

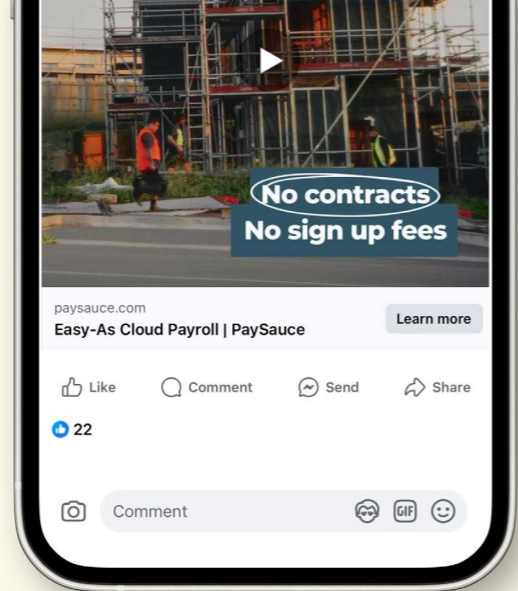


To
2025
(and beyond...)

**2025
Interim
Report**



Make it
scalable



Supercharge
growth

To
2025
(and beyond...)

Love our
customers



We're well-positioned to supercharge growth. We've made significant investment into our infrastructure, with scalability front and centre. We've listened to our customers and we're evolving our product to give employers the amazing user experience they deserve. We're hyper-focused on shaping our product around our core market, and with over 100,000 employers with 1-5 staff in NZ alone, there's massive opportunity for us to drive long-term value for our investors.

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Toward our FY25 strategy



Supercharge growth

The pendulum has swung from actively seeking wholesale opportunities to being hyper-focused on evolving the user experience for employers with 1-5 staff. Having successfully proven the concept of wholesale payroll, we have the infrastructure to deliver on any future wholesale opportunities as they arise.

How we're tracking:

- We've clearly defined our target market of customers with 1-5 employees, and we're incorporating features they'll love by making payroll simple and intuitive;
- We've delivered the wholesale payroll proof of concept and will assess future opportunities against the opportunity cost of improving our core product; and
- We've increased brand awareness through new campaigns & additional investment in marketing activities.



Loving our customers

Our relationship with our customers is mutually beneficial: they get peace of mind and time through a great product, and we get a dedicated fanbase as our best source of growth.

How we're tracking:

- Demonstrating customer service excellence with 99% of calls responded to within an hour, and a 94% customer satisfaction score;
- Achieved an NPS score of 50 demonstrating strong customer advocacy; and
- Customer feedback continues to shape the user experience - both now and in the future.



Scalability

To ensure we can retain very high service levels at scale, we've focused on the improvements to how we operate. We've improved our operational processes and removed internal pain points - this means we have more time to focus on the activities that will make our customers love us more.

How we're tracking:

- We've made significant upgrades to our infrastructure, optimising for stability and security as we scale;
- We've optimised tooling to improve the customer journey to help them onboard more efficiently. Improvements include enhanced automations and demonstrations resulting in improved lead qualification.

Highlights

Annualised Recurring Revenue (ARR)

▲ 17% YoY increase

\$8.7m

NPAT (Net Profit after Tax)

▲ \$337k YoY increase

\$70k

Total Customer Lifetime Value (CLTV)

▲ 24% YoY increase

\$50.5m

Free Cashflow

▲ \$252k YoY increase¹

\$199k

1. Excludes funds due to customers and IRD

Re-igniting our growth



Shelley Ruha
Independent Director,
Chair

Dear Shareholders

I am happy to report that PaySauce has made significant progress toward achieving its strategic objectives over the past 6 months.

Perhaps most significantly, the investments we have made into acquiring new customers and diversifying our portfolio of industries has begun to deliver for PaySauce. We acquired 1,035 new customers in the six months to the end of September, a 12% improvement on the same six month period last year.

These are early but encouraging signs. Importantly, this success - which follows from the partnerships we have struck with accountants around the country and the investment we have made into the PaySauce brand - has not come at the expense of financial sustainability.

Having produced our maiden net profit and positive free cash flow in the year to March 2024, we maintained that positive trajectory.

We meanwhile remain excited about the potential of our Gen 2.0 payroll engine. For the moment at least, we have decided to focus on the opportunities this technology offers our core customer base, rather than exploiting the wholesale opportunity we identified. This change follows our wholesale launch customer's decision to pause the project, and the recognition of the immense efficiency benefits the new engine offers to PaySauce and the service enhancements it offers our customers.

Faster, more secure development of new features will be key to attracting new users to PaySauce. Thanks to the new engine, we're now primed to deliver these features, and an improved customer experience on a unified platform. These efforts have been enhanced by the migration of our primary infrastructure to Amazon Web Services (AWS), which offers enhanced speed and security of development.

Financial performance

Recurring revenue for the 6 months to September 2024 grew 20% to \$4.3m from \$3.6m in the previous year. With interest rates stabilising over the last 12 months, the majority (71%) of the revenue growth this period came from growth in our processing fee revenue which totalled \$3.0m for the 6 month period, up \$0.5m (20%) year on year. Interest revenue increased proportionately, up \$0.2m (20%) on the previous comparable period (6 months to September 2023).

The increased processing fee revenue arose from two key areas: Firstly, the sales and marketing activity yielded accelerated growth in customers numbers, up 9% year on year to 7,821 as at September 2024. Secondly, the monthly average processing fees per customer increased 13% year on year to \$67 (from \$60). The Average Revenue per User (ARPU) also includes the average monthly interest earned on funds held on behalf of customers being \$25, down from \$26 in the previous comparable period. The processing fees and interest earned combined to make the total ARPU \$92 for the period (F24: \$85).

Expenses increased 20% year on year from \$3.4m to \$4.0m as we grew our headcount and increased investment in key areas. The cost to serve our customers and maintain our product was relatively flat year on year as we capitalised on increased efficiencies and a larger proportion of developer time was capitalised. Customer acquisition costs increased \$0.2m year on year (43%) as we increased our investment in new campaigns and expanded our sales effort with our accounting partner channel. General & Administration costs increased \$0.5m year on year (32%). \$0.3m of this related to people costs and a further \$0.1m related to a provision released last year.

EBTDA increased to \$548k from \$255k at the same time a year ago and as a proportion of sales, increased to 13% from 7% a year ago. However, given the reduced revenue growth rate, we have dipped below the target 'Rule of 40' Software as a Service (SaaS) industry benchmark with revenue growth plus EBTDA margin at 33 down from 46 at the end of March 2024. Our goal is to return to delivering on this benchmark.

“The investments we have made into acquiring new customers and diversifying our portfolio of industries has begun to deliver for PaySauce.”

Net profit after tax (NPAT) increased to \$70k for the 6 month period to September 2024, an improvement of \$337k on the same 6 month period last year, and reflects the continuation of sustainable growth achieved.

Cashflow and funding

Operating cash flow before the inflow of funds due to customers and the IRD rose to \$1.1m for the 6 month period to September 2024. After the investments made into the product over the period - we generated positive free cash flow of \$199k, up \$252k on the same period last year. We have undrawn facilities of \$600k. Reflecting our lenders confidence in our future, \$350k of this facility was renegotiated at significantly more favourable terms after we used the positive cashflow to repay our outstanding \$650k term loan in June of this year.

Outlook

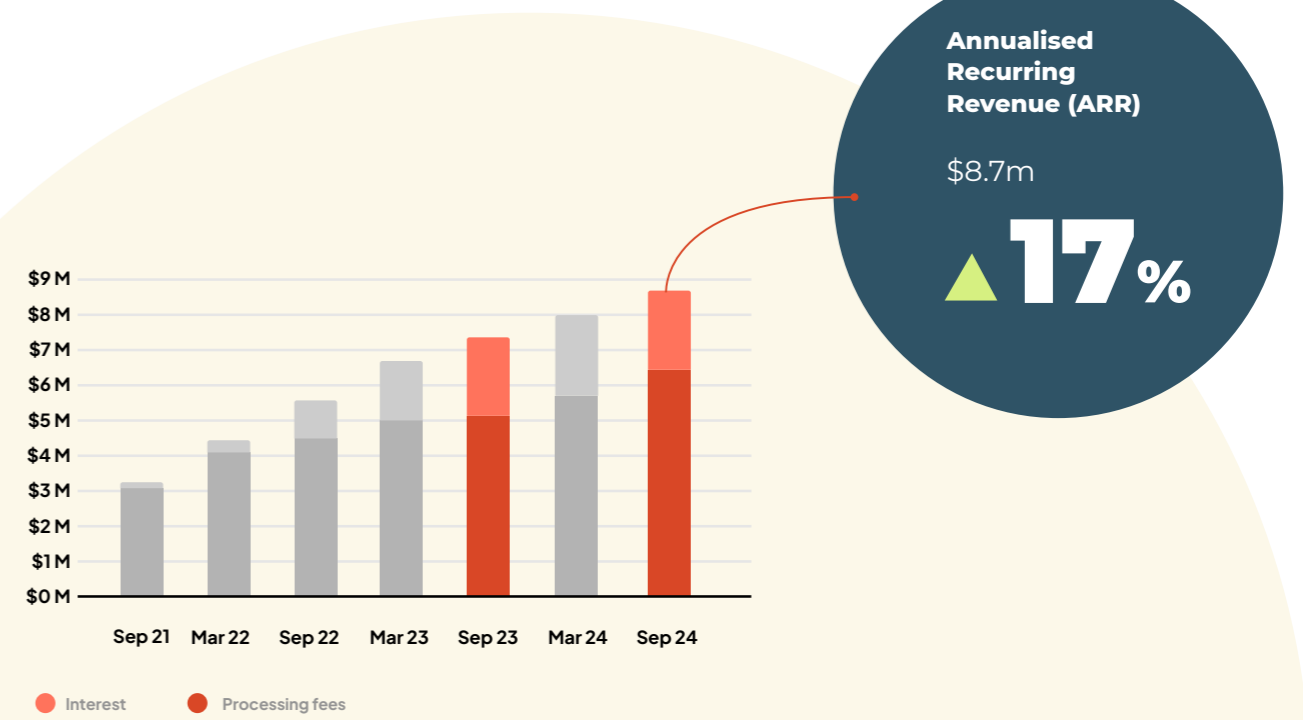
The board and management are pleased to see the delivery of the strategy to date.

Having enhanced our core operations for scalability, we're listening to our customers and delivering an experience they love. This has been rewarded with early signs of accelerated growth. We're excited about the opportunities we see ahead and we are confident that we are making steady progress towards our goal of \$10 million in ARR.

We thank Asantha and the entire PaySauce team for their efforts over the past 6 months, and we are confident in their ability to create a unified customer experience for an increasing customer base.

Yours sincerely,

Shelley Ruha
Independent Director, Chair



Delivering sustainable growth



Asantha Wijeyeratne
CEO, Co-founder

Dear Shareholders

Customer growth

I'm pleased to present another solid 6 months of growth across several of our key metrics.

The rate of growth has accelerated, and customer retention has improved in line with the economic pressures easing.

Over the last six months we added a net 453 new customers, a significant improvement on the net 327 new customers we added in the six months to the end of September 2023.

This success can be primarily linked to our sales strategy, which has continued to focus on leveraging and expanding our accounting partner channel. This channel remains vital to our mid-term growth plans, acting both as a source of recommendation to small business owners and also as a source of direct customer growth from those practices managing payroll for their clients.

During the 6 months we welcomed an additional 20 Accounting firms, and added over 550 new customers via that channel. Strong customer advocacy remains a key driver in the provincial regions, such as Waikato, Taranaki, Canterbury, and Southland, broadening the already significant market presence in the agricultural sector into adjacent small business sectors. An increased physical presence in Auckland and Christchurch is also starting to bear fruit following heightened campaign activity to drive brand awareness.

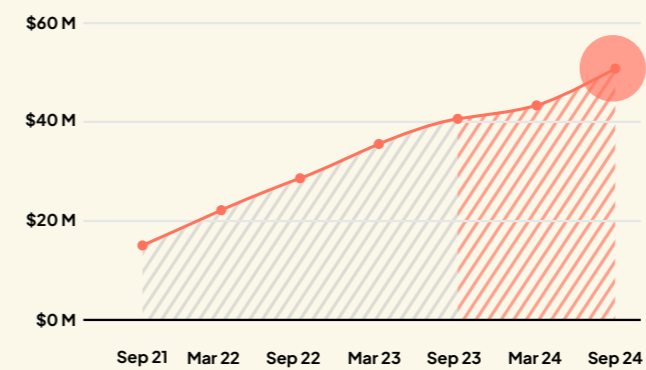
“ Over the last six months we added a net 453 new customers, a significant improvement on the net 327 new customers we added in the six months to the end of September 2023. ”

The centre-piece of the brand awareness activity was an advertising campaign centred on owner-operated businesses in the trades and construction space. This campaign was initially launched in Auckland across digital video channels (YouTube, Google and Meta), digital billboards, and radio, before expanding across the rest of the country via digital video. Over the first six months of the campaign, PaySauce's brand awareness has increased at a statistically significant rate (the only brand in our competitor set to show such an increase) and now sits mid-pack within our competitive peer set.

I'm thrilled to see that the increased awareness is also delivering results in new customers, with the trades and construction vertical being our second largest for new business after dairy for new starts this year.

We have also continued to support this space through key partners such as Master Plumbers and Master Builders, strengthening these relationships and attending various conferences and trade shows around the country. On the note of key partners and sponsors - it would be remiss to not give a shout-out to the incredible Wellington Lions who took out the Bunnings NPC for the 2024 campaign - the second time since our sponsorship began! This partnership and our other rugby partnership with the current holders of the Ranfurly Shield, the Taranaki Bulls forms a logical linkage between tradies, dairy farming and the regions.

These performance improvements have come at the cost of an increase in customer acquisition costs to \$575 for each customer acquired from \$510 in the year to the end of March and \$451 in the six months to the end of September 2023.



\$50.5m

Total Customer Lifetime Value

The increased investment is creating shareholder value. Customer number growth for the period added around \$4 million to our total customer lifetime value (CLTV), with other key metrics, such as churn rate (down 3% year on year), and average revenue per customer (up 8% year on year), increasing the value of our existing customer base by a further \$6 million. This has resulted in a 24% year on year increase in total CLTV, from \$40.5m at September 2023, to \$50.5m at September 2024.

Enabling Scalability

The past 18 months have seen us undertake deliberate and careful execution of our three year strategy.

Firstly, establishing PaySauce as a profitable and cash generating business provides us with the leverage to reinvest for long term growth. More recently, significant steps have been made in our product infrastructure with the migration to AWS, and the development of our new Gen 2.0 payroll engine. The final piece of the puzzle is the development and roll-out of a single, unified customer experience - the platform to deliver a top of class cloud and mobile payroll experience globally.

As the company grows and evolves, so too do its people. Reaching key milestones as PaySauce has grown has brought a huge sense of achievement for myself and the executive team. In September, we farewelled two members of the team who were instrumental in

us reaching those milestones - my co-founder and Chief Technology Officer (CTO), Troy Tarrant, and Chief Operating Officer, Mathew Stokes.

With change comes opportunity, with Jacques Labuschagne promoted into the CTO role, and Jessica McLean's role expanded to Chief Product Officer. Jacques has led the development team since his arrival at PaySauce, overseeing significant accomplishments including the development of the Gen 2.0 payroll engine and the migration to AWS. Jess's extensive knowledge of payroll systems and legislation, coupled with a deep understanding of customers have already proven this role to be pivotal for PaySauce's product development journey.

Outlook

I am thankful for the incredible work that the team have delivered so far this year, and am excited to capitalise on the opportunities to deliver features that our customers love and supercharge our growth going forward.

Yours sincerely,

Asantha Wijeyeratne
CEO and Co-founder



Delivering on our FY25 strategy



Supercharge growth

Highlights

Continued focus on building relationships with both new and existing accountants seeing success, driving processing fees up 20% year on year

Discovery complete and design underway for our new user experience: making payroll simple and intuitive for small business owners

New campaigns & additional investment in marketing activities driving increased brand awareness

Having grown our Product team, this revitalised group has been engaged in an intensive discovery, research, and planning phase in preparation for bringing a new user experience to PaySauce's payroll ecosystem. This programme of work is one of our most significant to date, and will entirely replace the current PaySauce user interface across both web and mobile. It also provides the means for us to migrate customers using our acquired product, goPayroll, to PaySauce, providing a better and more consistent experience across the board. This critical initiative aims to significantly improve user experience and product functionality while also unlocking new growth in New Zealand and beyond by leveraging goPayroll's existing presence across the APAC region.

We have been poring over customer feedback, conducting analysis of user data from our current interfaces, and undertaking competitive landscape assessments to identify opportunities for differentiation. At all times, the Product team's efforts have placed our key users' needs front and centre: our micro-business employers with a handful of employees who want to win back the time they would have otherwise spent on payroll administration and have peace of mind that they won't be caught out by any hidden complexities in legislation.

Having created detailed user personas and journey maps, low-fidelity wireframes for key user flows and other critical discovery and design phase artefacts, we're confident in our direction and momentum for the next phases of delivery in the coming months. The Development team has been working to lay the groundwork for these changes, selecting the tools and technologies required to support the new UX vision and demonstrating feasibility by completing various internal proofs of concept. Taking advantage of these new tools and frameworks will significantly increase the team's ability to deliver value quickly.

One of PaySauce's key growth strategies remains focused on developing new and existing relationships with accountants and bookkeepers. These channels remain vital for mid-term growth plans, with accountants and bookkeepers acting as both a source of recommendation to small businesses managing their own payroll, and as a source of customer growth from those practices managing payroll on behalf of clients. Approximately half of new customers who sign up to PaySauce are referred

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Continued focus on building relationships with both new and existing accountants seeing success, driving processing fees up 20% year on year.

by their accountant. Significant opportunity has been created in the market, both with the exit of older payroll platforms and with pricing and plan shake ups across the competitive landscape. We have successfully converted several payroll-managing practices across to PaySauce from their legacy software provider.

We made increased investments in marketing activities in the first half of FY25. PaySauce launched a major campaign in April, aimed at growing our presence and awareness in new domains in addition to our traditional dairy sector base. The advertising featured a family-run building business, acknowledging the range of administrative tasks a small business faces, with PaySauce providing ease and peace-of-mind to the pain point of payroll. While construction and trades were the key target segments of the campaign, the tone and message were designed to be relevant to all owner-operated small businesses. The campaign was initially launched in Auckland across digital video (YouTube, Google and Meta), digital billboards, and radio. We then expanded to the rest of the country on digital channels. Over the first six months of the campaign, PaySauce's brand awareness has increased (the largest increase when compared across our competitor set) and now sits mid-pack within our competitive peer set.

While we see continued success in our relationships with accountants, we continue to make investments in direct engagement with small business owners. This includes attendance and trade stands at relevant national industry events (such as Fieldays, BuildNZ, and EMEX; Engineering, Machinery, and Electrical) and industry partnership events (such as Master Plumbers, Master Builders, and Federated Farmers).



Loving our customers

Highlights

Demonstrating customer service excellence with 99% of calls responded to within an hour, and a 94% customer satisfaction score

Continued commitment to empowering customers with self-service and educational material - making the complex simple for employers

Advocacy and active involvement to ensure representation for our customers' interests - being a voice for the small business owner to government and industry

Providing top-class customer service

We're still, as always, focused on delivering value to our customers through high quality support and service. Happy, loyal customers are one of our strongest assets: word of mouth, referrals and trusted advisors carry a huge amount of weight with prospective payroll purchasers.

Over the last six months, 92% of incoming calls were answered within 30 minutes. Even more impressive, 99% of calls were responded to within an hour. What's particularly noteworthy is that these numbers hold strong even during our busy season in June, when the dairy sector is typically experiencing a lot of employee movements and employers require additional support. Quick responses are crucial, especially for customers managing time-

sensitive tasks like payroll processing! We're continuing to see the benefits of offering a wide range of self-service documentation and support, meaning customers have access to the information they need in a way that suits them - particularly during periods of high call volumes.

We've been keeping a close eye on customer sentiment and satisfaction to make sure our callers are happy with the service they receive. We're excited to report that our Customer Satisfaction (CSAT) score is an impressive 94%, putting us well above industry standards and firmly in the realm of world-class customer service. In fact, our score is 16 percentage points higher than the average for call centres and 14 points above the average for software and SaaS companies. This clearly shows that our customers are really satisfied with the phone support they get from our team, exceeding top benchmarks across various industries. It's especially noteworthy given the high expectations typically found in the software and technology sectors. This score reflects our commitment to delivering outstanding customer experiences and positions us as a leader in customer satisfaction within our industry. Our NPS responses, feedback out in the field and customer responses all consistently show us that PaySauce customers love the service they receive from our Support team.

We're all about helping our customers understand their obligations in a straightforward way. We do this by diving into research, standing up for their needs, and providing helpful information. Our team keeps a close eye on the latest rules and best practices so we can provide the most relevant information. We also advocate for our customers, making sure small business voices are heard with regulators and industry leaders. In August, our CPO Jess met with David Seymour to discuss some of the

issues with the Holidays Act and make submissions in relation to the upcoming Holidays Act Reform Bill. We've also met with leaders in the banking space to advocate for improvements in our mutual customers' experiences.

We take all this knowledge and turn it into easy-to-read guides, articles, and online resources that break down complex topics. By doing this, we make it easier for our customers to navigate their responsibilities with confidence, setting them up for success in their fields. This year, we have published white papers and guides on parental leave legislation quirks and tax changes. We also published a series of articles throughout Money Month focusing on financial literacy and wellbeing.

Community groups

We've re-engaged with our community and charity customers this year. We continue to offer them free payroll in recognition of their charitable status. We believe that supporting these organisations is not just a responsibility but an opportunity to strengthen our community ties. In exchange for this valuable service, the charity shows that they are supported by PaySauce on their websites or other promotional materials as appropriate. This mutually beneficial arrangement not only helps charities reduce their operational costs but also enhances our visibility and commitment to social responsibility. By collaborating in this way, we aim to create lasting partnerships that support charitable missions while showcasing our dedication to giving back.



Scalability

Highlights

Upgrades to core PaySauce application and infrastructure optimisation to continue usability, stability and security enhancements

Strategic portfolio management to consolidate and unify offerings, including sunsetting some non-core applications

System enhancements that optimise the journey for new customers, including automations, improved lead qualification, and improvements to demo processes

Creating a smoother journey for customers

We have continued to make improvements to our core Salesforce systems and processes. The foundation of these improvements has been the creation of a new linear lead management process, which differentiates between customer and accountant leads and incorporates a staged process based on a lead's actions and their sales support needs. We've rolled out some great new automations and improvements that are all about creating a more efficient system for both new and existing customers. One of the big changes is our new lead qualification process. This helps us quickly sort and understand incoming leads, so we know exactly where each potential customer is in their buying journey. With this info, we can offer a more timely and

personalised experience. Once leads are qualified, our system automatically updates their status, which means our team can reach out right away and ensure a seamless onboarding process.

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We've also revamped the "Contact Us" section on our website, making it easier for potential customers to schedule demos and engage with us right from the start. Plus, we've set up automated emails to keep everyone in the loop about next steps and what to expect throughout their journey with us - ensuring communication is clear and helpful at every stage!

Optimising our tech stack for speed, security and scale

The core of the PaySauce application has continued to receive significant upgrades, improving usability, stability and security. The team has implemented a range of new features, improvements and bug fixes to make our customers' lives even easier, and enhancing our MFA functionality in order to provide additional safety in a time of ever-increasing cyber risk.

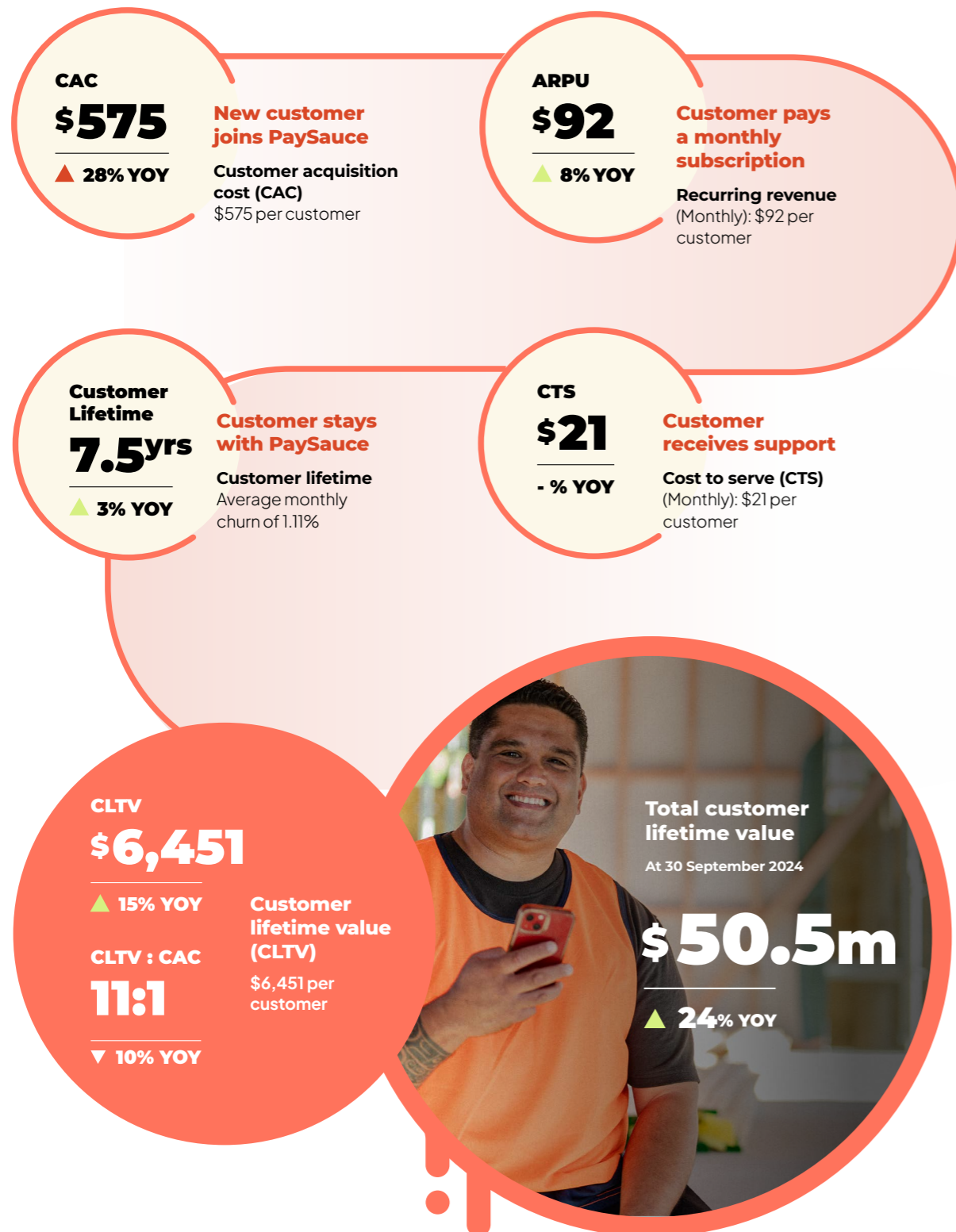
Following the successful migration of PaySauce into AWS, we've now also completed the cloud migration of goPayroll in order to bring the final elements of our payroll product suite into the cloud, with a corresponding increase in stability, performance and security.

In our efforts to consolidate and unify our product portfolio, we've also decided to sunset some offerings that no longer align with our intended future direction, such as the digital contract portal we offer on behalf of Federated Farmers which we will retire in March 2025. It is decisions like these that allow us to be more disciplined in achieving our core goals: focusing on those things which will bring the most value to our customers.

“ You couldn't make me any happier - every time I ring the lovely ladies on the end of the phone are so nice and helpful - everything is worked out and I tell everyone to use you for their payroll ”

Ezicab Taxis, Invercargill

Customer Lifetime Journey



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 and should be read alongside the consolidated financial statements and the related notes in this report.

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 (NZ IFRS).

Customer Acquisition

	Sep 2024	Sep 2023*	YOY Change
CAC per addition	575	451	28%
New customers	1,035	927	12%
Customer acquisition costs (\$000s)	596	418	43%
Percentage of Recurring Revenue	14%	12%	(2 pp)

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.

*PaySauce changed the methodology in how it recognises customer activity during the period. As a result, the comparative period metrics have been restated to equivalent values. The following metrics relating to Customer Acquisition were impacted:

- New customers increased from 822 to 927.
- CAC per addition decreased from \$508 to \$451.

Recurring Revenue

	Sep 2024	Sep 2023	YOY Change
ARR at end of period (\$000s)	8,657	7,378	17%
Recurring revenue for the period - Total (\$000s)	4,255	3,551	20%
ARPU (monthly) at end of period (\$)	92	85	8%
FTEs	47	43	9%
Revenue per FTE (\$000s)	97	84	16%
Rule of 40	33	48	(15 pts)

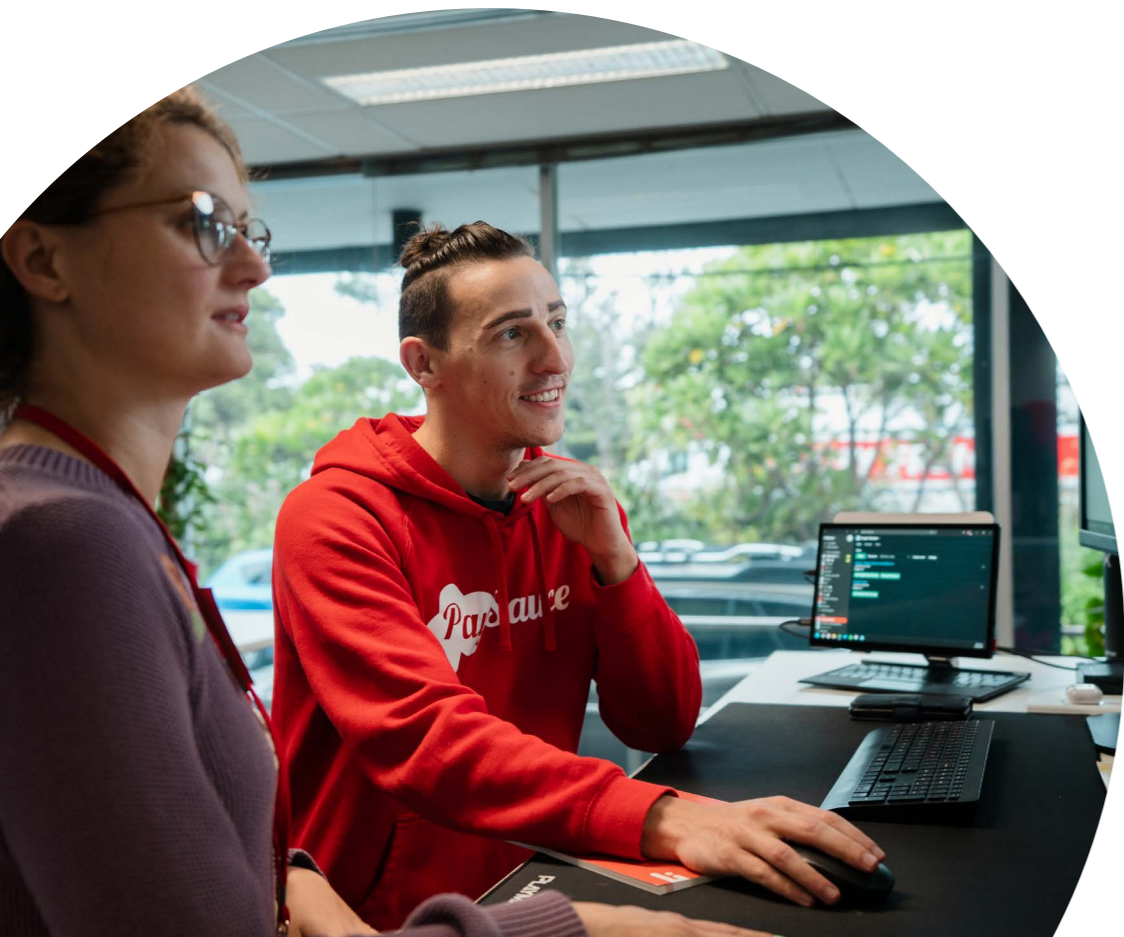
How and why do we monitor recurring revenue?
PaySauce monitors the recurring revenue received from customers as a growth metric. As a SaaS company, the revenue repeats via subscriptions and interest earned on customer funds. Annualised Recurring Revenue (ARR) takes the most recent month's recurring revenue and multiplies it by twelve. From the perspective of a single customer, PaySauce looks at Average Revenue per User (ARPU), which 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.

Cost to Serve

	Sep 2024	Sep 2023	YOY Change
Recurring revenue (\$000s)	4,255	3,551	20%
Less cost to serve (\$000s)	(947)	(873)	8%
Gross margin (\$000s)	3,308	2,678	24%
Gross margin %	78%	75%	3pp
CTS per customer (monthly) at end of period (\$)	21	21	-

How and why do we monitor cost to serve?

PaySauce monitors the cost of servicing customers as an efficiency metric. This includes software hosting costs as well as customer support costs. 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, and the higher the gross margin.



Customer Lifetime Value

	Sep 2024	Sep 2023*	YOY Change
Customers at end of period	7,821	7,202	9%
Average monthly churn rate for the period (%)	1.11	1.14	(3%)
Churned customers	582	600	(3%)
LTV per customer at end of period (\$)	6,451	5,627	15%
Total customer LTV at end of period (\$000s)	50,454	40,529	24%
LTV:CAC ratio at end of period	11 : 1	12 : 1	(10%)

How and why do we monitor customer lifetime?

PaySauce monitors how long we expect customers to remain by looking at the proportion of customers who stop processing pays through PaySauce. Customers who don't process pays are considered churned customers, and the proportion of those, relative to the remaining customers, is the churn rate. 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.

Note – 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 (1.16%), total customer LTV would be \$0.9m (2%) higher.

*PaySauce changed the methodology in how it recognises customer activity during the period. As a result, the comparative period metrics have been restated to equivalent values. The following metrics relating to Customer Lifetime Value were impacted:

- Customer lifetime decreased from 9.2 years to 8 years
- Average monthly churn rate increased from 0.91% to 1.14%
- LTV per customer decreased from \$7,070 to \$5,627
- Total Customer LTV decreased from \$50.9m to \$40.5m
- LTV:CAC ratio decreased from 14 : 1 to 12 : 1.



PaySauce SaaS performance

	SEP 2024	SEP 2023
	\$000s	\$000s
Processing Fees	3,035	2,536
Interest Income	1,220	1,015
Recurring Revenue	4,255	3,551
Cost to Serve	(947)	(873)
Gross Margin	3,308	2,678
Gross Margin %	78%	75%
Other Interest Income	7	6
Other Revenue	303	51
Total Other Revenue	310	57
Customer Acquisition	(596)	(418)
Research & Development	(454)	(501)
General & Administration	(1,991)	(1,512)
Interest Expense	(29)	(49)
Earnings Before Tax, Depreciation and Amortisation	548	255
Earnings Before Tax, Depreciation and Amortisation Margin %	13%	7%
Depreciation & Amortisation	(379)	(305)
Asset Impairment	(21)	(228)
Income Tax	(78)	11
Net Profit / (Loss)	70	(267)

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.
- **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.

Cost to serve consists 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 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.

Earnings Before Tax, Depreciation and Amortisation (EBTDA) is calculated by adding back depreciation, amortisation, asset impairment 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

Free cash flow is a non-GAAP financial measure that has been included to demonstrate net cash generated by, and invested into the business. PaySauce defines free cash flow as cash flows generated from operating activities less cash flows used for investing activities (excluding funds held on behalf of customers).

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.

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.

Consolidated Financial Statements

For the six months ended 30 September 2024

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Interim Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income

For the six months ended 30 September 2024

	Notes	6 months to 30 Sep 2024 Unaudited \$000s	6 months to 30 Sep 2023 Unaudited \$000s	Year to 31 Mar 2024 Audited \$000s
Operating revenue	8	4,565	3,608	7,717
Expenses				
Employee expenses	9	(2,679)	(2,288)	(4,470)
Other expenses	12	(1,309)	(1,016)	(2,086)
Depreciation and amortisation	4,5	(379)	(305)	(646)
Asset impairment	5	(21)	(228)	(228)
Finance costs	11	(29)	(49)	(97)
Total expenses		(4,417)	(3,886)	(7,527)
Net profit / (loss) before income tax		148	(278)	190
Tax benefit / (expense)		(78)	11	1,042
Net profit / (loss) for the period		70	(267)	1,232
Other comprehensive income		-	-	-
Total comprehensive profit / (loss) for the period		70	(267)	1,232

		Cents	Cents	Cents
Earnings / (loss) per share				
Basic earnings / (loss) per share	7	0.05	(0.19)	0.88
Diluted earnings / (loss) per share	7	0.05	(0.19)	0.88

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

Interim Condensed Consolidated Statement of Financial Position

As at 30 September 2024

	Notes	Sep 2024 Unaudited \$000s	Sep 2023 Unaudited \$000s	Mar 2024 Audited \$000s
Assets				
Current assets				
Cash and cash equivalents	16	62	356	603
Cash and cash equivalents - customer funds	16	11,824	10,581	8,909
Term deposits - customer funds	16	24,500	21,100	24,700
Trade receivables		134	98	173
Other assets		304	515	500
Total current assets		36,824	32,650	34,885
Non-current assets				
Deferred tax assets		902	-	979
Property, plant and equipment	4	290	351	371
Intangible assets	5	2,986	2,039	2,399
Total non-current assets		4,178	2,390	3,749
Total assets		41,002	35,040	38,634
Liabilities				
Current liabilities				
Trade and other payables		356	326	398
Funds due to customers and IRD	22	36,324	31,681	33,609
Employee benefits		411	488	332
Other liabilities		427	350	390
Lease liabilities		72	69	134
Interest bearing liabilities		-	-	650
Total current liabilities		37,590	32,914	35,513

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

Interim Condensed Consolidated Statement of Financial Position

As at 30 September 2024

	Notes	Sep 2024 Unaudited \$000s	Sep 2023 Unaudited \$000s	Mar 2024 Audited \$000s
Non-current liabilities				
Lease liabilities		69	142	77
Employee benefits		-	20	-
Interest bearing liabilities		-	650	-
Total non-current liabilities		69	812	77
Total liabilities		37,659	33,726	35,590
Net assets		3,343	1,314	3,044
Equity				
Share capital	6	13,876	13,303	13,659
Reserves	15	224	337	212
Accumulated losses		(10,757)	(12,326)	(10,827)
Equity attributable to the owners of the Company		3,343	1,314	3,044

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 Interim Condensed Consolidated Financial Statements on 26 November 2024:

Shelley Ruha
Chair


26 November 2024

Jim Sybertsma
Chair of Audit & Risk Committee


26 November 2024

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2024

Unaudited	Notes	Share-based payment reserve	Share Capital	Accumulated losses	Total
		\$000s	\$000s	\$000s	\$000s
Balance as at 1 April 2024		212	13,659	(10,827)	3,044
Comprehensive profit					
Net profit for the period		-	-	70	70
Other comprehensive income		-	-	-	-
Total comprehensive profit		-	-	70	70
Transactions with owners					
Share-based payments, net of tax		45	-	-	45
Share-based payments paid up	15	(33)	33	-	-
Issue of ordinary shares		-	184	-	184
Total transactions with owners		12	217	-	229
Balance as at 30 September 2024		224	13,876	(10,757)	3,343

Unaudited	Notes	Share-based payment reserve	Share Capital	Accumulated losses	Total
		\$000s	\$000s	\$000s	\$000s
Balance as at 1 April 2023		242	13,212	(12,059)	1,395
Comprehensive loss					
Net loss for the period		-	-	(267)	(267)
Other comprehensive income		-	-	-	-
Total comprehensive loss		-	-	(267)	(267)
Transactions with owners					
Share-based payments, net of tax		189	-	-	189
Share-based payments paid up	15	(94)	91	-	(3)
Total transactions with owners		95	91	-	186
Balance as at 30 September 2023		337	13,303	(12,326)	1,314

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2024

Audited	Notes	Attributable to equity holders of the Company			
		Share-based payment reserve	Share Capital	Accumulated losses	Total
		\$000s	\$000s	\$000s	\$000s
Balance as at 1 April 2023		242	13,212	(12,059)	1,395
Comprehensive profit					
Net profit for the period		-	-	1,232	1,232
Other comprehensive income		-	-	-	-
Total comprehensive profit		-	-	1,232	1,232
Transactions with owners					
Share-based payments, net of tax		211	-	-	211
Share-based payments paid up	15	(241)	241	-	-
Issue of ordinary shares		-	206	-	206
Total transactions with owners		(30)	447	-	417
Balance as at 31 March 2024		212	13,659	(10,827)	3,044

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

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2024

	Notes	6 months to 30 Sep 2024 Unaudited \$000s	6 months to 30 Sep 2023 Unaudited \$000s	Year to 31 Mar 2024 Audited \$000s
Cash flows from operating activities				
Receipts from customers		3,144	2,446	5,082
Interest received		1,442	1,026	2,205
Payments to suppliers and employees		(3,472)	(2,997)	(5,803)
Taxes refunded		-	-	13
Interest paid on operating leases		(9)	(11)	(22)
Net cash from operating activities before increase in funds due to customers and IRD	16	1,105	464	1,475
Increase / (decrease) in funds due to customers and IRD	16	2,715	(689)	1,240
Net cash from / (used in) operating activities	14	3,820	(225)	2,715
Cash flows from / (used in) investing activities				
Funds on term deposit		200	3,100	(500)
Investment in intangible assets		(874)	(467)	(1,066)
Purchases of property, plant and equipment		(31)	(49)	(113)
Net cash from / (used in) investing activities		(705)	2,584	(1,679)
Cash flows used in financing activities				
Loan repayments		(650)	-	-
Repayments of principal portion of lease liability		(71)	(57)	(122)
Interest paid on borrowings		(20)	(38)	(75)
Net cash used in financing activities		(741)	(95)	(197)
Net increase in cash and cash equivalents		2,374	2,264	839
Cash and cash equivalents at beginning of the period		9,512	8,673	8,673
Cash and cash equivalents at end of the period		11,886	10,937	9,512

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

Notes to the Consolidated financial Statements

For the six months ended 30 September 2024

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.

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.

The interim condensed consolidated financial statements for the Company and its subsidiaries (the "Group") for the six months ended 30 September 2024 were authorised in accordance with a resolution of the directors for issue on 26 November 2024 and are unaudited.

2. Summary of material accounting policies

a. Basis of preparation

These consolidated financial statements have been prepared:

- in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP");
- to comply with the requirements of the New Zealand Equivalent to International Accounting Standard 34: Interim Financial Reporting ("NZ IAS 34");
- on the basis of historical cost;
- in New Zealand dollars (NZD), which is the functional currency of the Group, 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; and they
- should be read in conjunction with the audited consolidated financial statements for the Group as at and for the year ended 31 March 2024

There are no seasonality or cyclicity influences on the results of the Group.

The unaudited interim condensed consolidated financial statements have been prepared using the same significant accounting policies and methods of computation as, and should be read in conjunction with, the financial statements and related notes included in the audited consolidated financial statements for the Group for the year ended 31 March 2024, other than as disclosed in the sections below.

3. Use of critical accounting estimates and judgements

The preparation of the interim condensed 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 interim condensed consolidated financial statements are included below.

Going concern

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

The Group made a net profit before tax of \$0.148 million for the six months ended 30 September 2024 (2023: loss of \$0.277 million), had equity at 30 September 2024 of \$3.343 million (2023: \$1.314 million) and net current liabilities of \$0.766 million (2023: \$0.264 million). The Group had positive operating cash flows before funds due to customers and IRD of \$1.104 million for the six months ended 30 September 2024 (2023: \$0.464 million). The Group also has debt facilities of \$0.600 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

Unaudited For the 6 month period to 30 September 2024	Right-of-use Asset (Property) \$000s	Office Equipment \$000s	Leasehold Improvements \$000s	Computer Equipment \$000s	Total \$000s
Opening net book value	203	86	2	80	371
Additions	-	5	-	28	33
Disposals	-	(2)	-	-	(2)
Depreciation	(70)	(10)	(1)	(31)	(112)
Closing net book value	133	79	1	77	290
As at 30 September 2024					
Cost	342	147	4	245	738
Accumulated depreciation	(209)	(68)	(3)	(168)	(448)
Net book value	133	79	1	77	290

Unaudited For the 6 month period to 30 September 2023	Right-of-use Asset (Property) \$000s	Office Equipment \$000s	Leasehold Improvements \$000s	Computer Equipment \$000s	Total \$000s
Opening net book value	228	60	4	66	358
Additions	40	28	-	20	88
Disposals	-	-	-	-	-
Depreciation	(62)	(9)	(1)	(23)	(95)
Closing net book value	206	79	3	63	351
As at 30 September 2023					
Cost	480	151	15	243	889
Accumulated depreciation	(274)	(72)	(12)	(180)	(538)
Net book value	206	79	3	63	351

Audited For the year to 31 March 2024	Right-of-use Asset (Property) \$000s	Office Equipment \$000s	Leasehold Improvements \$000s	Computer Equipment \$000s	Total \$000s
Opening net book value	228	60	4	66	358
Additions	104	45	-	67	216
Disposals	-	(1)	-	(3)	(4)
Depreciation	(129)	(18)	(2)	(50)	(199)
Closing net book value	203	86	2	80	371
As at 31 March 2024					
Cost	342	153	4	242	741
Accumulated depreciation	(139)	(67)	(2)	(162)	(370)
Net book value	203	86	2	80	371

5. Intangible assets

Unaudited For the 6 month period to 30 September 2024	Development in progress \$000s	Computer Software \$000s	Customer Relationships \$000s	Total \$000s
Opening net book value	972	1,274	153	2,399
Additions	59	-	-	59
Development costs recognised as an asset	815	-	-	815
Development in progress recognised as Software	(471)	471	-	-
Asset impairment	-	(21)	-	(21)
Amortisation	-	(231)	(35)	(266)
Closing net book value	1,375	1,493	118	2,986
As at 30 September 2024				
Cost	1,375	3,078	354	4,807
Accumulated amortisation	-	(1,585)	(236)	(1,821)
Net book value	1,375	1,493	118	2,986

Unaudited	Development in progress	Computer Software	Customer Relationships	Total
For the 6 month period to 30 September 2023	\$000s	\$000s	\$000s	\$000s
Opening net book value	799	986	224	2,009
Additions	22	24	-	46
Development costs recognised as an asset	422	-	-	422
Development in progress recognised as Software	(153)	153	-	-
Asset impairment	(228)	-	-	(228)
Amortisation	-	(175)	(35)	(210)
Closing net book value	862	988	189	2,039
As at 30 September 2023				
Cost	862	2,252	354	3,468
Accumulated amortisation	-	(1,264)	(165)	(1,429)
Net book value	862	988	189	2,039

Audited	Development in progress	Computer Software	Customer Relationships	Total
For the year to 31 March 2024	\$000s	\$000s	\$000s	\$000s
Opening net book value	799	986	224	2,009
Additions	52	26	-	78
Development costs recognised as an asset	988	-	-	988
Development in progress recognised as Software	(639)	639	-	-
Asset impairment	(228)	-	-	(228)
Amortisation	-	(377)	(71)	(448)
Closing net book value	972	1,274	153	2,399
As at 30 September 2023				
Cost	972	2,628	354	3,954
Accumulated amortisation	-	(1,354)	(201)	(1,555)
Net book value	972	1,274	153	2,399

6. Share capital

UNAUDITED				
Date	Details	Weighted Average price (cents per share)	Number of Shares	\$000s
1 April 2024	Opening Balance		140,982,146	13,659
	Issue of shares relating to employee share schemes	0.2391	823,632	197
	Other share based payments	0.2337	85,590	20
30 September 2024	Closing Balance		141,891,368	13,876

UNAUDITED				
Date	Details	Weighted Average price (cents per share)	Number of Shares	\$000s
1 April 2023	Opening Balance		139,207,935	13,212
	Issue of shares relating to employee share schemes	0.2538	359,845	91
30 September 2023	Closing Balance		139,567,780	13,303

AUDITED				
Date	Details	Weighted Average price (cents per share)	Number of Shares	\$000s
	Issue of shares relating to employee share schemes	0.2526	1,271,001	321
	Other share based payments	0.2436	143,365	35
31 March 2024	Closing Balance		140,982,146	13,659

The disclosure for the movements in the share capital has been simplified due to the size and nature of the categories presented. The disclosure for the year ended 31 March 2024 has also changed from what was presented in the group financial statements to align the comparative period disclosure with the newly simplified categories. The change in disclosure does not impact the reporting results of operations, for the categories presented on the face of the financial statements.

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.

Dividends

No dividends were declared or paid during the reporting period (2023: None).

7. Earnings per share

	6 months to 30 Sep 2024	6 months to 30 Sep 2023	Year to 31 Mar 2024
	Unaudited	Unaudited	Audited
	\$000s	\$000s	\$000s
Basic earnings per share			
Net profit / (loss) used in calculating earnings per share (\$000s)	70	(267)	1,232
Weighted average number of ordinary shares for basic earnings per share	140,697,531	139,447,832	139,739,655
Basic earning / (loss) per share (cents)	0.05	(0.19)	0.88

There are no financial instruments on issue that will dilute the basic earnings per share amounts for the period ended 30 September 2024.

8. Operating revenue

	6 months to 30 Sep 2024	6 months to 30 Sep 2023	Year to 31 Mar 2024
	Unaudited	Unaudited	Audited
	\$000s	\$000s	\$000s
Revenue from contracts with customers			
- Processing fees	3,035	2,536	5,370
- Other services revenue	42	39	64
Revenue from other sources			
- Interest income	1,230	1,021	2,220
- Other revenue	258	12	63
Total operating revenue	4,565	3,608	7,717

9. Employee expenses

	6 months to 30 Sep 2024	6 months to 30 Sep 2023	Year to 31 Mar 2024
	Unaudited	Unaudited	Audited
	\$000s	\$000s	\$000s
Employee benefits/entitlements	2,300	1,850	3,712
Employee benefits/entitlements - share based payments	330	340	582
Fringe benefit tax	12	10	22
Other employee expenses	37	88	154
Total employee expenses	2,679	2,288	4,470

10. Research & Development

	6 months to 30 Sep 2024	6 months to 30 Sep 2023	Year to 31 Mar 2024
	Unaudited	Unaudited	Audited
	\$000s	\$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)	454	501	934
Total research & development	454	501	934

11. Finance Costs

	6 months to 30 Sep 2024	6 months to 30 Sep 2023	Year to 31 Mar 2024
	Unaudited	Unaudited	Audited
	\$000s	\$000s	\$000s
Interest paid	20	38	75
Finance cost - interest on lease	9	11	22
Total finance costs	29	49	97

12. Other expenses

	6 months to 30 Sep 2024	6 months to 30 Sep 2023	Year to 31 Mar 2024
	Unaudited	Unaudited	Audited
	\$000s	\$000s	\$000s
Advertising, PR and marketing	214	150	256
Audit fees	42	42	79
Communications and subscriptions	159	140	302
Customer and transactional	316	250	550
Other overheads	396	229	538
Infrastructure and security	144	143	250
Travel	38	62	111
Total other expenses	1,309	1,016	2,086

13. 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.

	6 months to 30 Sep 2024	6 months to 30 Sep 2023	Year to 31 Mar 2024
	Unaudited	Unaudited	Audited
	\$000s	\$000s	\$000s
Directors' fees	95	95	191
Short term employee benefits	938	543	1,128
Share-based payments	136	73	303
Total key management personnel compensation	1,169	711	1,622

Director fees pool

The maximum aggregate amount of remuneration payable in respect of all Directors' fees, based on the current number of Directors is \$190k per annum. Each non-executive director receives fees of \$40k per annum, with a further \$25k and \$5k per annum added for the Chair of the Board and the Chair of the Audit & Risk Committee respectively. Directors are not included in the company share schemes and they are not entitled to earn additional payments. There is no requirement for Directors to own shares, though they may elect to receive PaySauce Ordinary Shares in lieu of Directors fees.

Other remuneration disclosures

Outside of director fees, executive salaries and the employee share scheme - there are no contractual agreements in relation to other types of remuneration.

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:

	Sep 2024 Unaudited \$000s	Sep 2023 Unaudited \$000s	Mar 2024 Audited \$000s
Related party transactions during the period			
Cloud hosting services supplied by entities controlled by related parties			
<i>Catalyst Cloud Limited</i>	2	61	101
	Sep 2024 Unaudited \$000s	Sep 2023 Unaudited \$000s	Mar 2024 Audited \$000s
Related party balances payable at period end			
Directors' Fees	12	16	36
Cloud Hosting Services	1	9	4

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 30 September 2024, no funds have been drawn.

14. Reconciliation of total comprehensive profit / (loss) to net cash flows from operations

	6 months to 30 Sep 2024	6 months to 30 Sep 2023	Year to 31 Mar 2024
	Unaudited	Unaudited	Audited
	\$000s	\$000s	\$000s
Total comprehensive profit / (loss) for the period	70	(267)	1,232
Add back non-cash & non-operating items:			
Depreciation & amortisation	379	305	646
Asset impairments & loss on disposal of fixed assets	21	228	232
Share based payment expense	228	189	418
Other non-cash & non-operating items	98	36	(948)
	796	491	1,580
Movement in working capital:			
(Increase) / decrease in Trade and other receivables	39	26	(49)
Decrease in Other assets	196	123	182
Increase / (decrease) in Funds due to customers and IRD	2,715	(689)	1,240
Decrease in Trade and other payables	(42)	(301)	(229)
Increase / (decrease) in Employee benefits	78	122	(54)
Increase in Other liabilities	38	3	45
	3,024	(716)	1,135
Net cash inflow from / (used in) operating activities	3,820	(225)	2,715

15. Employee Share Scheme

The Group entered into an employee share scheme (ESS) for the year ended 31 March 2025. The structure of the FY25 scheme is the same as the FY24 scheme outlined in the financial statements for the year ended 31 March 2024, as follows:

An ESS agreement is entered into between each eligible employee and the Company stipulating the value of fully paid up ordinary shares granted. Shares are issued quarterly, at the end of each quarter, and the number of shares granted is determined by the volume weighted average share price on each issue date.

New employees may enter the scheme on a quarterly basis as they become eligible, with the benefit pro-rated accordingly. Equally, employees who leave or become ineligible for the scheme forfeit their right to be issued shares as part of the ESS agreement.

This equity settled remuneration attracts income tax on the employees. The income tax and other deductibles are deducted and the net amount of ordinary shares are issued to employees.

ESS expenses for the six months ended 30 September 2024 are as follows:

Unaudited	Total
For the six months ended 30 September 2024	\$000s
FY25 ESS	290
Legacy ESS & other share based payments	41
Total share based payment expense	331

Unaudited	Total
For the six months ended 30 September 2023	\$000s
FY24 ESS	209
Legacy ESS & other share based payments	80
Total share based payment expense	289

Audited	Total
For the year ended 31 March 2024	\$000s
FY24 ESS	442
Legacy ESS & other share based payments	140
Total share based payment expense	582

The disclosure for share based payment expenses has been simplified due to the size and nature of the categories presented. The disclosure for the year ended 31 March 2024 has also changed from what was presented in the group financial statements to align the comparative period disclosure with the newly simplified categories. Legacy ESS refers to the FY22 and FY23 schemes. The change in disclosure does not impact the reporting results of operations, for the categories presented on the face of the financial statements.

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The share based payment reserve is used to record the accumulated value of shares that have been expensed to the profit and loss, but not yet issued. Movements in the share based payment reserve for the six months ended 30 September 2024 are as follows:

UNAUDITED		
Date	Details	\$000s
1 April 2024	Opening Balance	212
	FY24 & FY25 ESS - expensed	185
	FY24 & FY25 ESS - shares issued	(176)
	Legacy ESS & other share based payments - expensed	56
	Legacy ESS & other share based payments - shares issued	(53)
30 September 2024	Closing Balance	224

UNAUDITED		
Date	Details	\$000s
1 April 2023	Opening Balance	242
	FY24 & FY25 ESS - expensed	137
	FY24 & FY25 ESS - shares issued	(94)
	Legacy ESS & other share based payments - expensed	62
	Legacy ESS & other share based payments - shares issued	(10)
30 September 2023	Closing Balance	337

AUDITED	FY24 & FY25 ESS - expensed	149
	FY24 & FY25 ESS - shares issued	(80)
	Legacy ESS & other share based payments - expensed	49
	Legacy ESS & other share based payments - shares issued	(243)
31 March 2024	Closing Balance	212

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The disclosure for the movements in the share based payment reserve has been simplified due to the size and nature of the categories presented. The disclosure for the year ended 31 March 2024 has also changed from what was presented in the group financial statements to align the comparative period disclosure with the newly simplified categories. Legacy ESS refers to the FY22 and FY23 schemes. The change in disclosure does not impact the reporting results of operations, for the categories presented on the face of the financial statements.

Liabilities associated with share based payments are accrued based on the estimated value of the future income tax and other deductibles for the individuals that will be paid by PaySauce on behalf of each employee when shares are issued. The accrued liability at balance date was as follows:

	Sep 2024	Sep 2023	Mar 2024
	Unaudited	Unaudited	Audited
	\$000s	\$000s	\$000s
Share-based payment liabilities			
Current	91	139	91
Non-current	-	20	-
Total share-based payment liabilities	91	159	91

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

16. 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.

17. Contingencies

As at 30 September 2024 the Group had no contingent liabilities or assets (2023: \$nil)

18. Events occurring after the reporting period

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

Company Directory

Directors:

Shelley Ruha
Asantha Wijeyeratne
Gavin Thompson
Michael O'Donnell
Mark Samlal
Jim Sybertsma

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:

MUFG Pension & Market Services
150 Customers Street West
Auckland, 1010
New Zealand

NZ Company Number:

1719868

NZBN:

9429034458099

Investor Calendar

FY25 Year end	31 March 2025
Annual Shareholders Meeting	September 2025
FY26 Half year	30 September 2025
FY26 Interim result announcement	November 2025

