



2023 Annual Report



PaySauce has rocketed from start-up to scale-up, with global growth on the horizon.

We've built a platform and a team that exceeds customer expectations and achieved a score of 67 against the much-benchmarked rule of 40.

We're optimising our systems and structures to operate at scale.

Our vision is to be the first choice people platform for small businesses globally – and that vision is now in sight.

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3 year strategic plan

Where we're heading

Our vision

The first choice people platform for SMEs globally

Our role

The straight up provider of effortless solutions for people at work

Our values



Respect and include



Do good and be honest



Fun and fresh



Simple and smart



Resourceful and results-orientated

Strategic priorities

1. Reinvest for long term growth

Secure, robust, scalable platform

Targeting micro-businesses as payroll consumers

Service target markets expertly

Actively seek acquisition targets

2. Obsess over customers

Mobile first, self-service product development

Own rural in NZ and Australia

Enter 6 new verticals in NZ

Exceptional customer advocacy

3. Win-win-win partnerships

Enable seamless integration with product partners

Leverage global payment solutions

Commercialise the payroll rules engine

Optimise industry expertise

4. Awesome people

Increase capacity to continue product-led growth

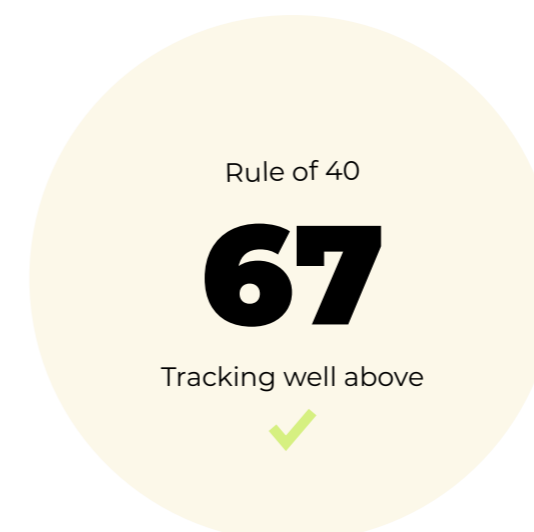
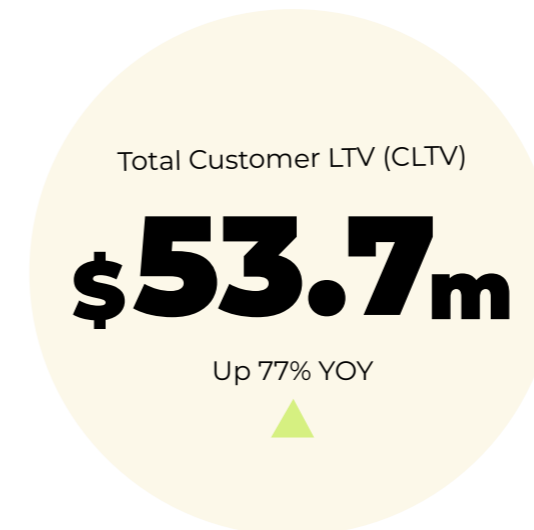
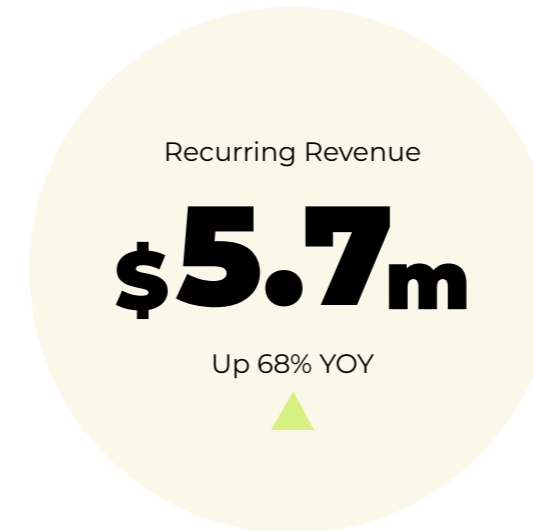
Attract top talent as a recognised employer of choice

Global workforce servicing global employers

Build a healthy pipeline of talent through all teams

The highlights

How we're tracking



MESSAGE FROM THE CHAIR



Shelley Ruha
Independent Director, Chair

Dear fellow shareholders,

What a tumultuous 12 months! While the challenges of Covid lockdowns are far away in the rear mirror, businesses are still dealing with the long Covid economic effects: inflation, high interest rates and tight labour markets. On top of that, we recently saw two “one in 100 year” weather events within two weeks of each other.

Through it all, PaySauce has been a reliable, steady presence for our customers. The power of cloud-based software has never been so clear, especially for our rural customers in cyclone-affected areas. We’re proud to have helped keep those communities on an even keel, by ensuring that amongst all the challenges they were facing, they could still be paid.

In this past year, we’ve welcomed new faces, new customers and new innovations. We’re now firmly focused on preparing PaySauce to operate at serious scale, with the first step of our global expansion, which starts in Australia, set to begin in earnest.

Our people, partners and shareholders can all be proud of our results this year. In a challenging environment, we’re outperforming the rule of 40 - a benchmark many other SaaS companies aspire to.

We’re all buzzing with the opportunities ahead of us this year. We’ve put in the hard work, and while there’s a lot more work to do, this coming year is when it starts turning into growth at scale. We move from predominantly a New Zealand payroll business to a global micro business payroll solution provider. As Jeff Bezos so eloquently put it way back in 1997 talking about Amazon- “It’s All About the Long Term. We believe that a fundamental measure of our success will be the shareholder value we create over the long term.”

“ Our mission is to serve 1 million micro businesses globally. That’s why we’re improving our scalability and making sure all our processes have as little friction as possible as we grow at scale. ”

Our mission is to serve 1 million micro businesses globally. That’s why we’re improving our scalability and making sure all our processes have as little friction as possible as we grow at scale.

Reaching that goal means sustainably accelerating our current growth. We are doing that in three ways:

1. Expanding our foothold in Australia, which has huge potential and a competitive space with real opportunities for us. This also allows us to build and test our infrastructure outside of New Zealand.
2. Entering new industries in New Zealand. We have new association partnerships with Master Plumbers, Master Builders, and Hospitality NZ, representing about 7% of all New Zealand employers.
3. Expanding on our excellent relationships with accountants. We’ve partnered with Chartered Accountants, giving us access to these important business influencers across New Zealand and Australia.

Yours sincerely,

Shelley Ruha
Independent Director, Chair

MESSAGE FROM THE CEO



Asantha Wijeyeratne
CEO, Co-founder

Dear shareholders

Let me start by acknowledging our amazing customers. They’ve seen the value in our service and as a direct result, our Recurring Revenue increased 68% year on year to \$5.7m, to finish the year with Annualised Recurring Revenue (ARR) of \$6.7m.

This growth hasn’t been the result of old-school pressure marketing and “immediate growth at all costs” tactics. Thanks to our amazing PayForce answering the curly payroll questions and an online and mobile app that’s easy for everyone to use, our biggest source of growth is referrals from our existing customers. It’s no surprise to see that our Net Promoter Score (NPS) is 48. It’s a huge result, and we’re exceptionally proud of it.

In a marked departure from past practices in the SaaS industry, this strong, steady growth is highly sustainable. Our exceptionally high retention rate is another outstanding result of customer satisfaction. To put that into perspective, our churn rate is just 0.75% per month, meaning on average, our customers remain customers for eleven years.

I’m pleased to report that this growth is reflected in our bottom line, with our Earnings before Tax, Depreciation and Amortisation improving from a loss of \$880k last year to just \$80k this year. Our total revenue is up 66% to \$5.8m, while our expenses have increased just 33% to \$5.9m as we’ve improved efficiency through building for scale.

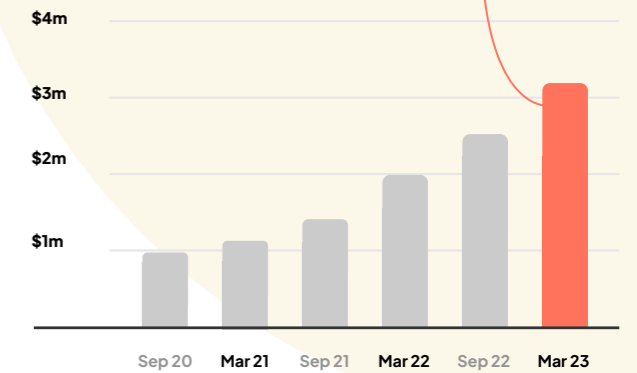
We’ve started measuring ourselves against the Rule of 40, and with PaySauce scoring 67, I’m very pleased with how we’re comparing against our peers. This measure ensures that both growth and profitability are considered when attributing value.

Customer Lifetime

11yrs

Growth in Recurring Revenue (YOY)

68%



So – what’s the secret PaySauce sauce? It comes down to five pillars of long-term growth:

1. We make it easy for customers to recommend us, find us and join us with effective marketing, strong onboarding funnels and industry partnerships.
2. We solve business problems for an industry or niche that is related to payroll.
3. We earn our customers’ love by going above and beyond with our service and software.
4. We foster a culture of innovation where we all strive for the best in a culture that loves positive change.
5. Finally, we always look for ways to make our operations scalable through high-bandwidth processes, lower costs per customer, and making sure the teams that make PaySauce so special are adding real value at the most important moments.

Thank you so much to our team - the PayForce, our partners, our customers and to you, our shareholders, for helping us take PaySauce to the world.

Yours sincerely,

Asantha Wijeyeratne
Executive Director, CEO and Co-Founder

Safe hands on the wheel

We have ambitious goals, so we've built an ambitious leadership team. They have the talents, mindsets and skills to achieve our goals, and will keep PaySauce on course as we scale up for increased sustainable growth.

Shelley Ruha
Independent Director and Chair



Shelley joined the PaySauce board in February 2022. Shelley is a professional director with strong governance experience within fintech, large scale technology infrastructure, payments innovation, banking, wealth management and venture capital.

Current governance roles include Chair of TaxGift and Allied Farmers and directorships at Heartland Bank, 9Spokes, Partners Life and Hobson Wealth. Prior directorships include Paymark, The Icehouse and JBWere Australia.

Asantha Wijeyeratne
Executive Director,
CEO and Co-Founder



Asantha has over 20 years' experience of unparalleled focus on helping small businesses navigate the difficult landscape of effective payroll. His formal background in accounting combined with his 'people first' attitude has seen him successfully build a number of businesses into market leadership positions.

Most notably, Asantha was the driving force behind the creation and growth of SmartPayroll and SmartBooks which he grew to service close to 10,000 SMEs in NZ before he left in December 2013.

Asantha's obsession is the small business sector with a tech and customer service focus. He loves seeing someone with determination and passion turn an idea into a business that supports them, their families and the wider community. He gets a lot of enjoyment from making tech work to help business owners succeed.

In recognition of his contribution to business and the community, he was awarded a Queens Service Medal (QSM) in the New Year's honours list in 2013 and was a finalist in Ernst & Young's 2021 Entrepreneur of the Year.

Gavin Thompson
Director (Non-Independent)



Gavin is a founder and director of Catalyst IT, New Zealand's largest open-source IT service provider. His background is in software development and delivery, and he has over 30 years' experience in software systems in the manufacturing, engineering, financial, and government sectors. Gavin is also a director on the board of Catalyst Cloud, a company which grew from an infrastructure platform for the Catalyst business into a provider of cloud services for Aotearoa.

Gavin is passionate about open source and open standards software and systems which allow a collaborative and effective approach to delivering secure, resilient and innovative solutions.

Jacqueline Cheyne
Independent Non-Executive Director,
Audit & Risk Committee Chair



Jackie is a professional director with a focus on finance, risk and sustainability. She is currently on the boards of Stride Property Group, Pioneer Energy Ltd and NZ Green Investment Finance and is Chair of Snow Sports NZ. Jackie is on the board of the XRB and chairs the steering group leading the project for the development of climate risk disclosure standards in New Zealand. Jackie is also a member of the FMA's audit oversight committee and MBIE's Risk and Assurance committee.

Jackie was previously an assurance partner at Deloitte for over 12 years and led Deloitte NZ's sustainability service line. Jackie is a Chartered Member of the Institute of Directors and a Fellow of the Institute of Chartered Accountants.

Michael "MOD" O'Donnell
Independent Non-Executive Director



Mike "MOD" O'Donnell is a professional director, writer and advisor with a background in fintech, ecommerce and news media.

MOD is chair of New Zealand's largest craft brewery Garage Project, deputy chair of New Zealand Trade and Enterprise and deputy chair of global online music company Serato. He's also a director of Radio New Zealand, www.realestate.co.nz, Sandfield Software and The New Zealand Hi-Tech Trust.

MOD is an independent weekly business columnist for Stuff Media and the host of TVNZ series "Start Me Up". He was previously Chief Operating Officer of Trade Me, Chief Operating Officer of vWork and Head of Wholesale Investment at Gareth Morgan Investments.

Mark Samlal
Independent Director



Mark Samlal has over 25 years' experience in growth leadership roles in Asia Pacific. Most recently Mark co-founded PayAsia in 2006 where he was Non-Executive Chair, until being appointed as Executive Chair and Managing Director of PayAsia in 2015. In 2017, Mark was appointed to the Board and as Managing Director of PayGroup which listed on the ASX in May 2018 and PayAsia became a 100% subsidiary. During this time, Mark strategically executed over five acquisitions before being acquired by Deel Inc by way of scheme of arrangement in November 2022 and delisted.

Mark remains the CEO and Founder PayGroup. Mark was also a Director and General Manager of PayConnect Solutions that was acquired by ADP. His previous senior roles include CEO at Vicplas International Ltd, a Singapore Stock Exchange listed company, as well as Executive Director of Omni Industries in Singapore. Throughout all experience mentioned, Mark was an invested shareholder.

Troy Tarrant
CTO and Co-Founder



Troy has over 20 years experience in IT development, product design and architecture - ten of those years focused solely on HR and payroll applications. He's worked on projects across the board, from small business to government. He's built PaySauce to enable rapid development, security and scale.

Mathew Stokes
COO



Mathew has a strong finance and technology background and amplifies this with his passion for innovation, streamlining operations and enhancing customer experiences. Mathew actively contributes to the finance and technology sectors, providing invaluable insights and guidance.

Jaime Monaghan
CFO



With an extensive commercial background, Jaime brings incisive leadership to our financial and strategic planning. Jaime's expertise in bringing business and finance together was honed in her previous roles at Trade Me and Kiwibank. A Scottish Accountant, Jaime is dedicated to ensuring the best possible stewardship of shareholders' funds in the short, medium and long term.

Jessica McLean
CPO



Jess has had a career that started with hands-on customer service and payroll consulting, then moved into people & culture. She's now leading people experience at PaySauce, making sure we have the right talent and the best people and product strategies to propel PaySauce forward. She's passionate about creating high-trust, growth-supporting cultures and enabling high-performing teams to do what they do best.

Re-invest for long term growth

By investing in the infrastructure, following best in class architecture and security practices, and locking in adjacent markets, we'll make the business scalable in a sustainable way. This will enable a platform from which to launch into Australia.

Highlights

Increased Product & Development Team headcount by 67%

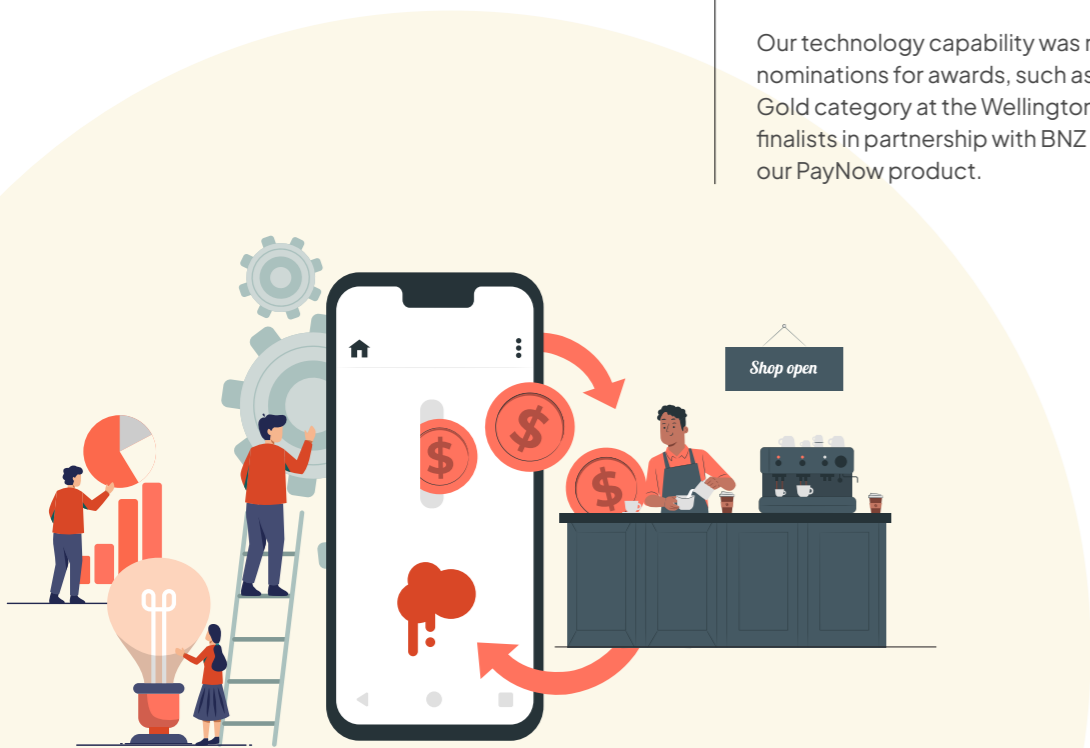
Mobile product prototype developed for Australian market

Increased investment in R&D by 78% YOY

PaySauce already has the capacity to cope with far more growth within the New Zealand market. But that's not enough. Our target is now Australia and then the world, so we're investing in the capacity, people and partners we need to deliver on sustainable growth at scale.

This year has been all about building a solid platform to enable further growth - in particular, a launch into Australia towards the end of 2023 to cater to a severely underserved market there. We've invested in people and tools to continue optimising the existing platform while simultaneously developing our new mobile product. We've also created a new role within our Product & Development team to focus on product quality and improvement. Overall, the size of our Product & Development team increased by 67%. We're continuing to focus on security, scalability and stability of the existing infrastructure while preparing for our launch into Australia.

Our technology capability was recognised by nominations for awards, such as in the Technology Gold category at the Wellington Gold awards as well as finalists in partnership with BNZ in the Hi-Tech Awards for our PayNow product.



Investing in our infrastructure

We've always optimised our technology stack for the best customer experience. Now we're also optimising it for future growth. That means ensuring best practices in our underlying architecture, using our automated testing environments to make sure every release is squeaky clean, making those roll-out processes robust, and testing recovery plans for every contingency.

Investing in security

Payroll is always one of the most confidential parts of any business. With lots of money movement and a cloud-based system as well, it's clear our cybersecurity has to be robust. We've engaged a virtual Chief Security Officer to discover any vulnerabilities, monitor risks, and make our systems even more robust. At the same time, we're using the latest security tools to ensure our customer experience stays simple and friendly.

Investing in our people

Our platform is one thing, but nothing happens without the right people in place. We have a bunch of exciting new things in the pipeline, so we've invested in a lot of new tech specialists and developers to help us deliver. In fact we've grown our Product and Development team by 67% to make sure we're ready for new markets and growth at scale.

Investing in our operations

One of our biggest strengths is our amazing PayForce team. They answer big and small customer questions every day, and of course help with the essential set up process that creates happy, confident customers who never want to leave. To create more capacity and better customer experiences, we've integrated a new CRM and phone system, and made it easier for customers to self-serve with an online knowledge base of our most common questions.

Investing in continuous improvement

Delivering a simple, fast and accurate payroll service is just table stakes for this industry. We're focused on going above and beyond, with innovations like our PayNow service, integrating with other platforms, taking new approaches to usability and more. This is so important to our growth we're now investing 31% of our recurring revenue into R&D.

Investing in mobile

Mobile is the preferred platform for the vast majority of our customers' employees, and for a lot of our customers as well. We've engaged a mobile tech expert to help us make our app and tech stack more responsive, simpler to use and more accessible.

Investing in the Australian market

We already have a beach head in Australia, but now we're preparing for the big push. We've established relationships with key partner bodies, like the Chartered Accountants of Australia and New Zealand as well as formed new relationships with industry experts in our chosen Australian markets.

Investing in sales and marketing

Our strategy of developing industry verticals has been a big success. Around half of all employing dairy farmers use PaySauce, for example, and now we're moving into adjacent markets. Our new Head of Sales brings extensive experience in SaaS payroll and strong relationships through partner and industry channels. To deepen our already excellent relationship with accountants across Aotearoa, we added two Partner Support Specialist roles as well as BDMs who regularly get out and about to visit partners in both the North and South Island. Investment into our internal support platform allowed us to set up dedicated channels for partner support.

We've also added a Business Development Manager to the PayForce to deepen our relationship with accountants. These critical partners support our existing customers, and they can also refer us to their other clients. Our new partnership with CAANZ will strengthen these relationships, and help us expand in Australia.



Obsess over customers

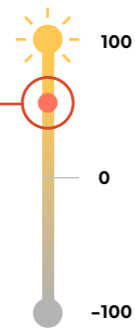
Our long-term strategy of targeting vertical markets gives us a deep understanding of our customers and their unique challenges. We then tailor our platform, people and processes to suit, making us unbeatable. That's led to our industry-leading Net Promoter Score of 48.

Highlights

Net Promoter Score of **48**

Increased customer support capability

PayNow saved customers an estimated \$2.2m in interest and fees



Customer support

We know that as busy employers, customers want to reach us in a variety of ways depending on what suits them. To meet that need, we've increased the size of the customer support team by 46%, extended our support hours, added dedicated partner support channels and launched a support via chat function. We have continued to add resources to our online knowledge base allowing customers to self-serve. We've delivered product enhancements to allow customers to self-serve more, and future enhancements will have the same focus.

Helping employers follow best practice

Our customers want to carry out their obligations the right way, with the least friction. That's why they use us for their payroll, and they really appreciate our help in understanding the nitty gritty of employment. With our partners we've run popular webinars on employment practices, released guides on curly topics like parental leave and public holidays. We've also continued to support small employers with their employment and payroll practices, such as delivering webinars with



our partners, developing resources for employers to refer to, and attending and sponsoring conferences. We're well engaged with industry communities to make sure we're supporting their specific needs and deeply understanding their challenges and strengths.

PayNow

Our obsession with customers extends to their employees and how we can make their lives better. Our partnership with BNZ to deliver the PayNow feature facilitated \$2.8 million in payments, preventing that money going through predatory payday lenders. This is even more important in this economic climate as households face mounting financial pressures. We've been recognised along with our partner BNZ for the good this does for the community, being nominated as a Hi-Tech award finalist in the Best Solution for the Public Good category.

Future customers

This year our obsession with customers and the employment problems they face saw us extend our view to Australia, where dairy farmers face significant challenges around payments and award compliance. We've developed strong relationships across the ditch and we're confident that we're well on the way to solving a very real need there in 2023. This has been validated by extensive research, including attending events in Hobart and Melbourne to get close to our target market, working with partners and advisors and talking to employers about the challenges they're facing.

Win-win-win partnerships

We love creating growth through partnerships. We team up with the organisations and professionals our customers already work with, or who our customers value in other ways. We win, our partner wins and our customers win too.

Highlights

New relationship with CAANZ for reach into Australia

New employee share scheme

National brand exposure through rugby sponsorships

Channel partnerships

Accountants are important partners for our customers and for us. We've continued to deepen our relationship with them through a new strategic partnership with CAANZ.

Our partner programme continues to demonstrate the mutual benefit of the relationships we have with accounting partners. Through our partnership with CAANZ we have attended events, delivering presentations and further strengthening our accountant network.

Rural industry partnerships

Our key agribusiness partnerships – Dairy NZ, Dairy Women's Network and Federated Farmers – help us keep our finger on the pulse of our important rural market, and introduces us to new customers and customer groups.

Sponsorships

We continued to support Taranaki Rugby Football Union as a First XV partner and entered a new sponsorship partnership with Wellington Rugby Football Union, providing back of shorts coverage for PaySauce across all of the Wellington Lions players and jersey sponsorship for three of the Wellington Pride. With Wellington Lions having secured both the Ranfurly Shield and the Bunnings NPC title, there was broad television coverage of our branding.

Branching out beyond rural

Our dominance over payroll in the dairy sector is testament to our ability to solve problems for small employers, and while we continue to expand further into the rural market we've also forged strong connections with new ones: notably construction and hospitality. We've already established good organic growth in these markets, indicating we're a good match for the specific needs of these employers. Newly cemented partnerships with Master Builders, Master Plumbers and Hospitality NZ is just the beginning of our commitment to developing further within these industries.

Sharing success with our employees

The PayForce is one of our biggest assets, so it's only fair they see a return on investment too. So we've launched a share scheme for our employees, based on their contribution and the time they've been with us.



Awesome people

Attracting awesome people to PaySauce enables us to hire based on attitude, skills and alignment of values. By offering training and experiences that enable the payforce to develop ensures they choose to remain in the business longer.

Highlights

Increased total headcount by 31%

Established a People Experience function

Providing employees with equity through a share scheme

Focus on capability, connection and culture



New People Experience Team

We've had a huge year of growth in the PayForce, increasing our employee numbers by nearly 50% over the last 12 months. We've established a People Experience function, including adding to our Executive Team by hiring a Chief People Officer. This has been a year of strengthening an already incredibly solid foundation to prepare ourselves for a huge year ahead. We're shooting for the stars, and we're very happy with the crew we have onboard.

Being a top employer

Focusing on making sure we have the right capability to deliver has seen us hire new talent to the PayForce as well as continue to develop those who were already part of the team with professional development, promotions and broader career path options. A record number of staff moved into new roles within PaySauce: some were supported to pursue new career paths, shifting focus from service based roles to product development roles. Others moved into newly created management positions to help us make sure every member of the PayForce is well looked after and supported.



Diversity, equity and inclusion

Meeting the needs of the customers that we support is core to our being. To do that, the PayForce needs to accurately reflect the community. Our own diversity is a strength when it comes to serving a diverse range of employers and employees across Aotearoa.

In March 2023, women make up 40% of our exec, 40% of the Board, and 50% of our SLT. Across the company, we are 60% women. We know that diversity, equity and inclusion is more than just gender reporting, so our internal reporting allows us to report on different groups (age, gender, ethnicity and nationality where those have been self-reported) and track not just pay trends, but also turnover, mobility, seniority, promotions and hiring. This lets us always see how we're tracking and hold ourselves accountable to our high standards for how we grow the PayForce.

Being well-balanced

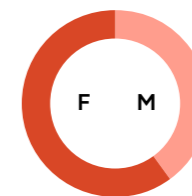
We continue to ensure that we attract a variety of candidates to work with us, and make fair decisions that remove bias as much as possible. Our ads are checked for gendered language, and we hire those who will contribute to our culture rather than expecting them to conform (culture add rather than culture fit). We make our hiring processes as inclusive and accessible as possible, and it averages a 9/10 score from all candidates. The effort put into these processes has paid off, as we're attracting high calibre talent and are being recognised as an employer of choice.

The proof is in the certifications: we continue to be a certified Living Wage Employer and are currently working towards B Corp certification.

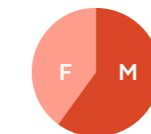
Headcount



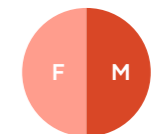
42 ▲
+10



All staff
Female 60%
Male 40%



Executive team
Female 40%
Male 60%



Senior Leadership team
Female 50%
Male 50%

We represent...



We love...



PaySauce SaaS performance

We use SaaS metrics to measure each stage of the customer's journey - the path to Total Customer Lifetime Value. Metrics are explained further in the following sections.

New customer joins PaySauce
Customer Acquisition (CAC)

\$500 per customer



\$500



\$22

Customer receives support
Cost to Serve (CTS)

(Monthly): \$22 per customer



Customer pays a monthly subscription
Recurring Revenue

(Monthly): \$81 per customer

\$81

11 yrs

Customer stays with PaySauce
Customer Lifetime

Average monthly churn of 0.75%



CLTV
\$7,817

LTV : CAC
16:1



Customer Lifetime Value (CLTV)
 \$7,817 per customer



PaySauce customers
 Michael and Hilary Gray
 owners of Buzz Cafe

Total Customer Lifetime Value

\$53.7m

At 31 March 2023

(▲ 77% YOY)

Sustainable growth and the rule of 40

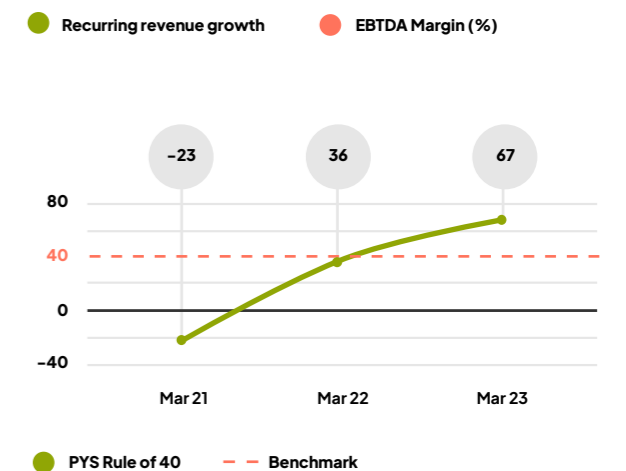
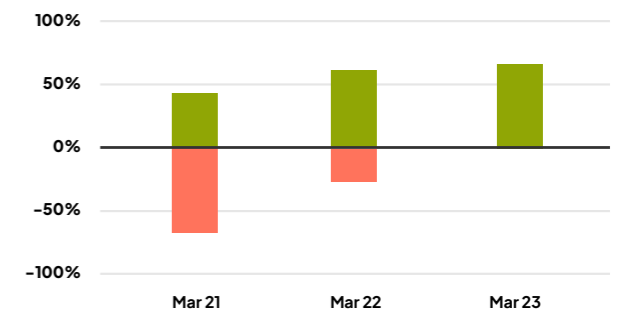
The Rule of 40 is a useful financial performance valuation metric for measuring the balance between growth and profitability for SaaS businesses.

The rule of 40 provides a balanced measure of two key metrics for SaaS businesses: growth and profitability.

PaySauce uses the combination of recurring revenue growth, and EBTDA to assess against this measure.

A score of 40 is widely seen as the benchmark for SaaS companies. At 67 - PaySauce has surpassed this benchmark with annual recurring revenue growing +68% and an improved EBTDA margin of -1%.

Continued strong revenue growth combined with the careful and deliberate management of resources has resulted in a strong year for PaySauce ensuring sustainable growth in an increasingly turbulent tech sector and economy.



*The business results and SaaS metrics reported in the following sections provide an overview of the performance of the business in a format that we believe is useful for readers to assess the performance of PaySauce as a SaaS business.

Non-Generally Accepted Accounting Principles (Non-GAAP) measures have been included and should not be viewed in isolation, nor considered as substitutes for measures reported in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZIFRS).

New customer joins PaySauce Customer Acquisition (CAC)



PaySauce reached an important milestone during the year, with around 50% of all employing dairy farms in New Zealand now using PaySauce. This level of market penetration has accelerated the shift in focus to new industries. New partnerships with Hospitality NZ, Master Builders, and Master Plumbers are helping drive brand awareness as we're beginning to expand our reach into other sectors. We're continuing to see increased engagement with new and existing accounting partners through our partnership with CAANZ.



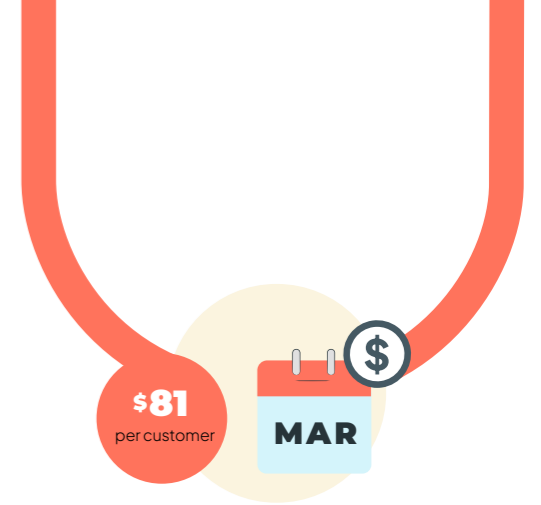
How and why do we monitor customer acquisition?

PaySauce monitors the cost of acquiring new customers as an efficiency metric. The **customer acquisition cost (CAC)** divides the total cost of acquisition across the new customers for the period. Customer acquisition is more efficient the lower the CAC per new customer metric.

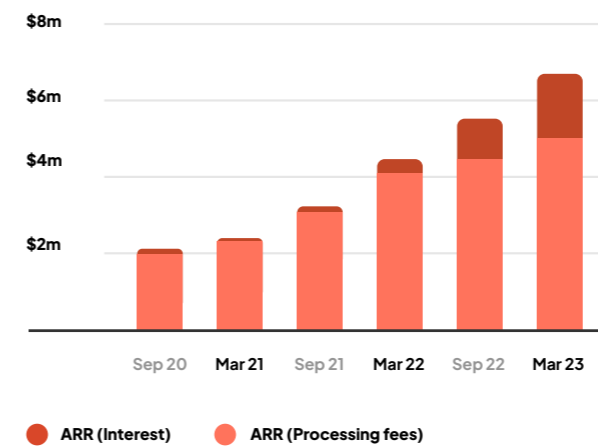
Definitions. Customer acquisition costs relate to acquiring and onboarding new customers. These consist of sales and marketing people costs and expenses such as digital marketing, events and sponsorship. These costs are expensed as incurred as they do not relate to any specific customer or contract for services.

	Mar 2023	Mar 2022	YOY Change
Customer acquisition costs (\$000s)	709	624	14%
New customers (organic)	1,417	1,771	(20%)
CAC per addition	500	352	42%

Customer pays a monthly subscription Recurring Revenue



Recurring revenue grew 68% year on year to \$5.7m for the year ended 31 March 2023. This arose from increased processing fee revenue due to growth in customer numbers and pricing changes, as well as increased interest revenue due to the increasing interest rate environment and the balance of funds held on behalf of customers.



Annualised recurring revenue (ARR) grew 50% year on year to \$6.7m as at 31 March 2023.



How and why do we monitor recurring revenue?

PaySauce monitors the revenue received from customers as a growth metric. Looking at it from a customer journey angle, this is the **Average Revenue per User (ARPU)** and is derived by dividing the total recurring revenue by the number of customers in a period. PaySauce measures this metric on a monthly basis - the higher the ARPU, the more value received from each customer.

• Interest Income - interest earned from funds held on behalf of PaySauce customers. As interest earned on these funds grows directly in relation to the number of customers, this is considered an additional recurring revenue stream.

Annualised recurring revenue (ARR) multiplies the recurring revenue generated in the last month of the period by 12 to annualise the current recurring revenue.

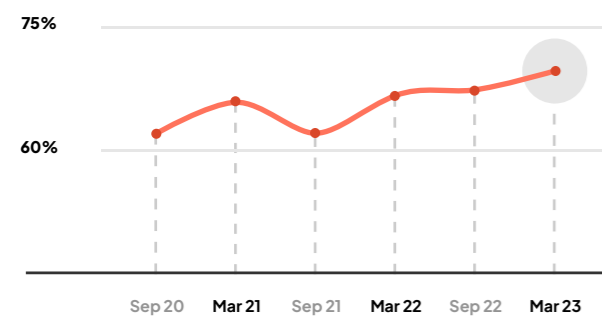
Definitions. Recurring revenue is revenue that is expected to repeat into the future. Recurring revenue for PaySauce consists of:

- Processing Fees - the monthly or annual subscription customers pay for PaySauce payroll products.

	Mar 2023	Mar 2022	YOY Change
ARR at end of period (\$000s)	6,701	4,466	50%
Recurring revenue for the period - Total (\$000s)	5,716	3,399	68%
ARPU (monthly) at end of period (\$)	81	61	32%
FTEs	42	32	31%
Revenue per FTE (\$000s)	138	110	26%

Customer receives support Cost to Serve (CTS)

The investment into servicing our customers has increased overall customer satisfaction - reflected with an increase in NPS to 48 at March 2023. This investment includes additional headcount and enhancements to our CRM and phone systems - and provides us with a win-win by enabling greater efficiencies in serving our customers too. The revenue growth (up 68%) outpaced growth in cost to serve (up 49%) resulting in an increased gross margin percentage of 4 percentage points year on year to 73%.



● Gross margin

	Mar 2023	Mar 2022	YOY Change
Recurring revenue (\$000s)	5,716	3,399	68%
Less cost to serve (\$000s)	(1,569)	(1,057)	49%
Gross margin (\$000s)	4,146	2,343	77%
Gross margin %	73%	69%	4pp



\$22
per customer



How and why do we monitor cost to serve?

PaySauce monitors the cost of servicing customers as an efficiency metric. The **cost to serve per customer (CTS)** divides the total cost to serve by the total number of customers for the period. The lower the CTS, the more efficient PaySauce is at servicing customers.

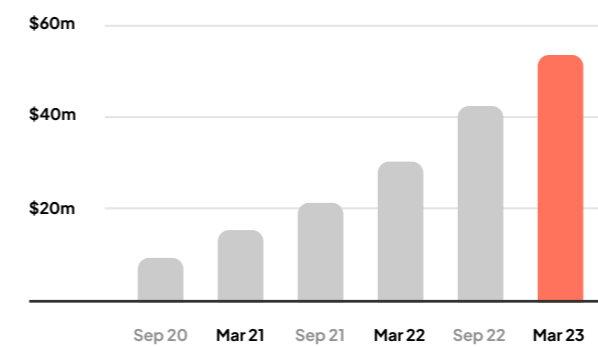
Definitions. Cost to serve relates to servicing PaySauce customers. These consist of customer support costs and expenses such as cloud hosting, maintenance of our software products, and bank fees charged per customer transaction.

Gross margin represents our recurring revenue less the cost to serve our customers, and is also often expressed as a percentage, where the gross margin is divided by the recurring revenue.

Customer stays with PaySauce Customer Lifetime

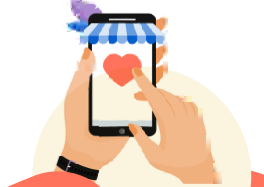
PaySauce saw average monthly churn decrease to 0.75%, an 11% improvement year on year. Alongside the improvements in gross margin - this saw a 56% year on year increase in customer LTV to \$7,817 per customer.

This increase in LTV combined with the increase in the number of PaySauce customers increased total customer LTV by 77% year on year, growing to \$54m as at 31 March 2023.



● Total Customer LTV

Customer LTV is particularly sensitive to churn and assumes these levels will remain consistent over an extended future period. Using the average churn levels for the last three years (0.83%), total customer LTV would be \$4.7m (9%) lower.



11yrs



How and why do we monitor customer lifetime?

PaySauce monitors the retention of customers. This is measured using the churn metric which calculates the percentage of customers that stop using PaySauce products each month. The lower the churn rate, the higher the derived lifetime of each customer and the more value generated from them. The customer lifetime value is assessed relative to the customer acquisition cost (CAC) to determine the return on investment of acquiring new customers.

Definitions. Monthly average churn rate is the 12 month average of the net reduction of customers in a calendar month. This is expressed as the percentage of the total customers at the start of that month. The estimated customer lifetime (in months) is derived using the inverse of monthly average churn rate (being 1 divided by the monthly average churn rate).

Customer lifetime value (LTV) is a measure of the gross margin each customer brings in over the time they use PaySauce. LTV is calculated by multiplying the gross margin per customer by the estimated customer lifetime.

Total customer LTV is a measure of the estimated value of the current customer base, assuming that churn, revenue and cost to serve remain constant. This measure is calculated by multiplying customer LTV by the total number of customers.

LTV : CAC is a measure of the return on investment of acquiring a new PaySauce customer. This measure is calculated by dividing the customer LTV by the CAC per addition.

	Mar 2023	Mar 2022	YOY Change
Customers at end of period	6,875	6,052	14%
Average monthly churn rate for the period (%)	0.75	0.84	(11%)
LTV per customer at end of period (\$)	7,817	5,022	56%
Total customer LTV at end of period (\$000s)	53,744	30,393	77%
LTV:CAC ratio at end of period	16 : 1	14 : 1	14%

Research & Development (Building the product)



Reinvestment for growth has been the focus for PaySauce this year with investment into product development being a core component of this. Increased investment has been made into headcount, outsourced development and streamlining internal processes as PaySauce builds for scale. The three focus points for the year have been:

- Enhancing the existing product architecture and infrastructure for scale.
- Enhancing the existing products in response to customers needs.
- Building the Australian product.

The capitalisation rate is a measure of how much time is spent developing and improving products compared to the time spent maintaining them. This measure improved 3 percentage points year on year to 49% as a result of streamlining internal processes to execute on the growth strategy.

Research and development costs increased 80% year on year, and as a percentage of recurring revenue, these increased 2 percentage points to represent 31% of recurring revenue.



Research and development costs relate to building new products and features as well as enhancing the current products and infrastructure. These costs predominantly consist of the software development team salaries, and are either expensed or capitalised in line with NZ IFRS requirements. Costs are expensed if they are primarily related to researching new

products or maintaining existing products, and capitalised if they are related to developing new and improving existing products. Development costs are discussed in aggregate below - to demonstrate the total spend on R&D for the business in the period before capitalisation under NZIFRS requirements.

	Mar 2023	Mar 2022	YOY Change
Research & development expensed (\$000s)	991	556	78%
Research & development capitalised (\$000s)	811	433	87%
Total research and development costs (\$000s)	1,782	989	80%
Percentage of recurring revenue	31%	29%	2pp
Capitalisation rate	49%	46%	3pp

General & Administration (Keeping the lights on)



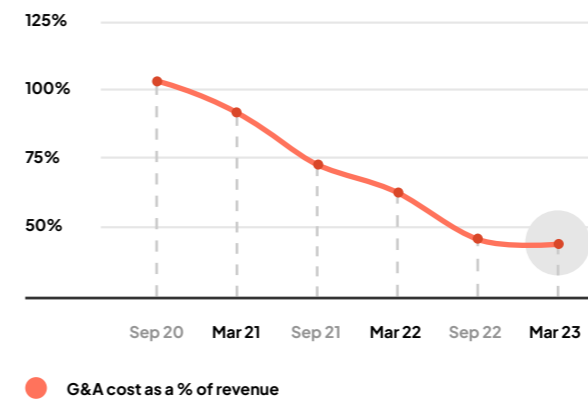
General and administration costs increased 20% year on year at \$2.6m, and made up 45% of recurring revenue, down from 63% last year. This increase includes establishing a people and culture team with two new headcount as the company continues to grow (42 FTE's as at 31 March 2023), an important next step for PaySauce that enables the business to scale for growth.

Improvements to structure and process of management, finance and administration has resulted in greater efficiencies in supporting the operational arms of the business without significant investment in new headcount. This continues the positive downward trend of general and administration costs as a percentage of recurring revenue as economies of scale are realised.



General and administration costs are the overhead related costs of running the business which include management remuneration,

director fees, office running costs, finance and administration, legal and consulting expenses and other overheads.



	Mar 2023	Mar 2022	YOY Change
Total general and administration costs (\$000s)	2,561	2,135	20%
Percentage of Recurring Revenue	45%	63%	(18 pp)

SaaS P&L

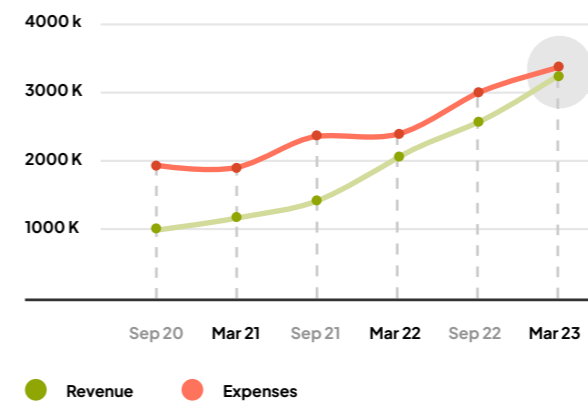
For the year ended 31 March 2023

	Mar 2023	Mar 2022
	\$000s	\$000s
Processing Fees	4,592	3,196
Interest Income	1,123	203
Recurring Revenue	5,715	3,399
Cost to Serve	(1,569)	(1,057)
Gross Margin	4,146	2,342
Gross Margin %	73%	69%
Other Interest Income	15	7
Other Revenue	82	111
Total Other Revenue	97	118
Customer Acquisition	(709)	(624)
Research & Development	(991)	(556)
General & Administration	(2,561)	(2,135)
Interest Expense	(62)	(25)
Earnings Before Tax, Depreciation and Amortisation	(80)	(880)
Earnings Before Tax, Depreciation and Amortisation Margin %	(1%)	(26%)
Depreciation & Amortisation	(498)	(419)
Income Tax	20	17
Net Loss for the period	(558)	(1,282)

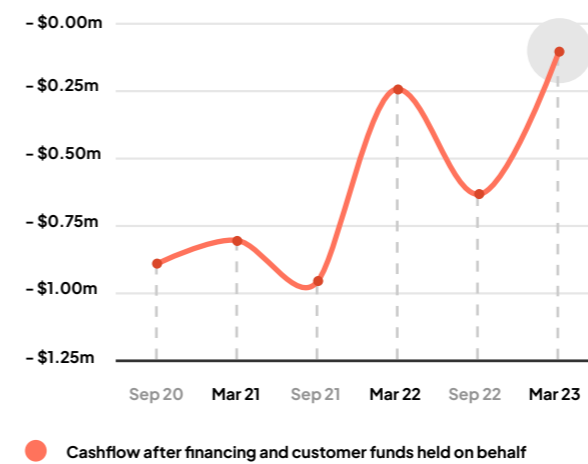
Business results

Recurring revenue increased 68% year on year as a result of both increases in processing fee and interest revenue. PaySauce has reinvested this additional revenue with purpose and care, ensuring that building for growth is sustainable which is reflected in the EBTDA loss of \$0.08m for the year, an improvement of \$0.80m.

The net loss for the year improved 58% year on year, decreasing from \$1.3m to \$0.6m.



Cashflows (excluding loan drawdown and movement of funds held on behalf of customers) increased by \$0.5m year on year for March 2023.



Earnings Before Tax, Depreciation and Amortisation (EBTDA) is calculated by adding back depreciation, amortisation and income tax expense to the amounts reported in the NZ IFRS-based financial statements. PaySauce believes that this measure provides useful insights to measure the performance of PaySauce as a SaaS business.

EBTDA Margin % is EBTDA as a percentage of recurring revenue and is calculated by dividing EBTDA by recurring revenue

Cashflow represents the operational cash movements. This includes all cash movements other than funds received from a loan drawdown and all cash movements relating to funds held on behalf of customers.

Consolidated Financial Statements

For the year ended 31 March 2023

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Directors’ Report

The Board of Directors have pleasure in presenting the annual report of PaySauce Limited, incorporating the consolidated financial statements and the independent auditor’s report, for the year ended 31 March 2023.

In the opinion of the directors of PaySauce Limited, the consolidated financial statements and notes on pages 30 to 54:

- comply with New Zealand Generally Accepted Accounting Practice (“NZ GAAP”) and present fairly the consolidated financial position of the Group as at 31 March 2023 and the results of their operations and cash flows for the year ended on that date; and
- have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The directors consider that they have taken adequate steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide reasonable assurance as to the integrity and reliability of the consolidated financial statements.

For and on behalf of the Board of Directors:

Shelley Ruha
Chair

23 May 2023

Jacqueline Cheyne
Chair of Audit & Risk Committee

23 May 2023

Independent Auditor's Report

To the Shareholders of PaySauce Limited



Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of PaySauce Limited (the "Company") and its subsidiaries ("the Group") on pages 30 to 54 which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of comprehensive income, consolidated statement of movements in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 March 2023 and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no other relationship with, or interests in, the Company or any of its subsidiaries.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Why the audit matter is significant	How our audit addressed the key audit matter
<p>Intangible Assets – internally developed software</p> <p>Intangible assets carrying value of \$2,009,000 at 31 March 2023 (\$1,586,000 at 31 March 2022) comprised of computer software, development in progress and customer relationships.</p> <p>The Group is a Software as a Service ("SaaS") provider which incurs significant expenditure in developing, upgrading and maintaining software.</p> <p>NZ IAS 38 <i>Intangible Assets</i> outlines the criteria for capitalisation of costs associated with developing the software including whether the software will generate future economic benefits as disclosed in Note 5. Capitalised software costs are recognised at cost and subsequently amortised over their estimated useful lives. Costs that do not meet the criteria for capitalisation are expensed to profit or loss as incurred.</p> <p>Capitalisation of appropriate costs and estimates of useful life require significant judgement and therefore have been included as a key audit matter.</p>	<p>We evaluated the appropriateness of additions that have been capitalised costs or acquired as intangible assets and management's estimate of useful life by:</p> <ul style="list-style-type: none"> • Inquiry of management, evaluating costs that have been capitalised with respect to the criteria outlined in NZ IAS 38 <i>Intangible Assets</i>. We obtained an understanding of the nature of the costs including the intent for the software to be completed and used within the business to generate future economic benefits; • Checked costs capitalised and annual amortisation charged for mathematical accuracy including sensitivity analysis on rates applied; • Agreed a sample of costs capitalised for sufficient appropriate audit evidence; • Assessed management's estimate of the useful life of intangible assets for reasonableness based upon the expected future period of use of the asset; and • Reviewed disclosures in the financial statements for reasonableness and appropriateness.

Why the audit matter is significant	How our audit addressed the key audit matter
<p>Employee Share Scheme</p> <p>During the year the Company approved an employee share scheme for staff. In combination with the previously approved share scheme this has resulted in the recognition of \$354,000 of employee cost in the year ended 31 March 2023 with an increase in the share based payment reserve of \$111,000 and recognition of related employee tax obligations of \$107,000.</p> <p>Due to the complexity of accounting arising from accounting standard NZ IFRS 2 Share Based Payments and the degree of judgements and estimates required by management, we have determined this to be a key audit matter.</p>	<p>We evaluated the appropriateness of recognition and measurement of employee share-based payments by:</p> <ul style="list-style-type: none"> • Reviewing board minutes and other announcements in respect of communications of the scheme including review and assessment of the approved scheme arrangement documentation; • Obtained managements expert report prepared by PWC providing advice on the accounting, measurement and recognition of the employee share scheme. Reviewed the report for reasonableness obtaining sufficient appropriate audit evidence for key judgements and estimates made by management; • Assessed the methodology and reasonableness of fair value measurements of share options; and • Reviewed disclosures in the financial statements for reasonableness and appropriateness.

Other Information

The Directors are responsible for the other information. The other information comprises the strategic plan and highlights, leadership messages, leadership team, delivering on the plan, Performance (SaaS metrics), corporate governance, disclosures and company directory but does not include the consolidated financial statements and our auditor’s report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

Directors’ responsibilities for the Consolidated Financial Statements

The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS issued by the New Zealand Accounting Standards Board, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor’s responsibilities for the audit of the financial statements is located on the External Reporting Board’s website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/>

Restriction on use of our report

This report is made solely to the Company’s shareholders, as a body. Our audit work has been undertaken so that we might state to the Company’s shareholders, as a body those matters which we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and its shareholders, as a body, for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Limited



**B Smith, Partner
Auckland
23 May 2023**

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2023

	Notes	2023 \$000s	2022 \$000s
Operating revenue	8	5,813	3,517
Expenses			
Employee expenses	9	(3,739)	(2,928)
Other expenses	12	(2,092)	(1,444)
Depreciation and amortisation	4,5	(498)	(419)
Finance costs	11	(62)	(25)
Total expenses		(6,391)	(4,816)
Net loss before income tax		(578)	(1,299)
Tax benefit	13	20	17
Net loss for the period		(558)	(1,282)
Other comprehensive income		-	-
Total comprehensive loss for the period		(558)	(1,282)
Loss per share		Cents	Cents
Basic loss per share	7	(0.40)	(0.93)
Diluted loss per share	7	(0.40)	(0.93)

The above statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 March 2023

	Notes	2023 \$000s	2022 \$000s
Assets			
Current assets			
Cash and cash equivalents	22	8,673	10,205
Term deposits	22	24,200	17,725
Trade receivables		124	81
Other assets		638	392
Total current assets		33,635	28,403
Non-current assets			
Property, plant and equipment	4	358	137
Intangible assets	5	2,009	1,586
Total non-current assets		2,367	1,723
Total assets		36,002	30,126
Liabilities			
Current liabilities			
Trade and other payables		627	454
Funds due to customers and IRD	22	32,369	27,338
Employee benefits	19	372	282
Other liabilities		346	291
Lease liabilities		114	66
Total current liabilities		33,828	28,431

The above statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position (cont.)

As at 31 March 2023

	Notes	2023 \$000s	2022 \$000s
Non-current liabilities			
Lease liabilities		115	-
Employee benefits	19	14	27
Interest bearing liabilities		650	-
Total non-current liabilities		779	27
Total liabilities		34,607	28,458
Net assets		1,395	1,668
Equity			
Share capital	6	13,212	13,039
Reserves		242	131
Accumulated losses		(12,059)	(11,502)
Equity attributable to the owners of the Company		1,395	1,668

The above statement should be read in conjunction with the accompanying notes.

For and on behalf of the Board of Directors, who authorised the issue of these Consolidated Financial Statements on 23rd May 2023:

Shelley Ruha
Chair



23 May 2023

Jacqueline Cheyne
Chair of Audit & Risk Committee



23 May 2023

Consolidated Statement of Movements in Equity

For the year ended 31 March 2023

	Notes	Attributable to equity holders of the Company			Total
		Share-based payment reserve \$000s	Share Capital \$000s	Accumulated losses \$000s	
Balance as at 1 April 2022		131	13,039	(11,502)	1,668
Comprehensive loss					
Net loss for the period		-	-	(557)	(557)
Other comprehensive income		-	-	-	-
Total comprehensive loss		-	-	(557)	(557)
Transactions with owners					
Share-based payments, net of tax	19	257	-	-	257
Share-based payments paid up	6	(146)	146	-	-
Issue of ordinary shares	6	-	27	-	27
Total transactions with owners		111	173	-	284
Balance as at 31 March 2023		242	13,212	(12,059)	1,395
Balance as at 1 April 2021					
		-	12,652	(10,220)	2,432
Comprehensive loss					
Net loss for the period		-	-	(1,282)	(1,282)
Other comprehensive income		-	-	-	-
Total comprehensive loss		-	-	(1,282)	(1,282)
Transactions with owners					
Share-based payments, net of tax	19	131	-	-	131
Issue of ordinary shares	6	-	387	-	387
Total transactions with owners		131	387	-	518
Balance as at 31 March 2022		131	13,039	(11,502)	1,668

The above statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 31 March 2023

		2023	2022
	Notes	\$000s	\$000s
Cash flows from / (used in) operating activities			
Receipts from customers		4,290	3,062
Interest received		970	177
Payments to suppliers and employees		(4,978)	(3,888)
Taxes (paid) / refunded		(13)	8
Interest paid		(5)	(25)
Net cash from / (used in) operating activities before increase in funds due to customers and IRD	22	264	(666)
Increase in funds due to customers and IRD	22	5,031	7,374
Net cash from operating activities	18	5,295	6,708
Cash flows used in investing activities			
Funds on term deposit		(6,475)	(6,125)
Investment in intangible assets		(791)	(433)
Purchases of property, plant and equipment		(118)	(42)
Other investing activities		-	(27)
Net cash used in investing activities		(7,384)	(6,627)
Cash flows from / (used in) financing activities			
Loan advances		650	-
Repayments of principal portion of lease liability		(55)	(32)
Repayments of other borrowings		(38)	-
Net cash from / (used in) financing activities		557	(32)
Net (decrease) / increase in cash and cash equivalents		(1,532)	49
Cash and cash equivalents at beginning of the period		10,205	10,156
Cash and cash equivalents at end of the period		8,673	10,205

The above statement should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

1. General information

PaySauce Limited (the "Company" or "PaySauce"), is a for-profit limited liability company, domiciled and incorporated in New Zealand and registered under the Companies Act 1993. The company is an FMC Reporting Entity for the purpose of the Financial Markets Conduct Act 2013. PaySauce is listed on the New Zealand Stock Exchange ("NZX") that trades under the ticker PYS.

The Group provides Software as a Service (SaaS) solutions for people at work in 14 jurisdictions across the Asia-Pacific region. Providing employers the technology to digitally onboard, pay and manage employees from any device. The PaySauce platform includes rosters, mobile timesheets, payroll calculations, banking integration, automated payments, PAYE filing, labour costing, automated general ledger entries and digital employment contracts.

The consolidated financial statements for the Company and its subsidiaries (the "Group") for the year ended 31 March 2023 were authorised in accordance with a resolution of the directors for issue on 23 May 2023 and are audited.

2. Summary of significant accounting policies

Basis of preparation

These consolidated financial statements have been prepared:

- in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP")
- in accordance with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for profit oriented entities
- in accordance with International Financial Reporting Standards ("IFRS")
- in accordance with the requirements of the Financial Markets Conduct Act 2013;
- on the basis of historical cost;
- in New Zealand dollars (NZD) with all values rounded to the nearest one thousand dollars (\$1,000) unless otherwise stated;
- on the assumption that the Group is a going concern.

There were no new standards, amendments or interpretations issued in the financial period which would materially impact the financial statements.

a. Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and its subsidiaries as at 31 March 2023. All subsidiaries are wholly owned and controlled by the Company as at 31 March 2023 and have a reporting date of 31 March 2023 (note 21).

All transactions and balances between the Group are eliminated on consolidation. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Foreign currency translation**Functional and presentation currency**

Items included in the consolidated financial statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (New Zealand). The consolidated financial statements are presented in New Zealand dollars (\$), which is the Group's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

b. Goods and Services Tax (GST)

All revenue and expense transactions are recorded exclusive of GST. Assets and liabilities are similarly stated exclusive of GST, with the exception of receivables and payables, which are stated inclusive of GST.

c. Leases

Payments associated with short-term leases and leases of low-value assets are recognised on a straight line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Lease liabilities are initially measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate. Subsequently, the carrying value of the liability is adjusted to reflect interest and lease payments made.

PaySauce recognised a right-of-use asset and corresponding lease liability for the property lease entered into during the period at 85 The Esplanade, Petone.

3. Use of critical accounting estimates and judgements

The preparation of the consolidated financial statements requires PaySauce to make a number of judgements, estimates and assumptions. Estimates and underlying assumptions are reviewed on an on-going basis.

Information about critical judgements and significant estimates used in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included below and in the following notes:

- Intangible Assets (Note 5)
- Employee Share Scheme (Note 19)
- Tax Expense (Note 13)

Going concern

The consolidated financial statements have been prepared on a going concern basis.

The Group made a net loss before tax of \$0.578 million for the year ended 31 March 2023 (2022: \$1.299 million), has equity at 31 March 2023 of \$1.395 million (2022: \$1.668 million) and net current liabilities of \$0.193 million (2022: \$0.028 million). The Group now has positive operating cash flows. Additional investment into capital expenditure was funded by debt of \$0.650 million. The Group also has further debt facilities of \$0.250 million to draw upon as required.

The Directors consider after making due enquiry and having regard to the circumstances which they consider reasonably likely to affect the Group for the foreseeable future, which is not less than 12 months from the date these financial statements are approved for issue, that the going concern assumption is valid.

4. Property, plant and equipment

	Right-of-use Asset (Property)	Office Equipment	Leasehold Improvements	Computer Equipment	Total
Year ended 31 March 2023	\$000s	\$000s	\$000s	\$000s	\$000s
Opening net book value	58	30	7	42	137
Additions	239	42	4	72	357
Disposals/modifications	-	(1)	-	(5)	(6)
Depreciation	(69)	(11)	(7)	(43)	(130)
Closing net book value	228	60	4	66	358
As at 31 March 2023					
Cost	441	121	15	224	801
Accumulated depreciation	(213)	(61)	(11)	(158)	(443)
Net book value	228	60	4	66	358

	Right-of-use Asset (Property)	Office Equipment	Leasehold Improvements	Computer Equipment	Total
Year ended 31 March 2022	\$000s	\$000s	\$000s	\$000s	\$000s
Opening net book value	303	35	7	56	401
Acquisitions	-	-	-	2	2
Additions	(5)	10	1	30	36
Disposals	(189)	-	-	(5)	(194)
Depreciation	(51)	(15)	(1)	(41)	(108)
Closing net book value	58	30	7	42	137
As at 31 March 2022					
Cost	203	80	11	156	450
Accumulated depreciation	(145)	(50)	(4)	(114)	(313)
Net book value	58	30	7	42	137

Items of computer, office equipment, leasehold improvements are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss within the Statement of Comprehensive Income.

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each item of equipment.

The depreciation rates for the current and comparative years of significant items of property, plant and equipment are as follows:

Right-of-use asset	25 - 50%
Office equipment	8.5 - 67%
Leasehold improvements	25 - 50%
Computer equipment	40 - 48%

Depreciation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

The carrying values of property, plant and equipment are reviewed annually for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

5. Intangible assets

	Development in progress	Computer Software	Customer Relationships	Total
Year ended 31 March 2023	\$000s	\$000s	\$000s	\$000s
Opening net book value	400	891	295	1,586
Additions	143	39	-	182
Development costs recognised as an asset	571	38	-	609
Development in progress recognised as Software	(315)	315	-	-
Amortisation	-	(297)	(71)	(368)
Closing net book value	799	986	224	2,009
As at 31 March 2023				
Cost	799	2,076	354	3,229
Accumulated amortisation	-	(1,090)	(130)	(1,220)
Net book value	799	986	224	2,009

	Development in progress	Computer Software	Customer Relationships	Total
Year ended 31 March 2022	\$000s	\$000s	\$000s	\$000s
Opening net book value	213	692	-	905
Acquisitions	-	205	354	559
Additions	-	20	-	20
Development costs recognised as an asset	255	158	-	413
Development in progress recognised as Software	(68)	68	-	-
Amortisation	-	(252)	(59)	(311)
Closing net book value	400	891	295	1,586
As at 31 March 2022				
Cost	400	1,684	354	2,438
Accumulated amortisation	-	(793)	(59)	(852)
Net book value	400	891	295	1,586

Finite life intangible assets

Acquired computer software licences and costs associated with developing computer software are capitalised on the basis of the costs incurred to acquire and bring the specific software into use. All intangible assets of PaySauce are finite life intangible assets.

Development expenditure initially recognised as an expense is not recognised as an asset in subsequent periods. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

Developed and acquired software is measured at cost less accumulated amortisation and impairment losses, if any. Amortisation is recognised in the Statement of Comprehensive Income on a straight-line basis over 5 years.

Key estimates and judgements*Capitalisation of intangible assets*

Management considers the time and associated salary cost of development staff to fall under the classification of development expenditure for assessment purposes in accordance with the principles outlined below. No indirect people costs, nor weighting of overheads is applied in these calculations.

Development expenditure is capitalised if, and only if the Group can demonstrate all of the following:

- its ability to measure reliably the expenditure attributable to the asset under development;
- the product or process is technically and commercially feasible;
- its future economic benefits are probable;
- its ability to use or sell the developed asset; and
- the availability of adequate technical, financial and other resources to complete the asset under development.

Accounting for finite life intangible assets

At each reporting date, the useful lives and residual values of finite life intangible assets are reviewed for indicators of impairment. As at 31 March 2023, the assets were assessed for indicators of impairment, taking into account the condition of the assets, expected period of use of the assets by the Group, and expected disposal proceeds from any future sale of the assets. Management's assessment concluded that there were no indicators of impairment.

Development in progress has been tested for impairment by reviewing the nature of the events that originally gave rise to the recognition of the asset, the estimation of future generation of cash flows and any anticipated changes to the business or product circumstances. Management's assessment concluded that there were no indicators of impairment of this asset as at 31 March 2023.

6. Share capital

Date	Details	Notes	Number of Shares	\$000s
1 April 2022	Opening Balance		138,583,819	13,039
	Issue of ordinary shares	(i)	273,244	74
	Share based payment	(ii)	98,460	27
	Issue of ordinary shares	(iii)	252,412	72
31 March 2023	Closing Balance		139,207,935	13,212
1 April 2021	Opening Balance		137,026,278	12,652
	Share based payment	(iv)	1,416,164	348
	Share based payment	(v)	141,377	39
31 March 2022	Closing Balance		138,583,819	13,039

Fully paid up, ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

- (i) On 31 May 2022: Shares issued (unpaid) as part of the 31 March 2022 employee share scheme were paid up as tranche 1 of the scheme vested for those employees who met the vesting conditions. 273,244 shares were fully paid up via a discretionary bonus approved by the board. This resulted in an issue of 273,244 ordinary shares at \$0.2842 per share, totalling an issue of \$0.078m. Directly attributable costs totalled \$0.004m, bringing the net share issue to \$0.074m.
- (ii) On 28 February 2023: PaySauce issued ordinary shares to remunerate and align the interests of a new director with PaySauce shareholders ahead of their formal appointment to the Board. There was no vesting period, and the shares were issued subject to the Director continuing to hold office until voted in by shareholders at the Annual Shareholders Meeting. The allotment on 28 February 2023 resulted in 98,460 shares being issued at a price of \$0.2694 per share, satisfying remuneration arrangements to the value of \$0.003 million expensed in the consolidated statement of comprehensive income.
- (iii) On 31 March 2023: Shares issued (unpaid) as part of the 31 March 2022 employee share scheme were paid up as tranche 2 of the scheme vested for those employees who met the vesting conditions. 252,412 shares were fully paid up via a discretionary bonus approved by the board. This resulted in an issue of 252,412 ordinary shares at \$0.2842 per share, totalling an issue of \$0.072m.
- (iv) On 31 May 2021: PaySauce acquired the business and assets of SmoothPay Limited. PaySauce issued 1,416,164 ordinary shares as consideration for the purchase, issued at a price of \$0.2648 per share, totalling a purchase price of \$0.375 million. Directly attributable costs totalled \$0.027 million, bringing the net share issue to \$0.348 million.
- (v) On 31 December 2021: PaySauce issued ordinary shares to remunerate and align the interests of a new director with PaySauce shareholders ahead of their formal appointment to the Board. There was no vesting period, and the shares were issued subject to the Director continuing to hold office until voted in by shareholders at the Annual Shareholders Meeting. The allotment on 31 December 2021 resulted in 141,377 shares being issued at a price of \$0.2847 per share, satisfying remuneration arrangements to the value of \$0.04 million expensed in the consolidated statement of comprehensive income. Directly attributable costs totalled \$0.001 million, bringing the net share issue to \$0.039 million.

Dividends

No dividends were declared or paid during the reporting period (2022: None).

Capital Risk Management

The Group considers its capital to comprise its fully paid up, ordinary share capital and accumulated retained earnings.

When managing capital, management's objective is to achieve optimal long term capital returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group.

7. Earnings / (loss) per share

	2023	2022
Basic earnings per share		
Net loss used in calculating earnings per share (\$000s)	(557)	(1,282)
Weighted average number of ordinary shares for basic earnings per share	138,434,287	138,241,759
Basic loss per share (cents)	(0.40)	(0.93)

There are no financial instruments on issue that will dilute the basic earnings per share amounts for the year ended 31 March 2023.

Basic earnings per share is calculated by dividing the profit / (loss) attributable to equity holders of the Company by the weighted average number of fully paid up ordinary shares on issue during the period.

8. Operating revenue

	2023	2022
	\$000s	\$000s
Revenue from contracts with customers		
- Processing fees	4,592	3,196
- Other services revenue	65	60
Revenue from other sources		
- Interest income	1,139	210
- Other revenue	17	51
Total operating revenue	5,813	3,517

There are no significant estimates or judgements surrounding recognition of revenue.

Revenue from contracts with customers*Processing fees*

Revenue from processing fees includes both fixed and incremental components based on the number of employees and pays processed for the customer. Revenue is recognised at the point in time the service is provided, which is when the customer's payroll has been processed.

Other services revenue

Revenue from sales of digital contracts are recognised when the customer has used the service. Revenue is recognised at the point in time the service is provided, which is when the customer uses the contract builder application.

Revenue from other sources*Interest income*

Interest income is generated from the balance of PAYE funds held due to IRD is determined to be operating revenue by the Group. Interest income is accrued using the effective interest rate method.

Other revenue

Other revenue is recognised upon completion of services at a point in time.

9. Employee expenses

	2023	2022
	\$000s	\$000s
Employee benefits/entitlements	3,251	2,630
Employee benefits/entitlements - share based payments	355	200
Fringe benefit tax	19	32
Other employee expenses	114	66
Total employee expenses	3,739	2,928

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

10. Research & Development

	2023	2022
	\$000s	\$000s
Research & development costs expensed (included in note 9 - Employee expenses under Employee benefits/ entitlements, and note 12 - Other expenses under Infrastructure and security)	991	556
Total research & development	991	556

11. Finance Costs

	2023	2022
	\$000s	\$000s
Interest paid	57	-
Finance cost - Interest on lease	5	25
Total finance costs	62	25

12. Other expenses

	2023	2022
	\$000s	\$000s
Advertising, PR and marketing	273	109
Audit fees	70	69
Communications and subscriptions	239	221
Customer and transactional	489	335
Directors' fees	197	177
Professional services	53	115
Office running, rent and insurance	129	120
Other overheads	117	101
Infrastructure and security	429	144
Travel	96	53
Total other expenses	2,092	1,444

13. Tax expense

	2023	2022
	\$000s	\$000s
(a) Income Tax		
Net loss before tax for the period	578	1,299
At the New Zealand statutory income tax rate of 28%	161	364
Deferred tax adjustments	20	17
Non-deductible expenditure	(27)	(14)
Prior period adjustments	(112)	91
Recognition of tax losses	(22)	(441)
Income tax benefit	20	17
Opening Deferred Tax Liability	82	-
Increases to Deferred Tax Liability	-	99
Decrease to Deferred Tax Liability	(20)	(17)
Closing Deferred Tax Liability	62	82

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The Group has not recognised any deferred tax in accordance with the key estimates and judgements below.

Key estimates and judgements

The Group holds tax losses of \$8.926 million as at 31 March 2023 (2022: \$8.844 million) available to carry forward, subject to shareholder continuity being maintained. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available to use against the asset. These are reviewed at each reporting period and adjusted if appropriate. Management has assessed that no losses are to be recognised as deferred tax assets as at 31 March 2023 as the Group is not yet profitable and for the foreseeable future expects to reinvest profits back into the business.

14. Interest bearing liabilities

The Group entered into a revenue based funding agreement with BNZ for \$0.65m on 26 April 2022, which was drawn down on 20 June 2022. The repayment terms are interest only, starting on 20th July 2022 and continuing until 20 June 2024. Repayment of the principal is also due on 20 June 2024.

The Group is required to maintain an Annual Recurring Revenue growth rate of at least 20% p.a. over the term of the facility, tested at the end of each financial quarter. The funding is also provided on the basis that no dividend be paid out during the term of the facility.

The loan is secured over all present and acquired property of the Group.

The loan carries a variable interest rate being BNZ's floating interest rate which was 11.47% at 31 March 2023.

	2023	2022
	\$000s	\$000s
BNZ Term Loan	650	-
Total interest bearing liabilities	650	-

15. Key management personnel and related parties

Key management personnel compensation

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly and include the Directors, the Chief Executive Officer and the Executive Leadership Team.

The table below summarises remuneration paid to key management personnel.

	2023	2022
	\$000s	\$000s
Directors' fees	152	215
Short term employee benefits	876	784
Share-based payments	131	-
Total key management personnel compensation	1,159	999

Related party transactions and balances

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. A number of those entities subscribe to services provided by the Group. None of the related party transactions are significant to either party. Outside of these transactions, and the Directors' fees and short term employee benefits noted above, all other related party transactions are outlined below:

	2023	2022
	\$000s	\$000s
Related party transactions during the period		
Consulting services supplied by entities controlled by related parties		
<i>Catalyst.Net Limited</i>	-	6
Cloud hosting services supplied by entities controlled by related parties		
<i>Catalyst Cloud Limited</i>	113	105

	2023	2022
	\$000s	\$000s
Related party balances payable at period end		
Directors' Fees	12	11
Cloud Hosting Services	11	9

	2023	2022
	\$000s	\$000s
Related party balances receivable at period end		
Prepaid Directors' Fees	20	33

PaySauce Limited has a standby debt facility agreement with Director Gavin Thompson. The facility totals \$0.25M and can be drawn on demand, within three years from the date of the agreement (December 2021). The interest rate in the agreement is linked to the floating interest rate of ASB Bank Limited. As at 31 March 2023, no funds have been drawn.

16. Financial instruments

The Group's financial assets mainly comprise of Cash and Cash Equivalents and Term Deposits. Cash and Cash Equivalents is comprised of cash on hand. Term Deposits are measured at amortised cost. Cash and Cash Equivalents and Term Deposits includes funds collected from customers as a PAYE intermediary (note 22).

Classification and measurement of financial liabilities

The Group's financial liabilities include trade and other payables, funds due to customers and IRD, other liabilities (including an overdraft facility used to operate our BNZ PayNow feature), and interest bearing liabilities.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs. Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

a. Categories of Financial Assets & Liabilities

The Carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities.

	2023	2022
	\$000s	\$000s
Financial assets		
<i>Financial assets at amortised cost</i>		
Cash and cash equivalents	8,673	10,205
Term deposits	24,200	17,725
Trade and other receivables	124	81
Total financial assets	32,997	28,011

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	2023	2022
	\$000s	\$000s
Financial liabilities		
<i>Financial liabilities at amortised cost</i>		
Funds due to customers and IRD	32,369	27,338
Trade and other payables	574	390
Other liabilities	346	291
Interest bearing liabilities	650	-
Total financial liabilities	33,939	28,019

The Group is exposed to a variety of financial risks. The financial risks arise from the business activities of the Group. The specific financial risks that the Group is exposed to are discussed below.

b. Market Risk

(i) Credit risk

As a SaaS business with minimal credit exposure, credit risk is relatively low relating to revenue received from customers and any associated trade receivables. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

Credit risk concentration profile

The Group manages credit risk by placing its cash and short term investments with high quality financial institutions. The majority of the Cash and Cash Equivalents are held with ASB Bank and BNZ, both of which have a credit rating of A+ from Fitch, AA- from Standard & Poor's, and Aa3 from Moody's.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

(ii) Liquidity risk

Liquidity risk arises mainly from business activities. The Group manages liquidity risk by ensuring cash flow is planned ahead of time, and funding is planned and organised when required, to ensure the Group will be able to meet its financial obligations. The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed using contractual rates or, if floating, based on the rate at the end of the reporting period):

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	Carrying amount	Total	0-6 months	7-12 months	1-2 years
Year ended 31 March 2023	\$000s	\$000s	\$000s	\$000s	\$000s
Funds due to customers and IRD	32,369	32,369	32,369	-	-
Trade and other payables	574	574	574	-	-
Other liabilities	346	346	346	-	-
Lease liabilities	230	253	66	66	121
Interest bearing liabilities	650	736	37	37	662
Total	34,169	34,278	33,392	103	783

Year ended 31 March 2022	\$000s	\$000s	\$000s	\$000s	\$000s
Funds due to customers and IRD	27,338	27,338	27,338	-	-
Trade and other payables	390	390	390	-	-
Other liabilities	291	291	291	-	-
Total	28,019	28,019	28,019	-	-

(iii) Interest rate risk

PaySauce's interest rate risk arises from the interest that it earns from its cash and cash equivalents. These funds are subject to variable interest rates that expose PaySauce to cash flow interest risk rate. PaySauce does not currently use any derivative products to manage interest rate risk.

As at balance date, none of the funds held in term deposits were subject to interest periods of greater than 12 months.

An analysis of the sensitivity of the Group's earnings due to movements in interest rates is shown below.

	2023	2022
	\$000s	\$000s
Effect on net profit before tax		
Cash and cash equivalents and term deposits		
Each 100 basis point increase in interest rate	304	190
Each 100 basis point decrease in interest rate	(304)	(190)
Interest bearing liabilities		
Each 100 basis point increase in interest rate	7	-
Each 100 basis point decrease in interest rate	(7)	-

The above information is calculated by applying the effective movement to the average balance of cash and cash equivalents, term deposits, and interest bearing liabilities. Cash and cash equivalents and Term Deposits totalled \$32.87 million as at 31 March 2023 (2022: \$27.93 million). Interest bearing liabilities totalled \$0.65 million as at 31 March 2023 (2022: nil).

17. Fair values of financial assets and liabilities

The carrying values of short term financial assets and liabilities approximate their fair values. Short term financial assets include cash, trade and other receivables and related party receivables.

18. Reconciliation of net loss after tax to net cash flows from operations

	2023	2022
	\$000s	\$000s
Net Loss after taxation	(557)	(1,282)
Add back / (deduct) non-cash & non-operating items:		
Depreciation & amortisation	498	419
Loss on disposal of fixed assets	5	4
Share based payment expense	283	170
Other non-cash & non-operating items	19	(97)
	248	(786)
Movement in working capital:		
(Increase)/decrease in Trade and other receivables	(42)	(62)
(Increase)/decrease in Other assets	(246)	(225)
Increase/(decrease) in Funds due to customers and IRD	5,031	7,374
Increase/(decrease) in Trade and other payables	172	156
Increase/(decrease) in Employee benefits	78	107
Increase/(decrease) in Other liabilities	54	144
Net cash inflow from operating activities	5,295	6,708

19. Employee Share Scheme

The Group has two Employee Share Scheme (ESS), where shares have been issued unpaid and, once allocated to employees, may be paid up by those employees (or on their behalf by the Group) when the shares vest. Once ESS Shares vest and are fully paid up, they become ordinary shares (Quotable Financial Product NZX:PYS). The first Employee Share scheme (F22 ESS) issued ESS Shares (unvested and not paid up) in March 2022 with a service commencement date of 1 April 2022. The second scheme (F23 ESS) issued ESS shares on 31 March 2023 with a service commencement date of 1 April 2023.

The group provides benefits to employees in the form of share-based payment transactions, whereby employees render services in exchange for shares or right over shares ('equity settled transactions') and/or cash settlements based on the value of equity instruments of the group ('cash settled transaction'). The cost of the transaction is spread over the period in which the employees provide services and become entitled to the awards.

The cost of the equity-settled transactions with employees is measured by reference to the fair value of equity instruments at the date at which they are granted. The cost of equity-settled transactions is recognised in the statement of financial performance together with a corresponding increase in equity.

The fair value of the cash-settled transactions is determined at each reporting date and the change in fair value is recognised in the income statement with a corresponding increase in the liability.

On grant date, an ESS agreement is entered into between each eligible employee and the Company stipulating the number of ESS shares granted and their vesting schedules. On vesting date, the ESS shares are made available to be paid up and converted into ordinary shares in the Company. Vesting is conditional on the employees remaining employed or engaged under contract for personal service by the Company. For the current schemes the vesting schedules stipulate one third of the shares vest on issue date, the second third vest one year from the issue date and the balance will vest two years from the issue date.

ESS shares may be paid up by a Discretionary Bonus or in cash. The Company will determine the value of any Discretionary Bonus based on the achievement of 100% of the budgeted EBIT and the employee's achievement of their personal KPI objectives. The payment and amount of the Discretionary bonus will be decided and communicated by the Company at its sole discretion.

Any Discretionary Bonus attracts income tax on the employees. The income tax and other deductibles are deducted and the net amount will be used to fully pay up as many of each employee's vested shares as possible. Any ESS shares which have vested and remain unpaid are available to the employees to pay up if they wish to do so. Any ESS shares that are forfeited during the period (i.e. vesting conditions aren't met) are returned to the ESS shares pool as unallocated.

For accounting purposes, the pool of ESS shares which have vested, but remain unpaid are accounted for in the same way as options since the employee has the option to pay up the remaining unpaid ESS shares at the strike price. The vested, but unpaid ESS shares are therefore valued at fair value, determined by using the Black-Scholes valuation model. The weighted average fair value of the remaining vested, unpaid ESS shares during the year was \$0.08 per remaining vested, unpaid ESS share as at 31 March 2023 (2022: \$0.06).

The inputs into the model were the market share price at valuation date, share strike price at grant date, expected annualised volatility of 31%, a dividend yield of 0%, an expected life of the remaining shares between 3 and 5 years, and an annualised risk-free interest rate of 4.25%.

The volatility input is based on a statistical analysis of historical daily share prices, with 31% representing the annualised volatility over the past 6 months. The impact on the fair value of the remaining shares would not have been materially different had a different time period been chosen.

ESS Share movements (volume 000s)

Scheme and Tranche	Grant Date	Vesting Date	Allotted ESS shares at beginning of the year	Granted during the year	Paid up during the year	Forfeited during the year	Allotted ESS shares at the end of the year
F22 ESS T1	20 May 2022	31 Mar 2022	422	-	(273)	(20)	129
F22 ESS T2	20 May 2022	31 Mar 2023	422	-	(252)	(28)	141
F22 ESS T3	20 May 2022	31 Mar 2024	422	-	-	(32)	389
F23 ESS T1	18 May 2023	31 Mar 2023	-	543	-	-	543
F23 ESS T2	18 May 2023	31 Mar 2024	-	543	-	-	543
F23 ESS T3	18 May 2023	31 Mar 2025	-	543	-	-	543
Total			1,265	1,629	(526)	(80)	2,288
Weighted average strike price of ESS Shares			\$0.2842	\$0.2596	\$0.2842	\$0.2842	\$0.2667

Where a tranche of ESS shares has vested, the value of the ESS shares remaining at the end of the year, represents the PAYE which will be settled by the Group on each employee's behalf. For the tranches which have not yet vested, an estimate for the value of the future PAYE to be deducted has been made, based on the tax payable for individuals at their current marginal rates. As a result, a PAYE liability has been accrued as follows:

	2023	2022
Share-based payment liabilities	\$000s	\$000s
Current	94	42
Non-current	14	26
Total share-based payment liabilities	107	68

The employee liabilities in the consolidated statement of financial position also include other employee entitlements such as accrued leave.

20. Segment reporting

The Group is organised into one reportable operating segment only, being SaaS based employment and payment solutions for people at work in 14 jurisdictions across the Asia-Pacific region, primarily within New Zealand. Providing employers the technology to digitally onboard, pay and manage employees from any device. The PaySauce platform includes rosters, mobile timesheets, payroll calculations, banking integration, automated payments, PAYE filing, labour costing, automated general ledger entries and digital employment contracts. The chief operating decision maker has been identified as the Board of Directors, as it makes all key strategic resource allocation decisions (such as those concerning acquisition, divestment and significant capital expenditure).

Overseas revenue earned is not material and no separate geographical segment has been reported.

21. Investments in subsidiary

The Company had the following subsidiaries at 31 March 2023:

Entity Name	Date of incorporation	Nature of business	Equity held	Value held	Country of incorporation	Balance date
			%	\$		
PaySauce Operations Limited	07/01/2015	SaaS Employment Solutions	100	309,278	New Zealand	31 March
Right Remuneration Limited	22/01/2015	PAYE Intermediary	100	-	New Zealand	31 March
Payroll.Kiwi Limited	01/08/2017	Employee Share Scheme Bare Trustee	100	-	New Zealand	31 March
PaySauce Pty Limited	08/02/2023	Non-active company	100	-	Australia	31 March

Only PaySauce Operations Limited and Right Remuneration Limited are consolidated in these consolidated financial statements, as Payroll.Kiwi Limited and PaySauce Pty Limited are non-trading companies.

22. Funds due to customers and IRD

As a PAYE intermediary, PaySauce collects funds from clients which are payable to both clients' employees (as the employees' net wages and salaries) and the IRD (as the applicable PAYE, student loan and other IRD liabilities). These funds are included in PaySauce's cash and term deposit balances and in accordance with section RP6 of the Income Tax Act 2007, PaySauce can earn interest on these funds, but the funds must only be used as follows:

- Payment of net salary or wages to employees of PaySauce's clients.
- Payment of IRD obligations resulting from pays run on PaySauce software to the IRD, including PAYE deductions, student loan deductions, superannuation contributions and any other amount of tax withheld from a payment of salary or wages to IRD.

Under the financial reporting standards movements in these funds do not meet the definition of either investing or financing activities and so must be classified as operating cash flows. However as stated above the use of these funds is restricted and they cannot be used to cover other PaySauce expenses, the company has therefore presented operating cash flows in the Cash Flow Statement as both before and after this movement in funds. The value of restricted funds at reporting date is represented by funds due to customers and IRD as disclosed in the Statement of Financial Position.

Term deposits were reclassified from cash and cash equivalents during the period. Comparative figures on the face of the financial statements have changed as a result.

23. Contingencies

As at 31 March 2023 the Group had no contingent liabilities or assets (2022: \$nil)

24. Events occurring after the reporting period

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.



Corporate Governance

Strong corporate governance protects the Company and as a result our shareholders, customers, staff, and stakeholders. Our approach to the recommendations outlined in the NZX Corporate Governance Code (the Code) are set out below.

This section is structured around the principles detailed in the Code, and explains how PaySauce is applying the Code's recommendations. PaySauce documents referred to in this section are also available online at <https://www.paysauce.com/investor/>

The Board considers that, as at 23 May 2023, the Company complied with the recommendations set by the NZX Corporate Governance Code (17 June 2022), unless stated in the sections outlined below, or in PaySauce's Corporate Governance Code.



CORPORATE GOVERNANCE

Principle 1 – Code of ethical behaviour

“Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.”

Code of ethics

Our code of ethics exists to help our directors, senior management, and employees with not just doing well, but doing good.

This sets the standard of conduct for all our people. It's intended to support decision-making that aligns with PaySauce's values, business goals, and legal and policy obligations. The board approves the code of ethics, which covers:

- conflicts of interest
- accepting gifts or benefits
- protecting company assets
- complying with laws and policies
- maintaining confidentiality
- valuing personnel
- transparency

All new directors and employees receive a copy of the code of ethics.

Securities trading policy

PaySauce respects the integrity of New Zealand's financial markets and insider trading laws. Our securities trading policy outlines how those laws apply, and the rules we've put in place to help ensure our people follow the law.

Directors, certain employees, and related parties need approval from PaySauce to trade in the company's shares. Trading is limited to defined “trading windows”.

The directors' shareholdings and trading of shares during the year by the directors is published under Directors' disclosures. A director or senior manager must advise the NZX promptly if they trade in the company's shares.

Principle 2 – Board composition and performance

“To ensure an effective board, there should be a balance of independence, skills, knowledge, experience”

The board of directors

The directors are responsible for the corporate governance practices of the company. The board's practices are detailed in the Company's corporate governance code, which lays out protocols for board operations.

This code complies with the relevant recommendations in the NZX Corporate Governance Code, and is reviewed annually.

The board's primary role is to represent and promote the interests of shareholders, ultimately adding long-term value to the company's shares.

The board carries out its responsibilities according to the following mandate.

- the Board shall have a minimum number of three directors and a maximum of 10;
- the Board shall have at least two directors ordinarily resident in New Zealand;
- the Board shall maintain at least two Independent Directors (as defined in the NZX Main Board Listing Rules). Where there are eight or more directors, the board will maintain three or one-third (rounded down to the nearest whole number) of the total number of directors, whichever is the greater;
- a majority of the directors should not be executives of the Company;
- a director should not have any significant conflict of interest that is potentially detrimental to the Company, other than and to the extent dealt with in the Corporate Governance Code of the Company;
- the Board seeks diversity in the skills, attributes and experience of its members across a broad range of criteria, to represent the diversity of shareholders, business types and regions in which the Company operates; and
- the Board elects a Chair, and can replace them at any time.
- Management must provide the board with accurate information within the timeframe required for the board to effectively discharge its duties.
- The effectiveness and performance of the board and its individual members should be re-evaluated annually.

As at 31 March 2023 the Board comprised of six Directors:

- Asantha Wijeyeratne – Executive Director and CEO
- Gavin Thompson – Non-executive Director
- Jacqueline Cheyne – Independent Director (Chair of Audit & Risk Committee)
- Mark Samlal – Independent Director
- Michael O'Donnell – Independent Director
- Shelley Ruha – Independent Director (Chair of Board)

Independence of directors is determined by assessing the directors against the following factors:

- Not currently, or historically (within 3 years) employed in an executive role with PaySauce;
- Not currently holding a senior role in a provider of material professional services to PaySauce;
- No current material business relationship (i.e. as a supplier or customer) to PaySauce;
- Not currently a substantial product holder of PaySauce or a senior manager of a product holder of PaySauce;
- No current material contractual relationship with PaySauce, other than as a director;
- No close family ties with anyone who would fall into the above categories;
- Has not been a director of PaySauce for a length of time that may compromise independence.

Mark Samlal joined the Board as an Independent Director, subject to shareholder approval at the next Annual Shareholder Meeting, effective 1 February 2023.

More information on the directors, including their relevant interests, and shareholdings, is provided in the Directors' disclosures section of this report and is on the company's website.

Day-to-day management of PaySauce is delegated to the Chief Executive and the Executive team.

The board's responsibilities

The primary responsibilities of the board are to:

- provide overall governance and strategic leadership;
- oversee management's implementation of the Company's strategic objectives and performance;
- oversee the development, adoption and communication of a clear strategy for the Company;
- oversee accounting and reporting systems and ensure the quality and independence of the Company's external audit process;

- adopt and regularly review the risk management framework;
- appoint a Chair of the Board and the CEO;
- review and approve the Company's operating budgets and major capital expenditure;
- adopt and review the Company's remuneration policy and other corporate governance documents;
- ensure compliance with the Company's constitution, continuous disclosure obligations, and the relevant laws, listing rules and regulations and auditing and accounting principles;
- implement and periodically review the Company's Code of Ethics, foster high standards of ethical conduct and personal behaviour and hold accountable those who engage in unethical behaviours;
- periodically assess its own effectiveness in carrying out these functions and the other responsibilities of the Board.

On appointment to the board by the shareholders, new directors sign a written agreement that covers the terms of their appointment.

Every year, the board and sub-committees critically evaluate their own performance and processes. This will identify any training opportunities for individual directors to maintain relevant and up-to-date skills for their role.

Independent professional advice

With the prior approval of the Chair, each director may seek independent legal and professional advice, at the company's expense, about any aspect of PaySauce's operations to assist in fulfilling their duties as a director.

Diversity

The PaySauce board and management are determined that all staff and all eligible candidates for vacant positions should have equal opportunity to demonstrate their skills and experience. This forms the basis of our diversity policy.

PaySauce embraces uniqueness in our people and welcomes diversity. We believe that difference builds resilience and innovation. We encourage our employees to be curious and open-minded, embracing wide-ranging perspectives and working to meet the needs of individuals.

Our approach to diversity is to continually develop a work environment that supports equality, exchange and inclusion. We believe in accommodating, rather than minimising, the different needs of our people.

The Board has considered the need for measurable objectives for diversity and determined that it is not yet appropriate to set measurable objectives due to market conditions and the stage of the company's development. That decision will be reconsidered annually. When appropriate the Board, or a committee appointed by the Board, will set measurable objectives for achieving diversity (which, at a minimum, will address gender diversity). The Board will annually review those objectives and the Company's progress in achieving them. Despite being a small team, there is diversity across age, gender identity, race, first language, religion and mobility.

We held the following gender diversity as at 31 March 2023:

	As at 31 March 2023		
	Directors	Executive Team	Employees
Male	4	3	14
Female	2	2	23
Total	6	5	37

	As at 31 March 2022		
	Directors	Executive Team	Employees
Male	3	3	12
Female	2	1	17
Total	5	4	29

Principle 3 – Board committees

“The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility.”

Audit and Risk Committee

The Audit and Risk Committee (“ARC”) assists the board in financial reporting, and risk and financial/secretarial compliance.

The ARC makes recommendations to the board on appointing external auditors to ensure their independence. The ARC also monitors 5-yearly rotation of the lead audit partner.

The ARC facilitates communication between the board and external auditors. The committee’s responsibilities include:

- reviewing the appointment of the external auditor, the annual audit plan, and addressing auditor recommendations
- reviewing publicly released dividend proposals and financial information
- ensuring that appropriate financial systems and internal controls are in place.

The ARC must include at least three directors, and consist of only non-executive directors and have a majority of independent directors. At least one member must be a director with an accounting or financial background.

The Chair of the Board cannot also be the Chair of the ARC. The current members are Jacqueline Cheyne (Chair), Michael O’Donnell, and Gavin Thompson, of which Jacqueline, and Michael are independent directors.

The committee usually invites the Executive Team, and at least twice a year invites the external auditors to attend ARC meetings.

Principle 4 – Reporting and disclosure

“The board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.”

Reporting and disclosure

The board is committed to providing accurate, thorough, and timely information to existing shareholders and to the market. This means all investors can make informed decisions about PaySauce.

As an NZX listed company, PaySauce must comply with disclosure requirements under the NZX Main Board Listing Rules. PaySauce recognises the importance of these requirements in providing equal access for all investors, or potential investors, to price-sensitive information.

The disclosure and communications policy outlines PaySauce’s obligations to meet disclosure requirements. It also covers related issues, including external communications.

PaySauce has not provided detailed reporting on environmental, economic and social sustainability risks. Whilst PaySauce is not yet captured by the mandatory climate risk disclosure reporting regime, management does not consider the business has material exposure to climate risk given the nature of our business and the increasing diversification of our customer base.

PaySauce publishes key governance and other relevant documents in the investor centre of our website: <https://www.paysauce.com/investor/>

Announcements made to the NZX and reports are also posted on the company’s website.

Principle 5 – Remuneration

“The remuneration of directors and executives should be transparent, fair and reasonable.”

The board is responsible for setting individual directors’ fees, and monitoring the remuneration of the Chief Executive and Executive Team.

PaySauce has in place a remuneration policy, outlining the key principles that influence remuneration practices. This can be found in the Company’s Corporate Governance Code, located on the Company’s website (at the date of this report, located in section 15 of the Company’s Corporate Governance Code at <https://www.paysauce.com/investor/>).

Further details and disclosures are outlined in the disclosures section of this document.

Principle 6 – Risk management

“Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The board should regularly verify that the Company has appropriate processes that identify and manage potential and material risks.”

The board is responsible for overseeing internal controls to manage key risks, and has overall responsibility for managing risk.

The company maintains a risk register to identify and manage risk. The Executive Team is responsible for maintaining this register, and reporting to the board on a regular basis.

Through the ARC, the board considers the recommendations of external auditors. The board sees that those recommendations are investigated and appropriate action is taken, where necessary.

Principle 7 – Auditors

“The board should ensure the quality and independence of the external audit process.”

The Audit and Risk Committee (“ARC”) makes recommendations to the board to appoint an external auditor. The committee also monitors the independence and effectiveness of the external auditor, and reviews and approves any non-audit services they perform.

The committee meets with the external auditor at least twice a year to approve the terms of engagement, audit partner rotation (at least every 5 years) and audit fee, and to review and provide feedback on the annual audit plan.

The committee routinely meets with PaySauce’s external auditor, Grant Thornton, without management present. Grant Thornton also attends PaySauce’s ASM.

The company continually monitors its internal control environment.

Principle 8 – Shareholder rights and relations

“The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.”

Information for shareholders

The company seeks to help investors understand its activities, by communicating effectively and providing clear and balanced information. In addition to interim and annual reporting, the company also chooses to release quarterly trading updates to the market.

The company website (www.paysauce.com) provides an overview of the business and information about its activities. This includes details of the company’s services, latest news, investor information, key corporate governance information, and copies of significant NZX announcements. The website also provides profiles of the directors and the Executive Team.

Shareholders have the right to vote on PaySauce’s major decisions, in line with the requirements of the Companies Act 1993 and the NZX Main Board Listing Rules.

Communicating with shareholders

PaySauce works to keep investors well informed, and regularly provides information about current operations and future plans. This is achieved through our NZX market announcements and presentations to retail investors.

PaySauce sends notice of the ASM to shareholders, and publishes it on the company website at least 28 days before the meeting each year.

Disclosures

Employee remuneration

The table below sets out the number of PaySauce Group employees and former employees who received remuneration and other benefits, including non-cash benefits and share-based remuneration in excess of \$100,000 per annum. Director remuneration is not included in the table below, and instead set out in a separate section below.

Remuneration range	Employees – 2023	Employees – 2022
\$100,000 – \$109,999	3	2
\$120,000 – \$129,999	3	2
\$130,000 – \$139,999	2	-
\$170,000 – \$179,999	-	1
\$190,000 – \$199,999	-	1
\$200,000 – \$209,999	1	1
\$210,000 – \$219,999	-	1
\$240,000 – \$249,999	2	-
\$250,000 – \$259,999	1	-

Donations

No cash donations were made by the Group during the year ended 31 March 2023 (2022: \$5,000). Donations in kind of over \$130,000 were given to over 100 charities and non-profit organisations during the period (2022: \$110,000, and 120).

Board meeting attendance

Board meetings are held in person and/or by teleconference. The Directors attended the following board meetings during the year ended 31 March 2023:

Director	Board Meetings Attended	ARC Meetings Attended
Asantha Wijeyeratne	8 of 8	-
Gavin Thompson	8 of 8	4 of 4
Jacqueline Cheyne	8 of 8	4 of 4
Mark Samlal*	2 of 2	-
Michael O'Donnell	7 of 8	3 of 4
Shelley Ruha	8 of 8	4 of 4

Note – If a director was not a member of a particular committee at the time of the relevant meetings ‘-’ has been recorded.

*Mark Samlal joined the Board as an Independent Director, subject to shareholder approval at the next Annual Shareholder Meeting, effective 1 February 2023.

Directors' share transactions

Directors disclosed, pursuant to section 148 of the Companies Act 1993 and Part 5 of the Financial Markets Conduct Act 2013, the following acquisitions and disposals of relevant interest in PaySauce ordinary shares during the year ended 31 March 2023:

Director	Registered holder / associated entity	Number of shares acquired / (disposed)	Consideration	Date	
Asantha Wijeyeratne	Payroll.Kiwi Limited	(38,098)	\$10,828	Jun-22	Discretionary bonus paid and applied to paying up unpaid Employee Share Scheme Shares
Asantha Wijeyeratne	Cloud Investments Limited	(100,000)	\$30,000	Feb-23	Off-market sale of shares
Asantha Wijeyeratne	Cloud Investments Limited	(200,000)	\$60,000	Feb-23	Off-market sale of shares
Asantha Wijeyeratne	Payroll.Kiwi Limited	(38,098)	\$10,828	Mar-23	Discretionary bonus paid and applied to paying up unpaid Employee Share Scheme Shares
Michael O'Donnell	Michael O'Donnell	37,000	\$9,990	May-22	On-market purchase of shares
Michael O'Donnell	Michael O'Donnell	16,392	\$5,045	Dec-22	On-market purchase of shares
Shelley Ruha	Sam Hamana Tiakiwai Ruha	34,500	\$9,926	Feb-23	On-market purchase of shares
Shelley Ruha	Shelley Maree Ruha	100,000	\$30,000	Feb-23	Off-market purchase of shares
Mark Samlal	Mark Stephen Malhotra Samlal	98,460	\$26,667	Feb-23	Issued prepaid shares in lieu of director remuneration
Mark Samlal	Mark Stephen Malhotra Samlal	200,000	\$60,000	Feb-23	Off-market purchase of shares

Directors' remuneration

The total Directors' fees and other remuneration received by the Directors for the period ended 31 March 2023 is outlined below:

Director	31-Mar-23			31-Mar-22		
	Director fees	Other remuneration	Total	Director fees	Other remuneration	Total
Asantha Wijeyeratne	Nil	\$249,206	\$249,206	Nil	\$213,470	\$213,470
Gavin Thompson	\$40,000	Nil	\$40,000	\$40,000	Nil	\$40,000
Jacqueline Cheyne	\$45,000	Nil	\$45,000	\$45,000	Nil	\$45,000
Mark Samlal*	\$26,667	Nil	\$26,667	Nil	Nil	Nil
Michael O'Donnell	\$40,000	Nil	\$40,000	\$51,520	Nil	\$51,520
Nicholas Lewis**	Nil	Nil	Nil	\$37,917	Nil	\$37,917
Shelley Ruha	\$27,038	Nil	\$65,000	\$40,250	Nil	\$40,250

*Mark Samlal joined the Board as an Independent Director and Chair of the Board, subject to shareholder approval at the next Annual Shareholder Meeting, effective 1 February 2023. PaySauce issued ordinary shares to the value of \$40,250 to Mark to remunerate and align his interests with PaySauce shareholders ahead of Mark's formal appointment to the Board.

**Nicholas Lewis resigned as an Independent Director and Chair of the Board, effective 30 September 2021.

Executive Director remuneration

Asantha Wijeyeratne is the Chief Executive Officer, and held this position as at 31 March 2023. He did not receive any remuneration in his capacity as a Director, but was remunerated as Chief Executive Officer as follows:

CEO Remuneration	31-Mar-23			31-Mar-22		
	Salary	Employee Share Scheme	Total	Salary	Employee Share Scheme	Total
Asantha Wijeyeratne	\$213,706	\$35,500	\$249,206	\$213,470	Nil	\$213,470

Insurance of Directors and Officers

PaySauce has a Directors' and officers' liability insurance policy in place. This provides insurance for the liabilities of the Directors and officers for acts or omissions in their capacity as Directors or employees. The insurance policies do not cover dishonest, fraudulent, malicious, or wilful acts or omissions.

General Disclosures of Interest

Director/Exec	Company	Nature of Interest
Asantha Wijeyeratne	Buzz Hospitality Limited	Director
	Catalyst IT Limited	Shareholder
	Catalyst TP Limited (to 25 May 2022)	Shareholder
	Cloud Investments Limited	Director & Shareholder
	Manuka Café Limited	Director
	Payroll.Kiwi Limited	Director
	PaySauce Limited	Director & Shareholder
	PaySauce Operations Limited	Director
	Right Remuneration Limited	Director
	Wijeyeratne & Co Limited	Director & Shareholder
Gavin Thompson	Catalyst Cloud Limited	Director
	Catalyst IT Limited	Director & Shareholder
	Catalyst.Net Limited	Director
	Catalyst TP Limited (to 25 May 2022)	Director & Shareholder
	PaySauce Limited	Director & Shareholder
	PaySauce Operations Limited	Director
	Truenet Limited	Director
	Catalyst IT Australia Pty Ltd	Director
	Catalyst IT Europe Ltd	Director
Jacqueline Cheyne	Stride Property Limited	Director
	New Zealand Green Investment Finance	Director
	External Reporting Board	Board Member
	Snow Sports NZ	Chair
	Broader Perspectives	Director
	Ministry of Business Innovation and Employment	Audit & Risk Committee Member
	Financial Markets Authority	Member of the Audit Oversight Committee
	Christchurch City Council	Audit & Risk Committee Member
	Pioneer Energy Limited	Director

Mark Samlai	PaySauce Limited	Shareholder, Independent Director
	MS&MS Pty Ltd	Family Trust
	Pay Asia	Managing Director
	PYG NXT 1 Inc - Investment company	Director
	Astute Corporation Pty Ltd	Director
	Managed Payroll Services Pty Ltd	Director
	INTEGRATED WORKFORCE SOLUTIONS PTY LTD	Director
	IWS BOOKKEEPING AUSTRALIA PTY. LTD.	Director
	Payroll HQ Pty Ltd	Director
	Pay Asia Australia Pty Ltd	Director
	Pay Asia Pty Ltd	Director
	PayMY Outsourcing Sdn Bhd	Director
	Pay Asia Limited	Director
	Pay Asia HR Services Limited Inc	Director
	CONG TY TNHH H PAY ASIA VIETNAM	Director
	Pay Asia (Thailand) Limited	Director
	PT Payasia Konsultansi Indonesia	Director
	Payasia Company Limited	Director
	Pay Asia Management Private Limited	Director
	Payasia BPO Payroll India Private Limited	Director
Michael O'Donnell	PAYGROUP NZ LIMITED	Director
	PayGroup (Shanghai) Human Resource Co., Ltd.	Director
	PayGroup	Employee - Founder and CEO
Michael O'Donnell	PaySauce Limited	Director
	Realestate.co.nz Limited	Director
	Brewwell Limited	Director
	Radio New Zealand Limited	Director
	NZ Trade + Enterprise / G2G	Deputy Chair
	Serato Audio Research Limited	Deputy Chair
	Stuff Media	National Columnist
	High Tech New Zealand	Trustee
	Sandfield Software	Director

Shelley Ruha	Analey Holdings Limited	Director and Shareholder
	IT & Business Consulting Limited	Director
	Analey Investments Limited	Director and Shareholder
	Heartland Bank Limited	Independent Director
	Partners Group Holdings Limited	Independent Director
	Partners Life Limited	Director
	Hobson Wealth Holdings Limited	Independent Director
	Hobson Wealth Partners Limited	Director
	TaxGift Limited	Independent Chair
	PaySauce Limited	Independent Chair
	New Zealand Rural Land Management GP Limited	Director
	Allied Farmers Limited	Independent Chair
	Allied Farmers Rural Limited	Director
	LONZ 2008 Holdings Limited	Director
	Allied Farmers Property Holdings Limited	Director
	Rural Funding Solutionz Limited	Director
	QWF Holdings Limited	Director
	Allied Farmers (New Zealand) Limited	Director
	Clearwater Hotel 2004 Limited	Director
	LONZ 2008 Limited	Director
	UFL Lakeview Limited	Director
	Lifestyles of New Zealand Queenstown Limited	Director
	5M No.2 Limited	Director
	ALF Nominees Limited	Director
	New Farmers Livestock Finance Limited	Director
	9 Spokes International Limited	Independent Director
	9 Spokes Trustee Limited	Director
	9 Spokes Knowledge Limited	Director
	9 Spokes US Holdings Limited	Director
	9 Spokes UK Limited	Director
	9 Spokes Canada Limited	Director
	9 Spokes Australia Limited	Director
	9 Spokes US Limited	Director

Note - In some cases, shareholding indicated above may not be held directly. Furthermore, there may be subsidiaries of the above entities in which the Directors are also interested, without necessarily being a Director, Shareholder, or Officer of that entity.

Director interests in shares

Directors held the following relevant interests in PaySauce ordinary shares at 31 March 2023:

Director	Securities held by Director or associated entity*
Asantha Wijeyeratne	39,048,461
Gavin Thompson	2,276,978
Jacqueline Cheyne	62,851
Mark Samlal**	298,460
Michael O'Donnell	87,835
Shelley Ruha	241,377

*Whilst directors are not required to own shares as part of their directorships, all have chosen to own shares.

**Mark Samlal joined the Board as an Independent Director, subject to shareholder approval at the next Annual Shareholder Meeting, effective 1 February 2023.

Substantial product holders

The substantial product holders in PaySauce ordinary shares as at 31 March 2023 were as follows:

Substantial product holder	Shares held	% of issued shares
Wijeyeratne & Company Limited	27,750,433	19.93%
Perpetual Trust Limited	21,466,667	15.42%
Gondolin Trust	16,729,631	12.02%
Cloud Investments Limited	11,298,028	8.12%
New Zealand Central Securities	8,221,540	5.91%

Twenty largest equity security holders

The 20 largest holders of PaySauce ordinary shares as at 31 March 2023 were as follows:

Rank	Shareholders/Investors	Shares held	% of issued shares
1	Wijeyeratne & Company Limited	27,750,433	19.93%
2	Perpetual Trust Limited	21,466,667	15.42%
3	Gondolin Trust	16,729,631	12.02%
4	Cloud Investments Limited	11,298,028	8.12%
5	New Zealand Central Securities	8,221,540	5.91%
6	Charlotte Anne Lockhart	3,211,183	2.31%
7	New Zealand Depository Nominee	2,869,597	2.06%
8	Ian Stewart Frame & Pamela Anne Frame	2,652,765	1.91%
9	David Russell Stewart & Adrienne Ruth Stewart	2,551,398	1.83%
10	Gavin Thompson	2,276,978	1.64%
11	Woodward Family	2,120,000	1.52%
12	Krishnakumar Guda	1,870,000	1.34%
13	Bhagwanji Bhula Rama	1,645,000	1.18%
14	Malcolm William Campbell	1,500,000	1.08%
15	Hugh Anthony Pradeep Fernando	1,471,102	1.06%
16	Cloud Investments Two Limited	1,457,557	1.05%
17	Matthew Gardner	1,416,164	1.02%
18	Geoffrey William Bennett	1,315,854	0.95%
19	Victoria Ann Taylor	1,217,838	0.87%
20	FNZ Custodians Limited	1,079,931	0.78%

Spread of security holders

The spread of holders of PaySauce ordinary shares as at 31 March 2023 are listed below:

Size of holding (shares)	Shareholders		Shares	
	Number	%	Number	%
1 - 10,000	961	75.55%	1,835,110	1.32%
10,001 - 50,000	199	15.64%	4,536,200	3.26%
50,001 - 100,000	41	3.22%	2,924,262	2.10%
100,001 - 500,000	41	3.22%	8,848,173	6.36%
500,001 - 1,000,000	9	0.71%	5,924,603	4.26%
1,000,001 and over	21	1.65%	115,139,587	82.71%
Totals	1,272	100.00%	139,207,935	100.00%

NZX waivers from listing rules

No waivers were granted to PaySauce by NZX during the year ended 31 March 2023, and there were no waivers that PaySauce relied upon during this period.

Company Directory

Directors:

Asantha Wijeyeratne

Gavin Thompson

Jacqueline Cheyne

Mark Samlal

Michael O'Donnell

Shelley Ruha

Registered Office:

85 The Esplanade
Petone, 5012
New Zealand

Website:

www.paysauce.com

Auditor:

Grant Thornton New Zealand Audit Limited

Stock Exchange:

NZX

Share Registrar:

Link Market Services Limited
80 Queen Street
Auckland, 1010
New Zealand

NZ Company Number:

1719868

NZBN:

9429034458099

