



AUDITED FINANCIAL RESULTS FOR THE YEAR TO THE END OF MARCH 2024

PaySauce reports maiden net profit; advances growth strategy

Lower Hutt, New Zealand - 22 May 2024

Software as a Service Fintech PaySauce (NZX: PYS) today reports a maiden full year net profit after tax of \$1.2m for the year to 31 March 2024 as the company benefited from growth in customers and increased interest income.

It also reports significant progress in preparing for its next phase of growth. PaySauce is nearing completion of the proof of concept which will demonstrate the ability to execute wholesale payroll with the new Gen 2.0 payroll engine. PaySauce also extended the reach of its microbusiness app from its core dairy farmer market into new verticals of plumbers, builders and hospitality.

HIGHLIGHTS¹

- **Operating revenue:** \$7.7m up 33% lifted by a 7% increase in customers to 7,368 and a 11% increase in average monthly revenue per user (ARPU) to \$91.
- **Processing fee income:** \$5.4m up 17% lifted by customer growth and fee increases as we passed on rising costs.
- **Interest income:** \$2.2m up 96% lifted by customer growth and continued high interest rates.
- **Annualised recurring revenue (ARR):** \$8m up 19% from \$6.7m.
- **EBTDA²:** \$1.06m, reverses EBTDA loss of \$0.08m with revenue growth more than offsetting investments for growth and general inflationary pressures.
- **Net profit after tax (NPAT):** \$1.2m maiden net profit, reversing a \$0.6m loss.

Chair Shelley Ruha said: "Our achievement of our first full year net profit after tax and positive cashflows is a significant milestone, especially in the face of the headwinds that growth companies such as PaySauce and indeed our customers have faced for much of the last year.

"Persistent inflation and subdued demand have presented a challenge to new customer growth outside our core dairy vertical. However, our operating revenue has been supported by high interest rates, which have insulated PaySauce from these pressures.

¹ All comparisons are against FY23 unless otherwise stated.

² Earnings before tax depreciation and amortisation is a non-GAAP measure of financial performance. It is defined and reconciled to the GAAP measure of net profit on page 25 of the company's annual report released to the NZX today and available on the company's website.



“As a profitable and cashflow positive company we remain firmly in charge of our own destiny and have been able to advance strategies that are now poised to deliver an acceleration of growth and drive the long-term sustainability of our business.

“We have also put in place the foundations for our next phase of growth. The key achievements were piloting our new Gen 2.0 payroll engine, significant progress on the proof-of-concept work of our new wholesale solution and migrating our tech stack to Amazon Web Services. It is an exciting time for the company.”

Chief Executive Officer and Co-Founder Asantha Wijeyeratne said: “The 2024 financial year has been a year of transformation for PaySauce.

“We’ve delivered on our strategic objectives, the most significant of which was re-investing for growth. We piloted our new Gen 2.0 payroll engine and are nearing completion of the wholesale payroll proof of concept. This is for a significant customer that has the potential to add a significant number of people using our technology. This development will put in place the foundations of the company’s next phase of growth.

“The engine will enable PaySauce to make the first steps in a wholesale payroll strategy that will see our technology embedded in business management platforms. It will also, over time, form the core of our microbusiness app which will accelerate our growth into new verticals such as our current target of the construction industry and related trades.”

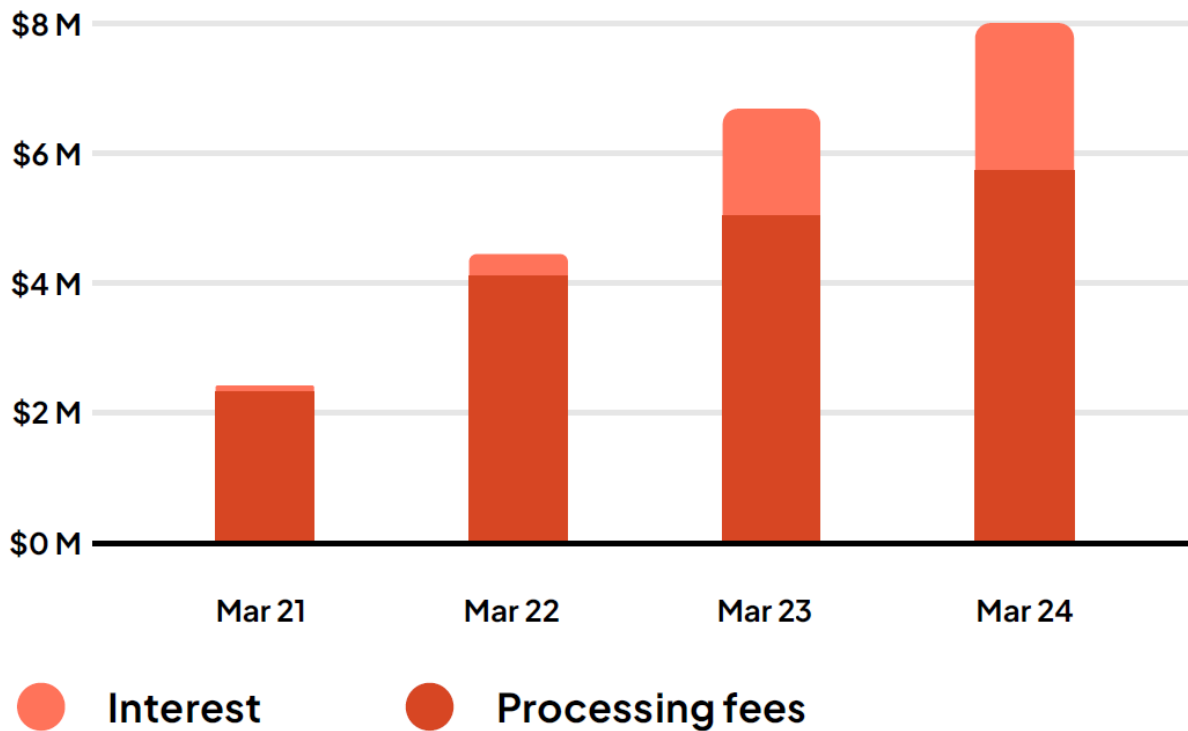
FINANCIAL PERFORMANCE

Operating revenue for the year to the end of March 2024 rose 33% to \$7.7m from \$5.8m in the prior year. The result was underpinned by the strong rise in interest rates and an increase in the balance of funds held on account for customers, which led to an 96% rise in interest income.

Processing fee income rose by 17% to \$5.4m from \$4.6m, an increase driven by a 7% increase in customers to 7,368 from 6,875 at the same time a year ago and price increases as PaySauce passed on the costs of inflation to the business.

Average monthly revenue per user (ARPU) increased 11% to \$91 from \$81 in the prior year. ARR at the end of March rose to \$8.0m from \$6.7m at the same time a year ago.

Annualised recurring revenue



PaySauce achieved an underlying NPAT of \$0.2m, which was inflated by a \$1.0m tax adjustment as a deferred tax asset was recognised in the year. PaySauce is now profitable and expects to be able to utilise some of the carried forward tax losses in future years.

PaySauce delivered maiden full year earnings with EBTDA reaching \$1.06m reversing the prior year's \$0.08m loss, while Net Profit After Tax rose to \$1.2m up from last year's loss of \$0.6m. In both cases the improvement was underpinned by growth in total revenue, but the gains were diluted by investments for growth.

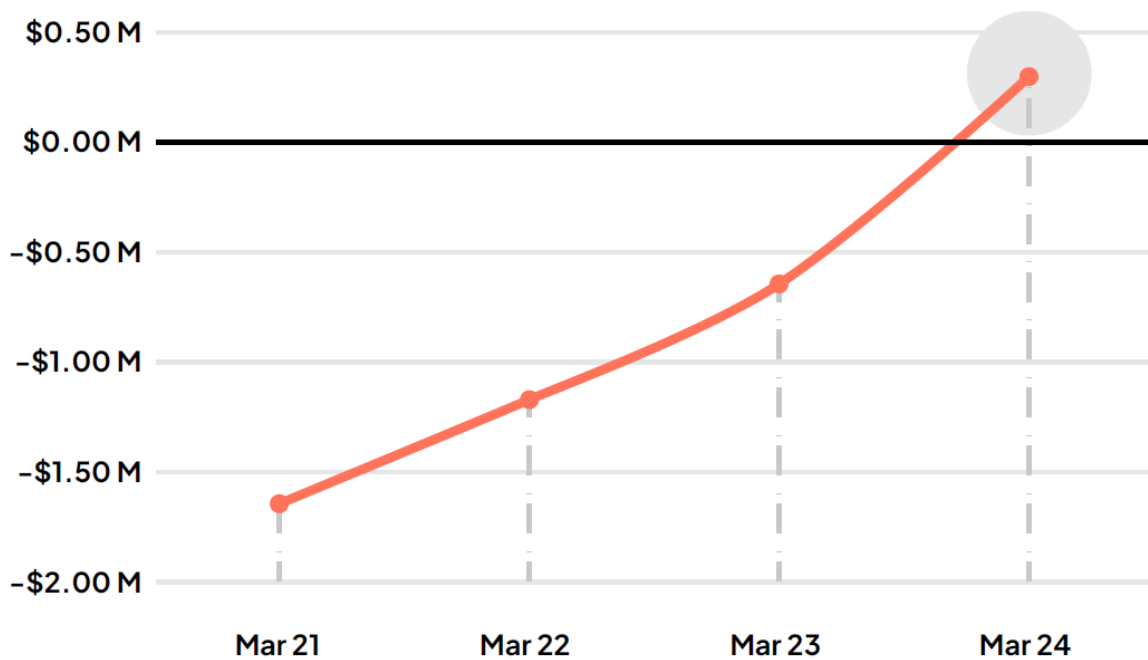
These investments included the development into the new payroll engine and the wholesale payroll proof of concept, enhancements to development infrastructure and the expansion of the sales and marketing teams. PaySauce also saw a general increase in costs in line with the broader inflationary pressures affecting the economy.

Operating cashflows, before the inflow of funds due to customers and the IRD, rose to \$1.5 million from \$0.3m in the prior year and PaySauce posted positive free cashflow of \$0.3m after allowing for investment activity, reversing the prior year negative free cashflow of \$645k.



Free cash flow

(excluding funds held on behalf of customers)



STRATEGIC PROGRESS

Once delivered, the new Gen 2.0 payroll engine will be able to be quickly configured to comply with complex payroll rules in any jurisdiction around the world and is designed for superior speed and processing. The wholesale solution will be complementary to the existing microbusiness solution where PaySauce will continue to invest for growth.

Customer growth slowed relative to the year earlier reflecting both the maturity of the company's core dairy sector vertical and the early stage of efforts to diversify and grow our customer base. Total customer acquisition costs were similar to the prior year in total, but increased on a per customer basis reflecting the early stage of the company's penetration into the new construction and trade verticals.

PaySauce's monthly churn rate increased to 1.18% compared to 1.15% at the same time a year ago as tough economic conditions took their toll on small business customers. Despite this - customer lifetime value increased 23% to \$43.4m, as the company's margins and customer base grew.

PaySauce continues to achieve its goal to exceed the rule of 40 global benchmark for SaaS companies and while the company's score has moderated over the last



year, the investments put in place for the future position the company to reverse this trend for the year ahead.

OUTLOOK

Asantha Wijeyeratne said he remained confident about PaySauce's prospects.

"The current high-interest rate environment appears set to persist and underpin our revenue for at least the next twelve months. As we noted at the half year it represents a natural hedge for PaySauce given the impact elevated interest rates are having on the broader economy," Wijeyeratne said.

"Against this, we are thrilled by the opportunities presented with the advances of the Gen 2.0 payroll engine and our wholesale payroll solution. We believe these developments combined are bringing our goal of \$10 million in ARR into sight."

Further detail on the company's performance is included in the annual report and investor presentation released to the NZX today and also available on the company's investor website: <https://www.paysauce.com/investor/#/documents>

PaySauce will host an Investor and Media conference call today to discuss the full year result.

The conference call is scheduled to begin at 10.00 am NZDT.

Investors and media are invited to attend the conference call, and can register their interest by emailing investor@paysauce.com before 9am to receive the conference call link.

Released for and on behalf of PaySauce by Jaime Monaghan, Chief Financial Officer.

ENDS

ABOUT PAYSAUCE

PaySauce is a SaaS fintech platform providing solutions for people at work in 14 jurisdictions across the Asia-Pacific region. The technology enables small employers to digitally onboard, pay and manage employees from any device. The platform includes rosters, mobile timesheets, payroll calculations, banking integration, automated payments, PAYE filing, labour costing, automated general ledger entries and digital employment contracts. The PayNow feature enables customers' employees to access the pay they've earned before payday, providing a free alternative to payday lenders. www.paysauce.com



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