



2022

Results Presentation

YEAR ENDED 31 MARCH 2022

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***Please refer to the Appendix for definitions of key metrics used in this presentation.
All currency amounts are in New Zealand Dollars unless stated otherwise.***

FY22 result highlights

All key SaaS performance metrics continued to improve ...



83% YOY

Annualised Recurring Revenue (ARR)
\$4.5M



96% YOY

Total Customer LTV
\$30.3M



SmoothPay

Acquisition



\$1.97M

PayNow - Earned Wages Accessed



79% YOY

Customers
6,052



67% YOY

LTV : CAC Ratio
14.2 : 1

... delivering positive operating cash flows in the final quarter

PaySauce at a glance

PaySauce is Connected

Streamlined banking

Earned Wage Access with BNZ

Automated Payday filing

Integrated Accounting Solutions

Partnering with time capture solutions

PaySauce leverages Channels

40% of customers from accounting firms

Strategic Partnership with Xero and Figured

Strategic relationship with CAANZ

Strategic relationship with Federated Farmers

Strong advocacy throughout rural community

PaySauce has large Market opportunity

Huge International TAM

9% of customers are international

1 in 4 employing dairy farms

Growing fast in construction, hospo, retail

6,052 customers with over 60,000 employees

PaySauce is Results Oriented

Acquired SmoothPay

Transformed from startup to scaleup

Cash flow positive in Q4

\$2m earned wages accessed early

Entered markets overseas

Business Update



SmoothPay Acquisition

- Successfully completed 31 May 2021
- Added 1,300 customers to our portfolio
- Expanded our customer footprint into the Pacific territories and Australia
- 9% of our customer base is now international using the goPayroll product
- Added expertise in international payroll development
- Successfully aligned pricing across the two product lines post acquisition
- For a consideration of \$375k of PaySauce ordinary shares, being a 1.5x revenue multiplier

PaySauce evolved with the changed operating conditions

Operating Conditions

- COVID impacted employer/employee engagement as staff isolated
- Economic inflation at around 3x historical wage inflation
- Interest rates trended up towards the end of the year
- Lowest unemployment rates in over a decade resulted in wage and salary cost pressures
- Employers having to move fast or risk losing their workers in an increasingly competitive labour market

Business Impacts

- Growing compliance burdens for SMEs, particularly in response to COVID payments
- Companies need cloud-based payroll systems that are agile and innovative, and give them flexibility to work from multiple locations
- Interest income received on PAYE funds held on behalf of customers drives up ARPU
- Customers' staff advocate for PaySauce when they change employer

Response & Positioning

- PaySauce continues to invest in people and product as the business transitions from start up to scale up
- PaySauce is uniquely positioned to benefit as the demand for salary reviews, fast-tracked wage-band reviews or special payments continues to increase
- PaySauce continue to treat customers' staff as customers

“I’ve never seen a time when payroll was more critical to the successful functioning of SME businesses” Asantha Wijeyeratne (PaySauce CEO)

Invested in scalable growth

People and product

- Acquired the goPayroll product and key talent in the SmoothPay acquisition
- R&D accounted for 16% of FY22 operating revenue
- Invested in people and internal customer service systems - enhancing our ability to scale our support team and provide a better customer experience
- Continued our investment in new channels - with an increased focus on our newly launched partner programme
- Enhanced the user experience through partner integrations, removing friction and attracting new customers

We're reinvesting profits back into the business building for scalable growth

Partner network

- PaySauce is the only payroll company with whom Xero, ASB and BNZ partner
- Industry experts like Dairy Womens Network and Federated Farmers have gained us access to the first targeted vertical, being the rural sector
- Our modern platform allows rapid integrations with specialist solutions such as Akahu, Tatou, Figured and Xero, Farm Focus and Reckon which remove friction for our customers
- Accounting partners take advantage of our strategic partnership with CAANZ and a tiered programme of support and co-promotion which adds increased benefit to our mutual customers



Large and growing TAM

- SMEs constitute over 90% of all businesses by number in all OECD countries ¹
- New Zealand is home to >100,000 Micro entities (employing 1-5 employees) that employ >240K staff
- Australia is home to 700,000 Micro entities (1-4 staff) - of these >92,000 were created in 2020-21 alone
- PaySauce had 3,500 NZ Micro entities and 50 Australian Micro entities as active customers as at 31 March 2022
- Payroll software is becoming a necessity for SMEs - paying staff and Inland Revenue accurately and on time are business-critical functions
- Real time and remote access is now critical: In 2021, the use of Cloud payroll exceeded that of in-house processes. ²
- The SME compliance burden is growing as a result of an international shift towards payday reporting of tax obligations like Single Touch Payroll (STP) in Australia and Fair Pay Agreements or awards in both New Zealand and Australia.
- This growing compliance burden is expected to increase the frequency of PAYE filing obligations for SMEs = growth opportunity for PaySauce

¹ [OECD SME Outlook Highlights Policy Highlights](#)

² [2021 Global Payroll Complexity Index](#)

Financial Results



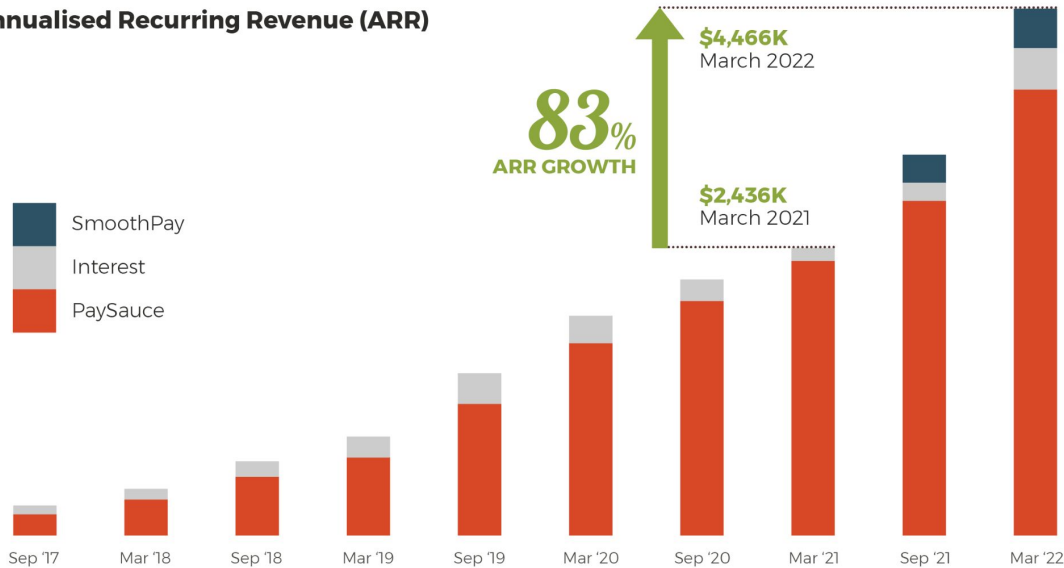
FY22 result summary

	FY22 (\$000s)	FY21 (\$000s)	% change
Total recurring revenue	3,399	2,096	62% ↑
Gross margin	2,342	1,495	65% ↑
Gross margin %	69%	68%	1pp ↑
Loss before tax, depr & amort	(881)	(1,427)	(38%) ↓
Net loss	(1,282)	(1,688)	(24%) ↓
Cash receipts from customers	3,062	2,121	44% ↑
Net operating cashflow*	(666)	(1,118)	(40%) ↓

*excludes funds due to customers and the IRD, collected in performing our role as a PAYE intermediary,

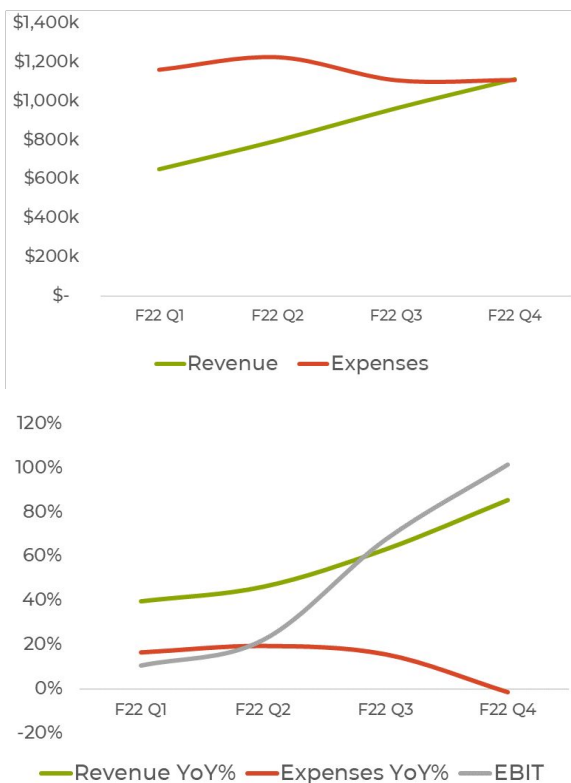
Accelerating ARR growth rates

Annualised Recurring Revenue (ARR)



- PaySauce processing fees have grown at an accelerated pace in the last four quarters
- Interest rates have returned to pre-COVID levels and will have an increasing impact on overall ARR
- Price increases applied to the acquired SmoothPay business will take full effect when all annual subscriptions have renewed

Quarterly Revenue Growth continues to accelerate



- Achieved operational break-even in the last quarter
- Revenue growth accelerated with increased customers and increased ARPU
- Price increases on processing fees kept ARPU sufficiently high to offset the lower average ARPU on the 1,300 customers acquired through the SmoothPay acquisition
- Interest income was flat as the interest rate decline offset balance growth. Interest rates returned to pre-COVID levels towards the end of the year
- Normalised* expense growth remains constant between 16% and 23%
- Introduced an ESS to align staff incentives with company objectives
- Careful stewardship of shareholder funds has kept expenses flat over the quarter

*FY22 Employee Share Scheme cost (\$200k) excluded

Customer growth drives significant increase in total customer LTV

Total Customer LTV
FY21
\$15.5M



96% ↑ YoY
\$14.9M



Total Customer LTV
FY22
\$30.4M

Driven by

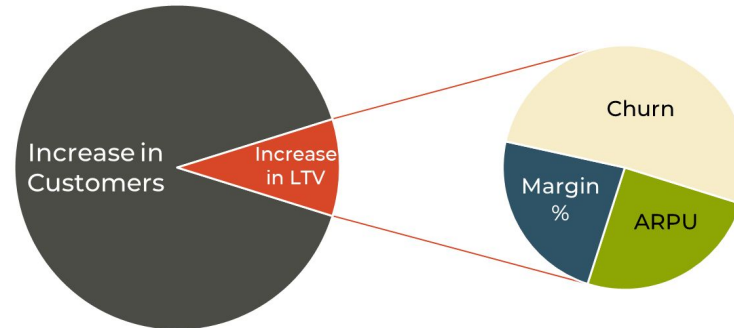
YoY improvements

Customers ↑ 79%

Churn ↓ .04 pp

Margin % ↑ 1 pp

ARPU ↑ 2%





OUR VALUES



Do good and be honest



Respect and include



Fun and fresh



Simple and smart



Resourceful and results-oriented

OUR VISION

Be the first choice people platform for SMEs in Oceania

OUR ROLE

The straight up provider of effortless solutions for people at work

THREE YEAR STRATEGY (FY23 - FY25)

Strategic Priorities

1

REINVEST FOR LONG TERM GROWTH

Implement infrastructure, security and product best practice

Targeting SMEs and global players (Not middle ground)

Service target markets expertly

Actively seek acquisition targets

2

OBSESS OVER CUSTOMERS

Mobile first product

Self-service by default

Wrapping the product around the customer needs

Own rural

Enter 3 new verticals

Payroll as a Service

Employees as customers (inc Bank disruption)

3

WIN-WIN-WIN PARTNERSHIPS

Follow Xero overseas

Utilise digital marketplaces (Xero marketplace, Google Play, App store)

Enable upstream and downstream integration

Strengthen channel partners (Accountants, Financial Advisers, banks, HR Partners)

Product partners (eg Xero, Tatou, BNZ, Figured, Reckon)

4

AWESOME PEOPLE

Structured graduate programme

Hire for attitude

Career development paths

Attract top talent as the employer of choice

Appendix



Glossary

Recurring Revenue: Recurring revenue is revenue that is expected to repeat each period into the future. For PaySauce, this is directly linked to the number of customers, their size, and the number of pays they run using the PaySauce payroll products. There are currently two sources of recurring revenue - processing fees and interest income.

ARR: The total recurring revenue for the last calendar month of the reporting period, multiplied by 12.

ARPU (monthly): Average revenue per user (monthly) is the total recurring revenue for the month, divided by the total customers processing payroll that month.

Gross margin: When discussed as a SaaS term, is the recurring revenue of the business, less the cost to serve customers. This is often then expressed as a percentage, where the gross margin is divided by the recurring revenue.

Churn (monthly): Churn is expressed as a percentage calculated as the net reduction of customers in a calendar month divided by the total customers at the start of that month.

LTV: Lifetime value is the estimated value of a customer over its lifetime with PaySauce. This is calculated by taking the monthly ARPU multiplied by the gross margin percentage, then divided by the monthly churn percentage.

Total Customer LTV: Total customer lifetime value is the lifetime value multiplied by the total customers.

LTV : CAC: This ratio reflects the return on investment cost for customer acquisition. It is calculated by dividing the lifetime value of a customer by the customer acquisition cost (per addition).

PayNow: A unique feature in the PaySauce mobile application, which lets employee's access the money they've already earned, effectively letting them choose their own payday on demand. Refer to paysauce.com/paynow for further details.

Note - the terms and metrics above are Non-Generally Accepted Accounting Principles (non-GAAP) measures and should not be viewed in isolation, not considered substitutes for measures reported in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). Refer to the PaySauce Annual Report for further information.

Four vertical stripes of different colors: orange, light yellow, dark blue, and lime green.

Pay Sauce