

PaySauce records maiden positive earnings in year of transition

Lower Hutt, New Zealand - 22 November 2023

PaySauce's unaudited financial results for the six months to 30 September 2023

HIGHLIGHTS

- First period of positive EBTDA¹ of \$255k, reversing the loss of \$200k in the six months to Sept 2022
- Operating Revenue of \$3.6m, up 40% lifted by new customer growth and higher interest income
- Annualised Recurring Revenue (ARR) of \$7.4m up 32% on six months to Sept 2022
- Rule of 40 score of 48, ahead of the industry benchmark, with earnings improvement making a positive contribution
- PaySauce Gen 2.0 Payroll Engine being built and executed agreement for a proof of concept to embed payroll into their software, potentially opening a new market for the company

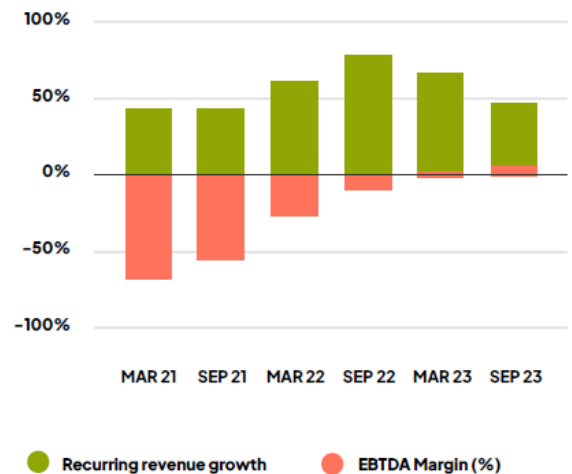
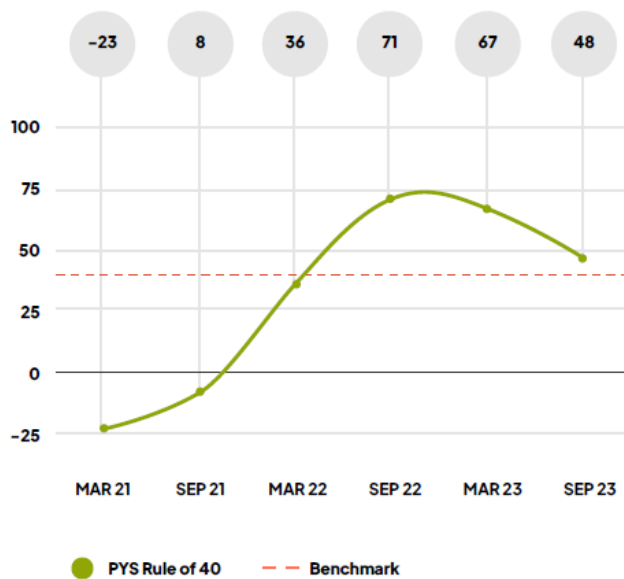
Employment fintech PaySauce (NZX:PYS) announces today that it has generated maiden first half Earnings Before Tax Depreciation and Amortisation (EBTDA) as it benefits from new customer growth and higher interest revenue.

PaySauce Executive Director and CEO Asantha Wijeyeratne said the achievement of positive earnings was a key milestone for the business, especially in the current economic conditions.

“Getting to profitability and consistently generating positive cash flows is critical for PaySauce as we transition our business for future growth. For me, it's always been essential that PaySauce is in control of its own destiny, particularly from a cash perspective.

The backdrop of rising interest rates has been a double edged sword for PaySauce. With higher interest rates income earned on the funds held on behalf of PaySauce's customers grew, but this was offset by fewer new customers taking up the product as small businesses in our domestic market face greater headwinds in servicing their own debt. PaySauce has continued to grow new customers, but at a lower rate than in previous years.

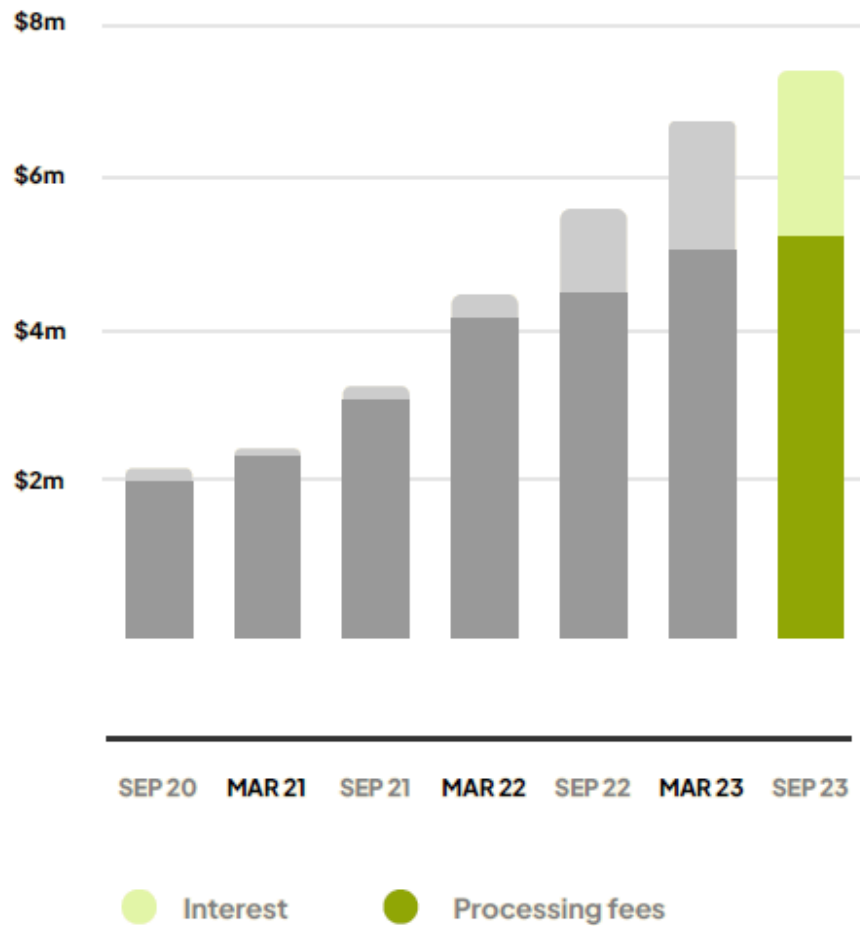
¹ Earnings before Tax, Depreciation and Amortisation



“PaySauce has been focussed on the next stage of growth and building the Gen 2.0 Payroll Engine will allow us to scale at a faster pace in the future. This year has been about transitioning our future growth strategy, so whilst we’ve continued to grow in the current financial year, we’ve not gone for growth at all costs, but rather profitable growth as cash remains a key driver of our business decisions. You can see that coming through when benchmarking against the rule of 40,” Wijeyeratne said.

Financial Performance

	SEP 2023 \$000s	SEP 2022 \$000s	YoY %
Operating revenue	3,608	2,577	40%
Expenses (excl. tax, depreciation and amortisation)	(3,353)	(2,777)	21%
EBTDA	255	(200)	(127%)
Tax, depreciation and amortisation	(522)	(225)	132%
Net loss for the period	(267)	(425)	(37%)



A key achievement over the last six months has been to advance PaySauce's new Gen 2.0 Payroll Engine, which will enable scalable growth in the future through two key opportunities:

- Embedded payroll; and
- Micro-business payroll app

As announced earlier this month, PaySauce has entered an agreement with a third party to build a proof of concept, demonstrating how the PaySauce Gen 2.0 Payroll Engine can be embedded into the third parties software, to calculate payroll, complete payday filing with the IRD and make all payroll related payments on their behalf. The micro-business payroll app will use the same technology to enable a faster self-service app for new customers to easily sign up and run their first pay through PaySauce.



Customer Metrics	SEP 2023	SEP 2022	YoY %
Active PaySauce customers at end of period	7,202	6,658	8%
Churn % (monthly average) for the period	0.91%	0.76%	(20%)
ARPU (monthly) at end of period	\$85	\$70	22%
CAC (per addition) for the period	\$508	\$371	37%
LTV per customer at end of period	\$7,070	\$6,424	10%
Total customer LTV at end of period	\$50.9M	\$42.7M	19%
LTV:CAC ratio at end of period	14 : 1	17 : 1	18%

OUTLOOK

As our small business customers face the economic headwinds of higher interest rates following the recent tightening cycle, their hiring and spending decisions over the next twelve months are more conservative. PaySauce will continue to focus on a healthy balance of growth and earnings.

“We will continue to diversify our customer base by investing into marketing channels supporting the hospitality and construction industries as well as seeking new potential partners for embedded payroll at a more holistic level, Wijeyeratne said.

“Work will also continue to deliver the proof of the embedded payroll concept, looking to have an embedded solution driving an uplift in ARR at the earliest point in time and we are very excited about the potential for this new channel to market”

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

PaySauce will host an Investor and Media conference call on Wednesday, 22 November 2023 to discuss the half year result. The conference call is scheduled to begin at 10:00am NZDT.

To join, pre-register your interest at Investor@paysauce.com, and join the virtual meeting room [here](#)



APPENDICES

- Appendix 1 - NZX Template for Results Announcement to the Market
- Appendix 2 - Interim Report
- Appendix 3 - Investor Presentation

NON-GAAP FINANCIAL INFORMATION

Non-GAAP (Generally Accepted Accounting Principles) financial information does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. The Non-GAAP information included in this release has not been audited, and is not prepared in accordance with NZ IFRS.

The measures reported by PaySauce are used by management to monitor the performance of the company and are useful to investors to assess performance.

Non-GAAP measures are defined and explained in the Interim Report.



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

ENDS

ABOUT PAYSAUCE

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

www.paysauce.com

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