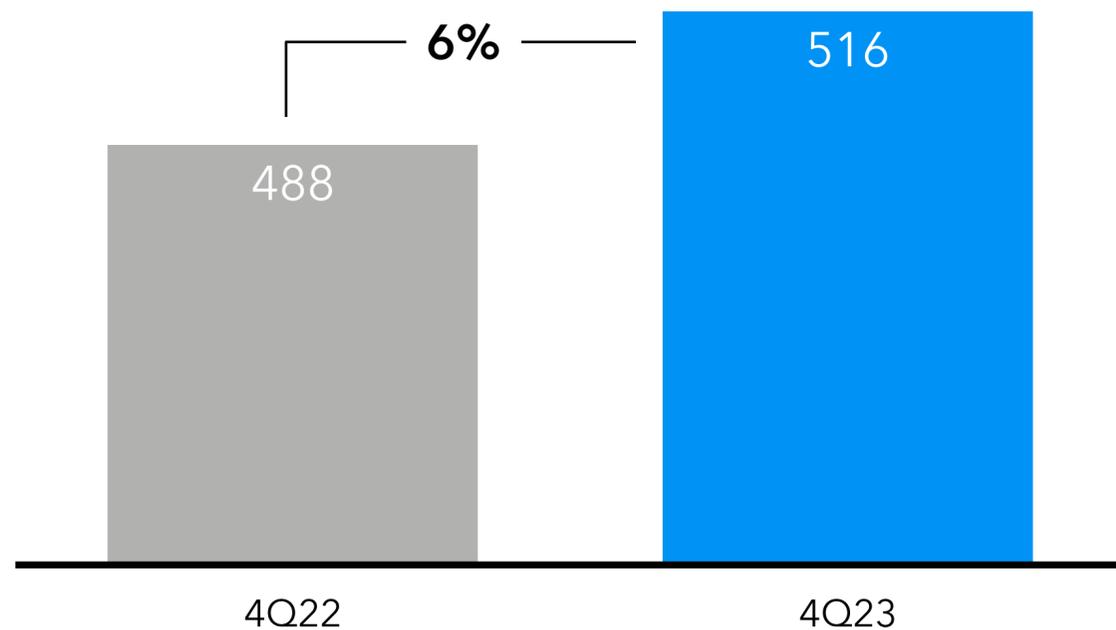


Source: Third-party research. Industry data and Payoneer volume market share as of 2022.

4Q 2023 business and financial highlights

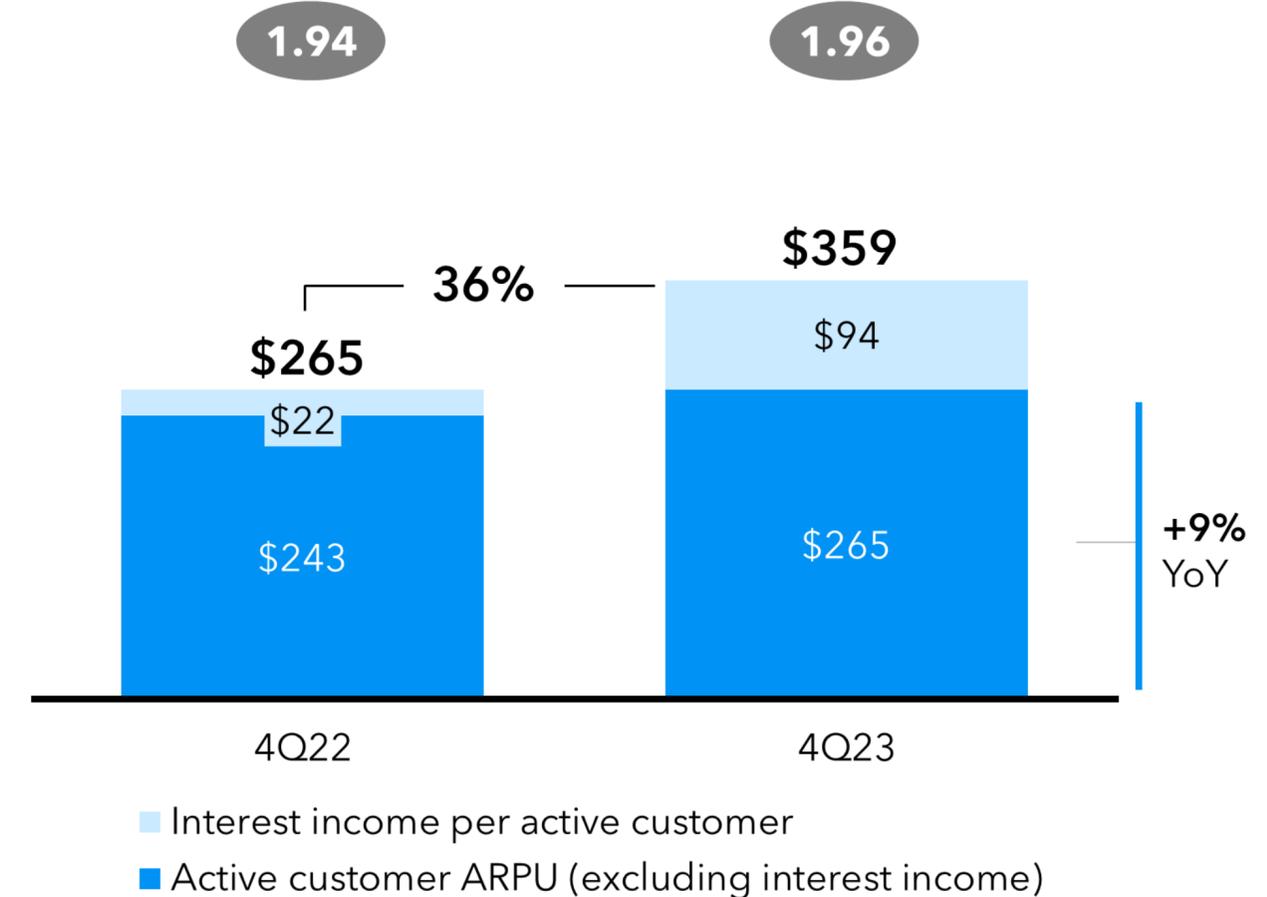
We introduced our SMB-centric strategy in 2023 and are delivering results

Acquire and retain more **ICPs** ('000s)



Optimize **ARPU** (\$)

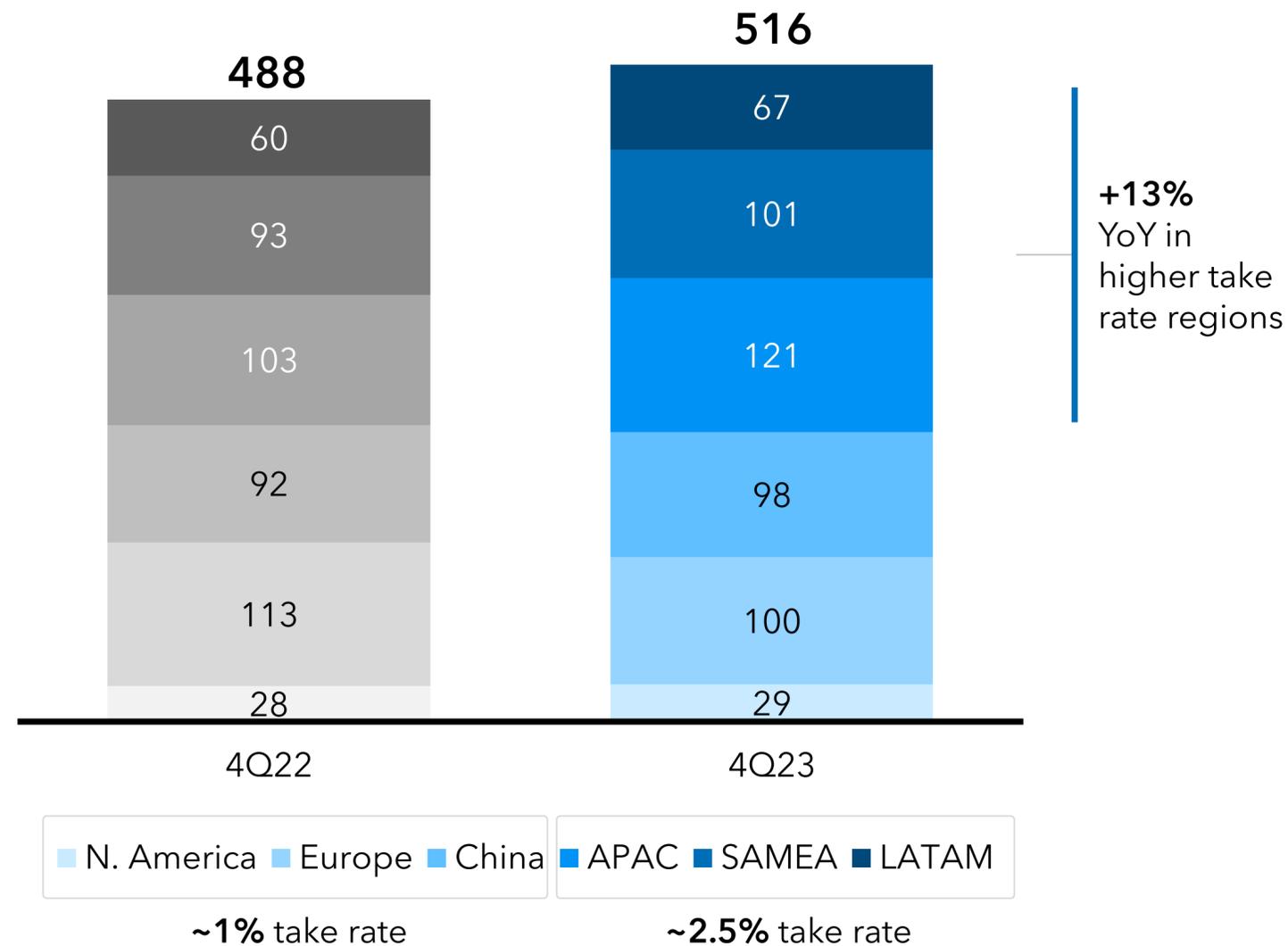
Total active customers (M):



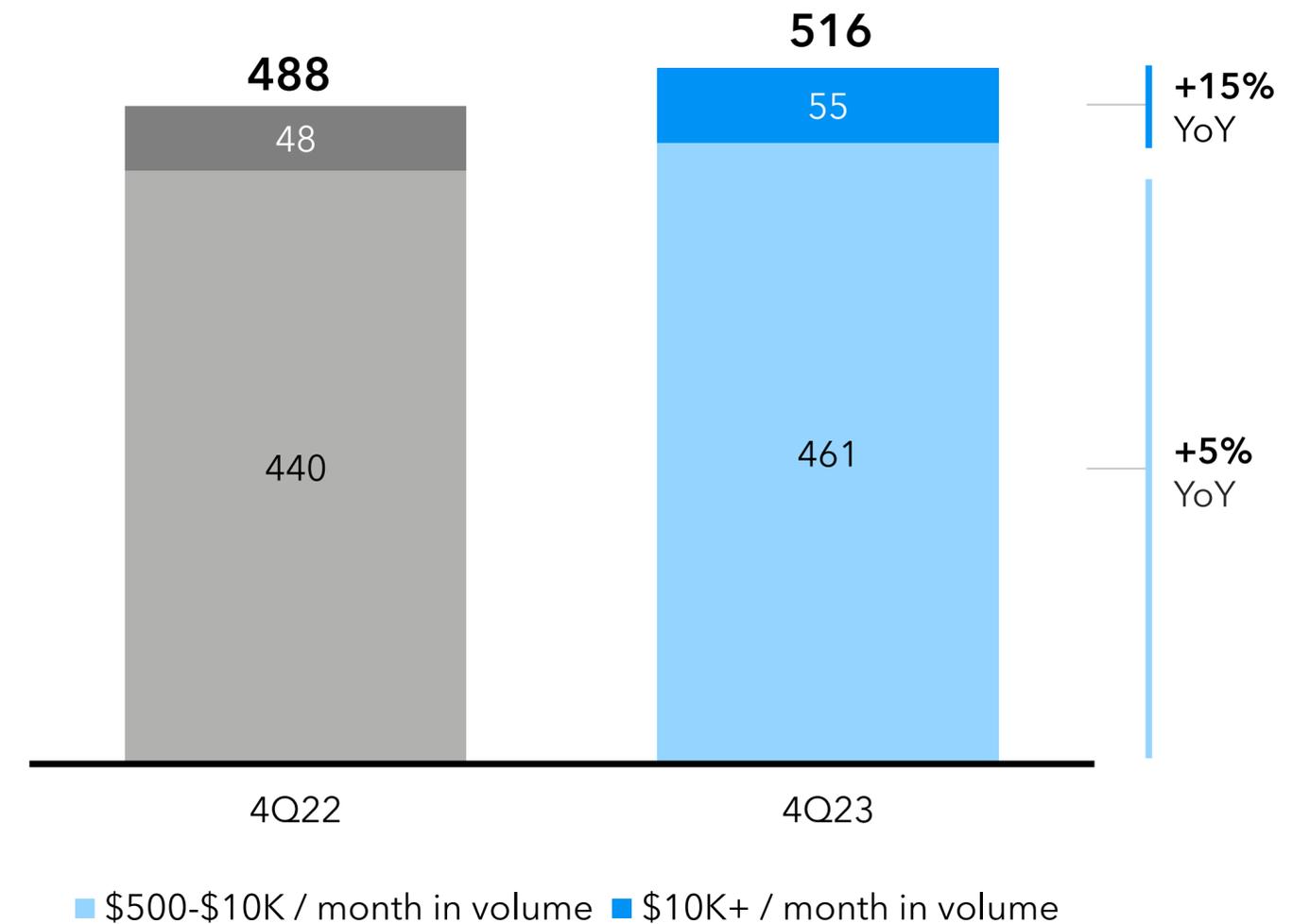
Note: ARPU represents the trailing twelve months as of each quarter shown. Please refer to the disclaimers at the beginning of the presentation for the ARPU definition.

We are driving faster ICP growth in higher take rate regions and with larger, higher volume ICPs

Active ICPs **by region** ('000s)



Active ICPs **by size** ('000s)

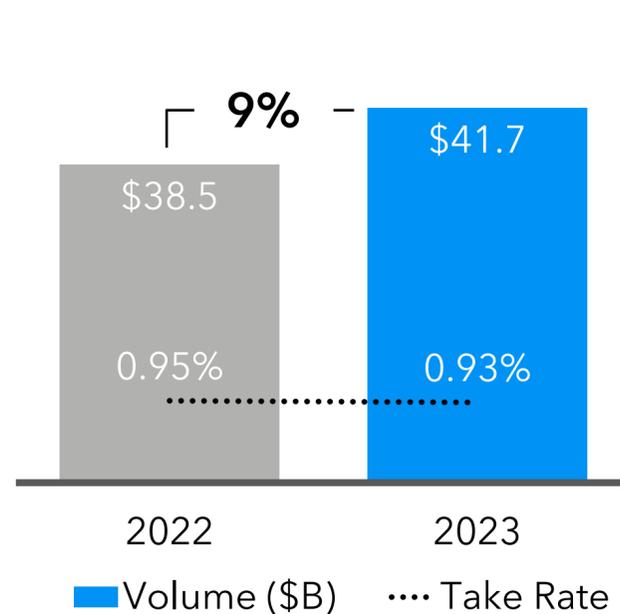


Strong volume growth from the diverse channels our customers sell through

SMB customer volume

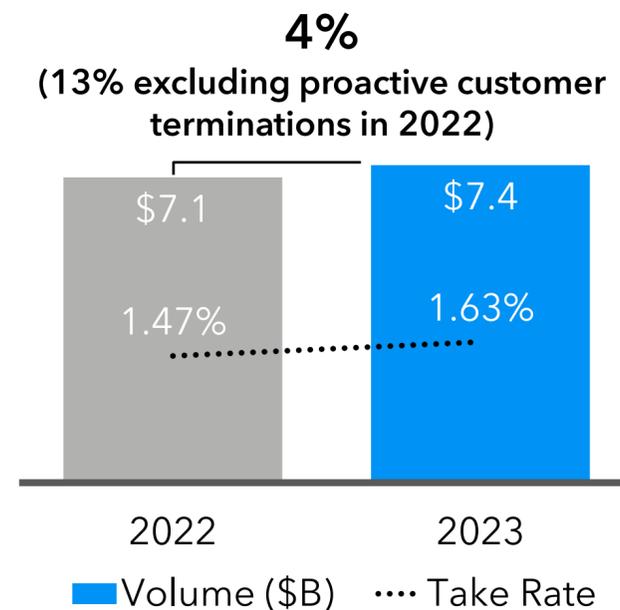
Marketplace:

Defend our market leading position



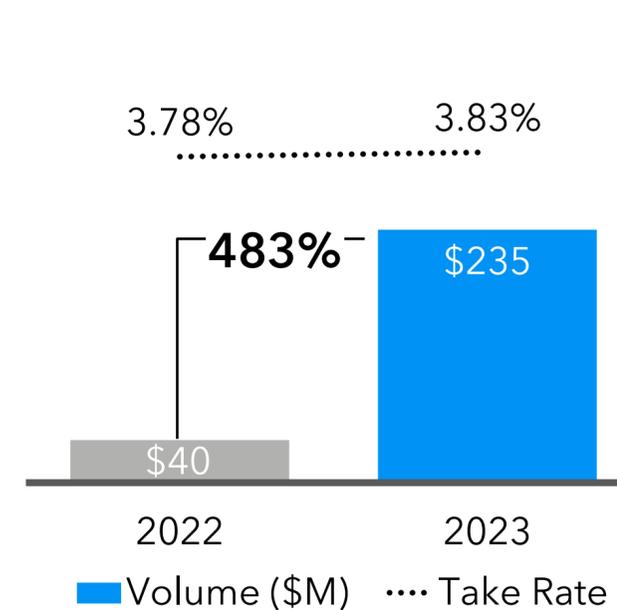
B2B:

Accelerate growth in a massive market



Merchant services (Checkout):

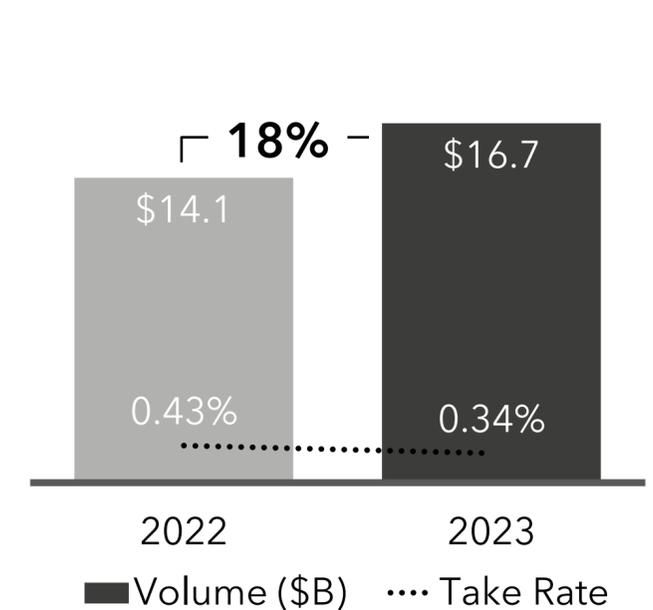
Expand into a fast-growing market



Enterprise volume

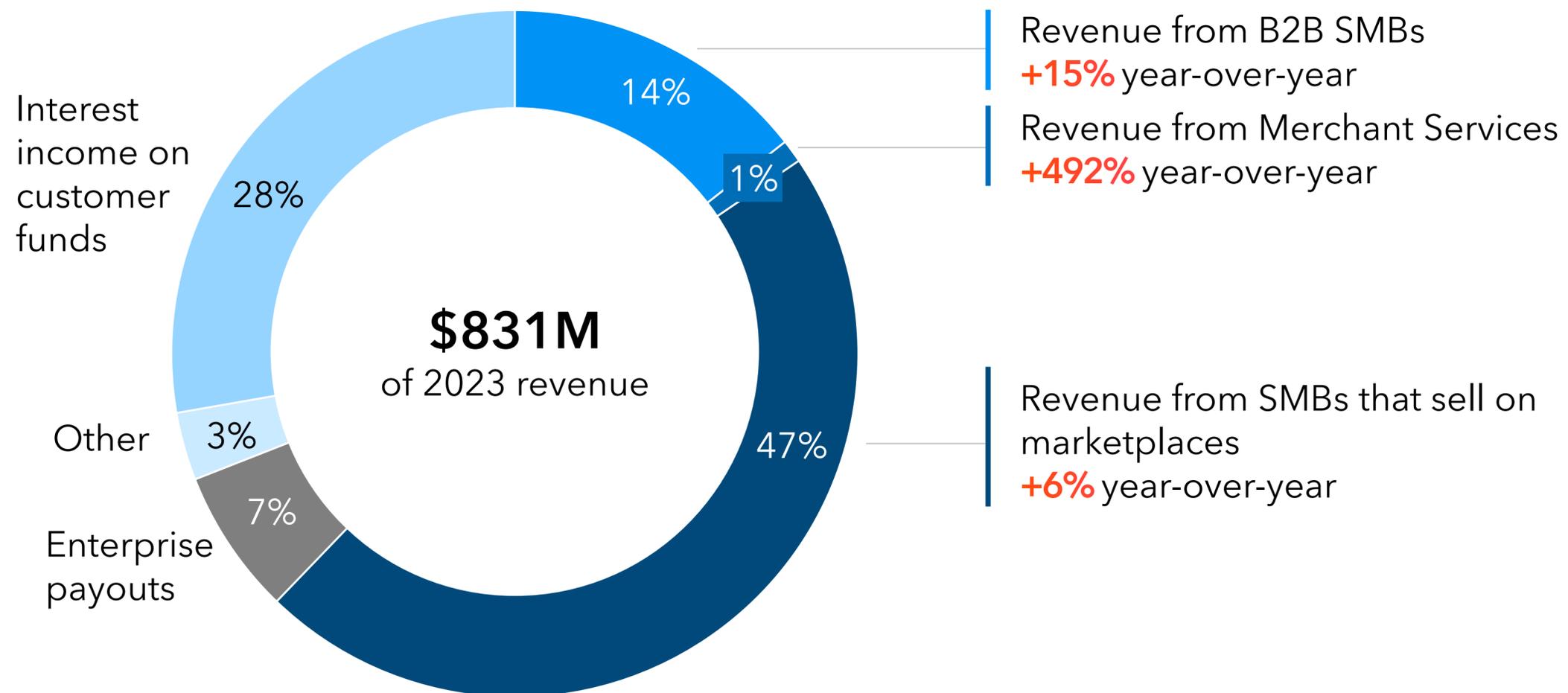
Enterprise payouts:

Drive continued scaled, efficient growth



Note: Data represents full year data for the period ended December 31.

Our revenue is diversified, and we have two fast-growing, higher take rate businesses within Payoneer

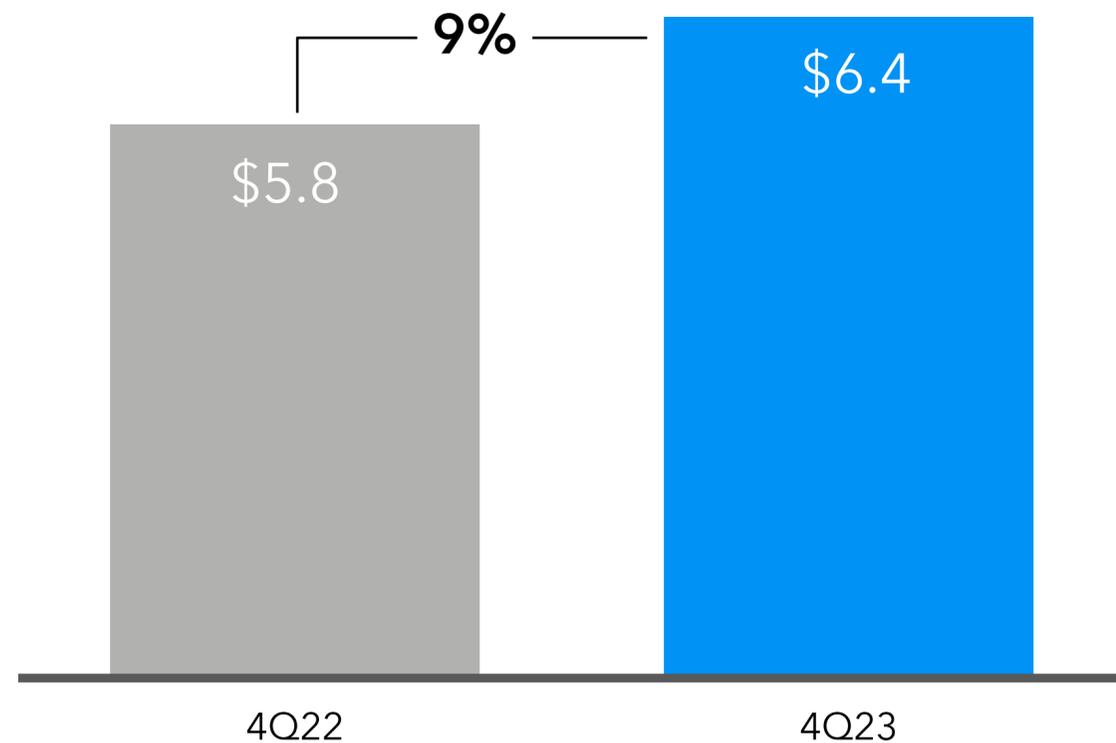


~90%
of revenue from SMB
customers using our
financial stack

Note: Percentage of revenue based on \$831M of revenue for the period January 1, 2023 to December 31, 2023. Other revenue includes revenue recognized over time and capital advance income.

We are trusted and growing customer funds

Customer funds (\$B)

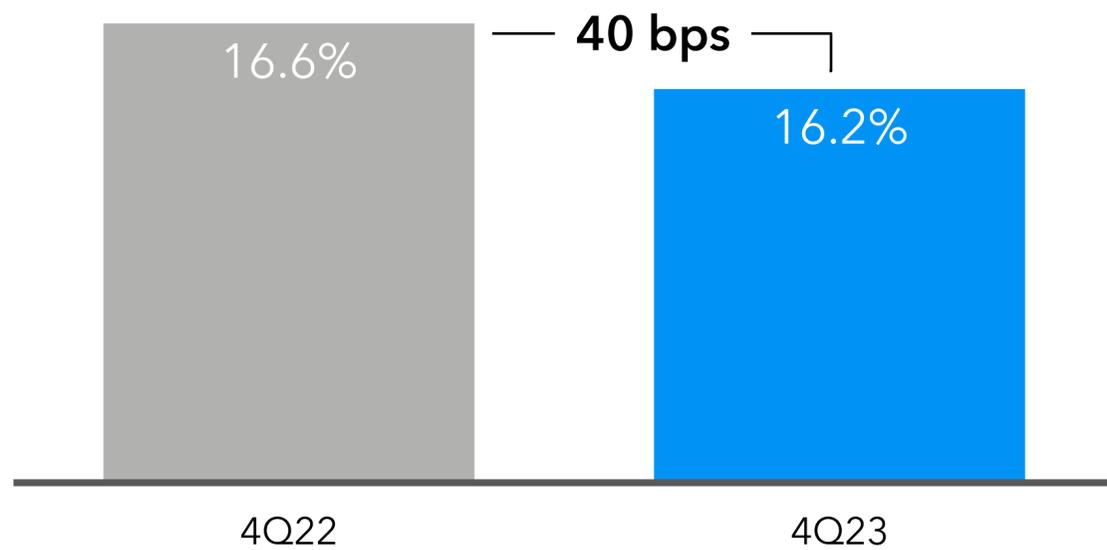


- **80%+** of customer funds are interest-bearing
- **74%** of customer funds are held with U.S. domestic financial institutions
- **75%** of customer funds are denominated in U.S. dollars
- Launched program to extend duration of customer funds by investing a portion in short duration US treasuries. As of February 28, 2024, the vast majority of customer funds are still in cash deposits

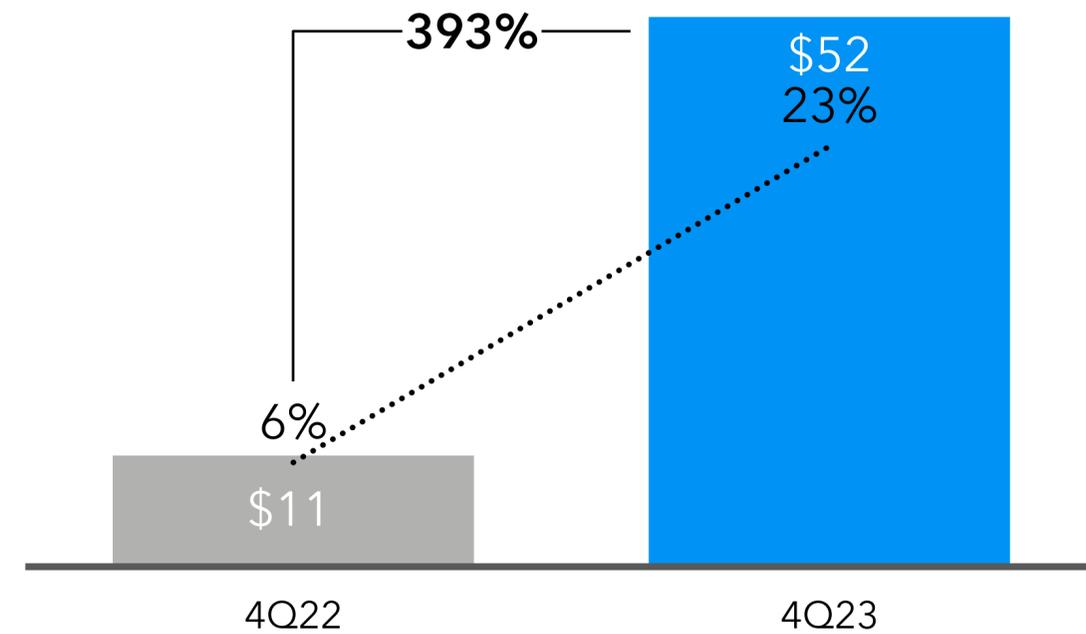
Note: Data as of December 31, 2023 unless noted otherwise.

We are delivering operating leverage

Transaction cost as a percentage of revenue



Adj. EBITDA (\$M) and adj. EBITDA margin (%)

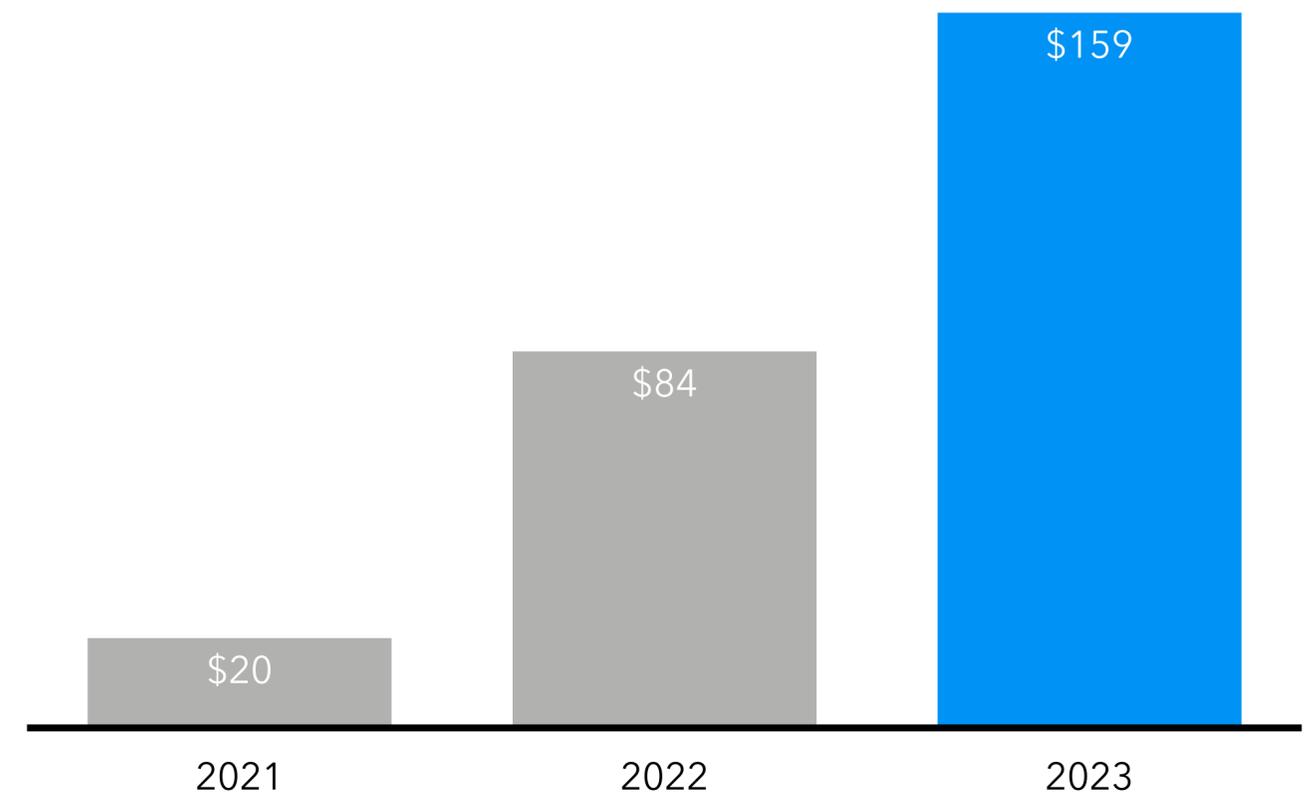


Note: Data as of December 31, 2023. Please refer to the appendix of this presentation for the reconciliation from net income (loss) to adjusted EBITDA.

Our strong cash flow generation enables us to return capital to shareholders and maintain strategic flexibility



Operating cash flows (\$M)



Note: data as of December 31, 2023.

1. For the period January 1, 2023 to December 31, 2023.

2. Since inception of Payoneer's share buyback program, for the period May 10, 2023 to December 31, 2023.

2024 full year guidance as of February 28, 2024

\$875-885M

Revenue

~17.5%

Transaction costs as a %
of revenue

\$185-195M

Adjusted EBITDA¹

Guidance for fiscal year, where adjusted, is provided on a non-GAAP basis, which Payoneer will continue to identify as it reports its future financial results. The Company cannot reconcile its expected adjusted EBITDA to expected net income under "2024 Guidance" without unreasonable effort because certain items that impact net income and other reconciling metrics are out of the Company's control and/or cannot be reasonably predicted at this time, which unavailable information could have a significant impact on the Company's GAAP financial results.

1. Please refer to "Non-GAAP Financial Measures" in slide 2 of this presentation.

Our roadmap to profitable growth



Medium-term
(through 2026)

Mid-teens

revenue growth

25%

Adjusted EBITDA margin



Long-term
(beyond 2026)

20%+

revenue growth

25%+

Adjusted EBITDA margin

Appendix

Volume and revenue trends

Volume (\$M)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	YoY	QoQ
SMBs that sell on marketplaces	\$9,321	\$9,239	\$9,406	\$10,487	\$9,770	\$9,921	\$10,261	\$11,777	12%	15%
B2B SMBs	1,622	1,791	1,760	1,914	1,678	1,759	1,781	2,156	13%	21%
Merchant services	2	8	11	20	29	41	63	102	408%	61%
SMB customer volume	\$10,945	\$11,037	\$11,176	\$12,421	\$11,477	\$11,721	\$12,106	\$14,035	13%	16%
Enterprise payouts	3,329	3,239	3,552	4,030	3,826	3,617	4,229	5,010	24%	18%
Total volume	\$14,274	\$14,276	\$14,728	\$16,451	\$15,303	\$15,338	\$16,335	\$19,045	16%	17%

Revenue as a % of volume ("Take Rate")	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	YoY	QoQ
SMBs that sell on marketplaces	0.96%	1.02%	0.97%	0.87%	0.93%	0.99%	0.94%	0.87%	0 bps	-7 bps
B2B SMBs	1.41%	1.42%	1.53%	1.50%	1.62%	1.64%	1.67%	1.59%	9 bps	-8 bps
Merchant services	3.16%	3.72%	3.99%	3.76%	3.74%	3.79%	3.84%	3.88%	12 bps	4 bps
SMB customer take rate	1.03%	1.09%	1.06%	0.97%	1.04%	1.10%	1.07%	1.00%	3 bps	-7 bps
Enterprise payouts	0.41%	0.46%	0.44%	0.42%	0.34%	0.36%	0.37%	0.31%	-11 bps	-6 bps
Total take rate	0.96%	1.04%	1.08%	1.12%	1.25%	1.35%	1.27%	1.18%	6 bps	-9 bps

Year-over-year take rate expansion in SMB customer business driven by mix shift towards faster-growing B2B and Merchant services

Revenue (\$M)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	YoY	QoQ
By source:										
SMBs that sell on marketplaces	\$89	\$95	\$91	\$91	\$91	\$98	\$97	\$103	12%	6%
B2B SMBs	23	25	27	29	27	29	30	34	19%	15%
Merchant services	0	0	0	1	1	2	2	4	425%	63%
SMB customer revenue	\$112	\$120	\$119	\$121	\$119	\$128	\$129	\$141	16%	9%
Enterprise payouts	14	15	16	17	13	13	16	15	-8%	-1%
Revenue recognized at a point in time	\$126	\$135	\$134	\$138	\$132	\$141	\$145	\$156	13%	8%
Revenue recognized over time	8	8	8	8	8	8	1	1	-91%	23%
Revenue from contracts with customers	\$133	\$143	\$142	\$146	\$140	\$149	\$145	\$157	8%	8%
Interest income on customer balances	\$1	\$3	\$15	\$36	\$50	\$55	\$60	\$65	81%	7%
Capital advance income	3	2	2	2	2	2	2	3	26%	11%
Revenue from other sources	\$4	\$6	\$17	\$38	\$52	\$58	\$63	\$68	78%	8%
Total revenue	\$137	\$148	\$159	\$184	\$192	\$207	\$208	\$224	22%	8%

Strong revenue exit growth dynamics within SMB customer business

Note: Revenue by source represents revenue recognized from contracts with customers as well as revenue from other sources.

ICP and revenue by region trends

Active ICPs ('000s)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	YoY	QoQ
By size:										
\$500-\$10K/month	410	423	433	440	441	443	449	461	5%	3%
\$10K+/month	43	44	46	48	50	52	53	55	15%	3%
Total	453	467	479	488	491	495	502	516	6%	3%

By primary regional market:

APAC	92	97	100	103	106	109	114	121	18%	7%
Europe	119	119	116	113	108	106	102	100	-11%	-2%
SAMEA	78	84	88	93	93	94	98	101	9%	3%
China	86	87	90	92	93	95	97	98	7%	1%
LATAM	52	54	57	60	62	62	63	67	12%	6%
N. America	27	26	28	28	29	29	29	29	5%	0%
Total	453	467	479	488	491	495	502	516	6%	3%

Revenue (\$M)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	YoY	QoQ
By primary regional market:										
China	\$43	\$47	\$50	\$56	\$64	\$71	\$73	\$80	43%	10%
Europe	28	31	33	38	39	42	42	45	17%	6%
APAC	19	20	22	24	25	27	29	32	34%	11%
N. America	20	21	22	29	26	26	22	24	-19%	6%
SAMEA	15	17	18	19	20	22	22	23	20%	3%
LATAM	11	13	15	17	19	19	19	21	23%	7%
Total Revenue	\$137	\$148	\$159	\$184	\$192	\$207	\$208	\$224	22%	8%

Note: Active ICPs are defined as customers with a Payoneer Account that have on average over \$500 a month in volume and were active over the trailing twelve-month period. Revenue disaggregated by primary regional market represents revenues being attributed to the country (in the region) in which the billing address of the transacting customer is located, with the exception of global bank transfer (enterprise payouts) revenues, where revenues are disaggregated based on the billing address of the transaction funds source.

Reconciliation of net income (loss) to adjusted EBITDA

(\$ in thousands)	Twelve months ended,		Three months ended,	
	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023
Net income (loss)	\$ (11,970)	\$ 93,333	\$ (10,151)	\$ 27,021
Depreciation & amortization	20,858	27,814	5,333	8,750
Taxes on income	13,586	39,203	7,610	14,272
Other financial (income) expense, net	10,131	(11,568)	(1,005)	(3,763)
EBITDA	32,605	148,782	1,787	46,280
Stock based compensation expenses ¹	52,150	65,767	13,827	17,338
Share in losses of associated company	2	–	13	–
M&A related expense (income) ²	(2,323)	3,468	–	451
Loss (gain) from change in fair value of Warrants ³	(33,963)	(17,359)	(5,031)	(11,824)
Restructuring charges ⁴	–	4,488	–	–
Adjusted EBITDA	\$ 48,471	\$ 205,146	\$ 10,596	\$ 52,245
Revenue	\$ 627,623	\$ 831,103	\$ 183,558	\$ 224,320
Adjusted EBITDA margin	8%	25%	6%	23%

1. Represents non-cash charges associated with stock-based compensation expense, which has been, and will continue to be for the foreseeable future, a significant recurring expense in our business and an important part of our compensation strategy.
2. Amounts for 2023 relate to M&A-related third-party fees, including related legal, consulting and other expenditures. Amounts for the year ended December 31, 2022 relate to a non-recurring fair value adjustment of a liability related to our 2020 acquisition of optile.
3. Changes in the estimated fair value of the warrants are recognized as gain or loss on the statements of comprehensive income (loss). The impact is removed from EBITDA as it represents market conditions that are not in our control.
4. We initiated a plan to reduce our workforce during the year ended December 31, 2023, and had non-recurring costs related to severance and other employee termination benefits.



Thank you.

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