



PaySauce sees growth investments deliver results

Lower Hutt, New Zealand - 27 November 2024

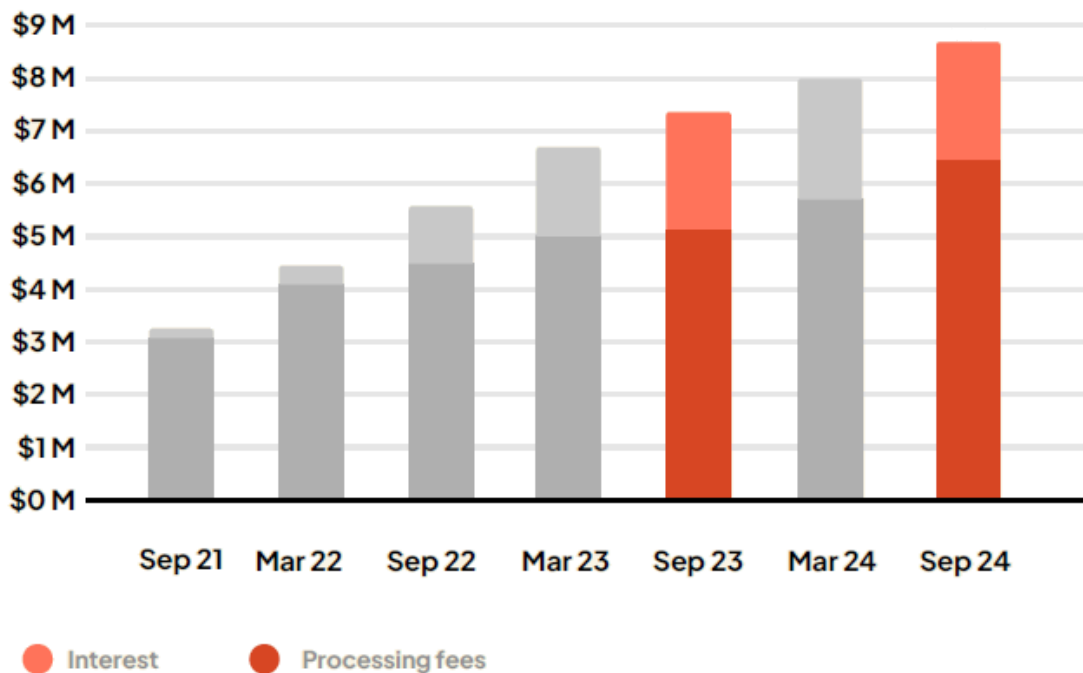
Software as a Service Fintech PaySauce (NZX: PYS) today reports its financial results for the half year to the end of September 2024, showing the investment it made for growth delivering solid results.

PaySauce today reports 17% growth in revenue. Together with an acceleration in customer acquisition, growing customer numbers, processing fees and average revenues per user; PaySauce is making good progress towards its goal of \$10m Annualised Recurring Revenue.

HIGHLIGHTS¹

- Annualised Recurring Revenue (ARR): \$8.7m up 17% following an increase in customer numbers and a 13% increase in ARPU
- Total recurring revenue: \$4.3m up 20%
- Customer numbers: 7,821 up 9%, with rate of customer recruitment accelerating; new customers up 12%
- Total customer lifetime value: \$50.5m up 24%
- Net profit after tax (NPAT): \$70k up \$337k

Annualised Recurring Revenue (ARR)



¹ All comparisons are to the six months to the end of September 2023 unless otherwise stated.

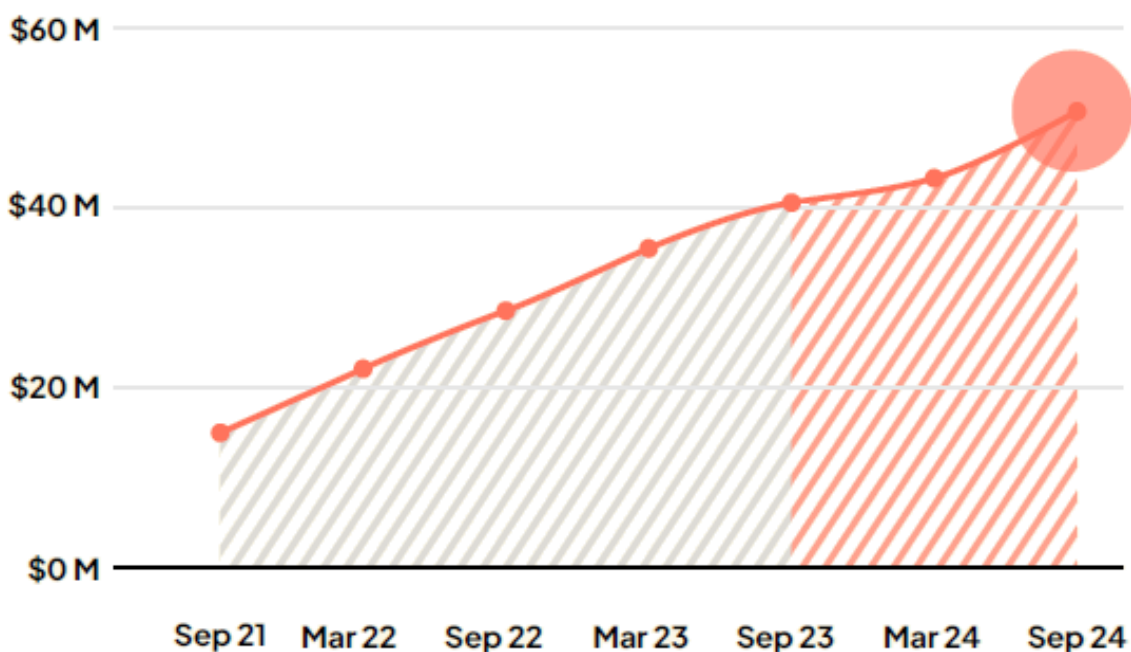
Chair Shelley Ruha said: “I am happy to report that PaySauce has made significant progress toward achieving its objectives over the past 6 months. Significantly, the investments we have made into recruiting new customers and diversifying our portfolio of industries has begun to deliver for PaySauce.

“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.”

Chief Executive Officer and Co-founder Asantha Wijeyeratne said: “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.

“Our success can be primarily linked to our sales strategy, which has continued to focus on leveraging and expanding our accounting partner channel. Our investment in growth is meanwhile creating shareholder value, with our total customer lifetime value (CLTV) rising 24% year on year to \$50.5m at September 2024.”

Total Customer Lifetime Value (CLTV)





FINANCIAL PERFORMANCE

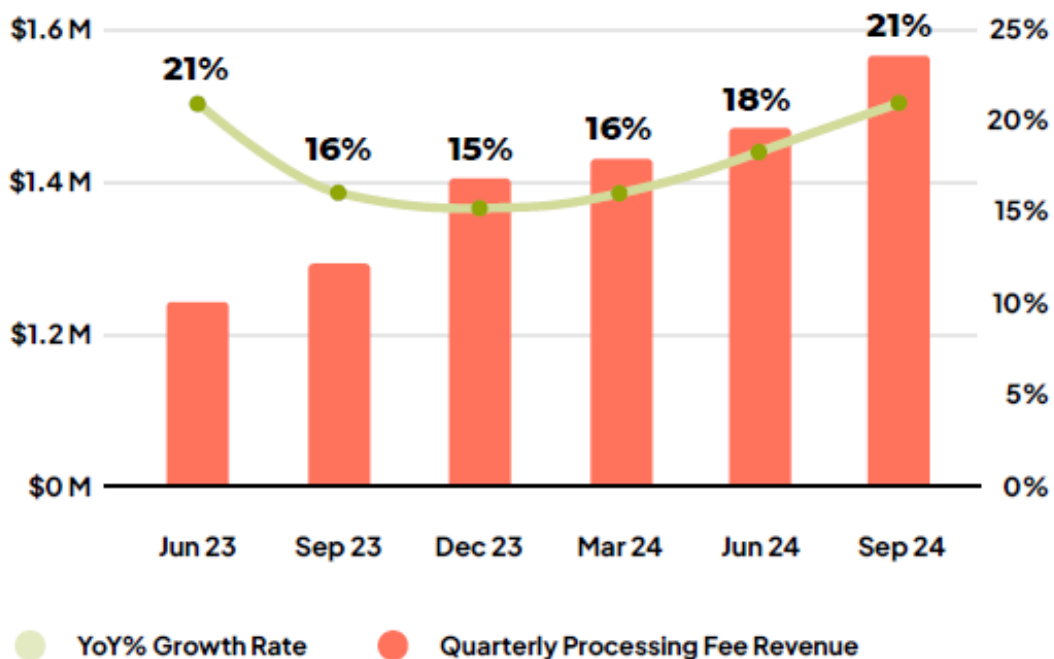
Recurring revenue for the 6 months to September 2024 grew 20% to \$4.3m from \$3.6m in the previous year. With interest rates stabilising over the last 12 months, the majority (71%) of the revenue growth this period came from growth in our processing fee revenue which totalled \$3.0m for the 6 month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

Expenses increased 20% year on year from \$3.4m to \$4.0m as we grew our headcount and increased investment for growth including investment in brand and expanded our sales efforts.

EBTDA² 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. 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.

Quarterly Processing Fee Revenue and Growth Rate



² EBTDA is a non-GAAP measure of financial performance. It is defined and reconciled to the GAAP measure of Net Profit on page 16 of the interim report released to the NZX today.

STRATEGIC PROGRESS

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

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.

The centre-piece of our 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.

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.

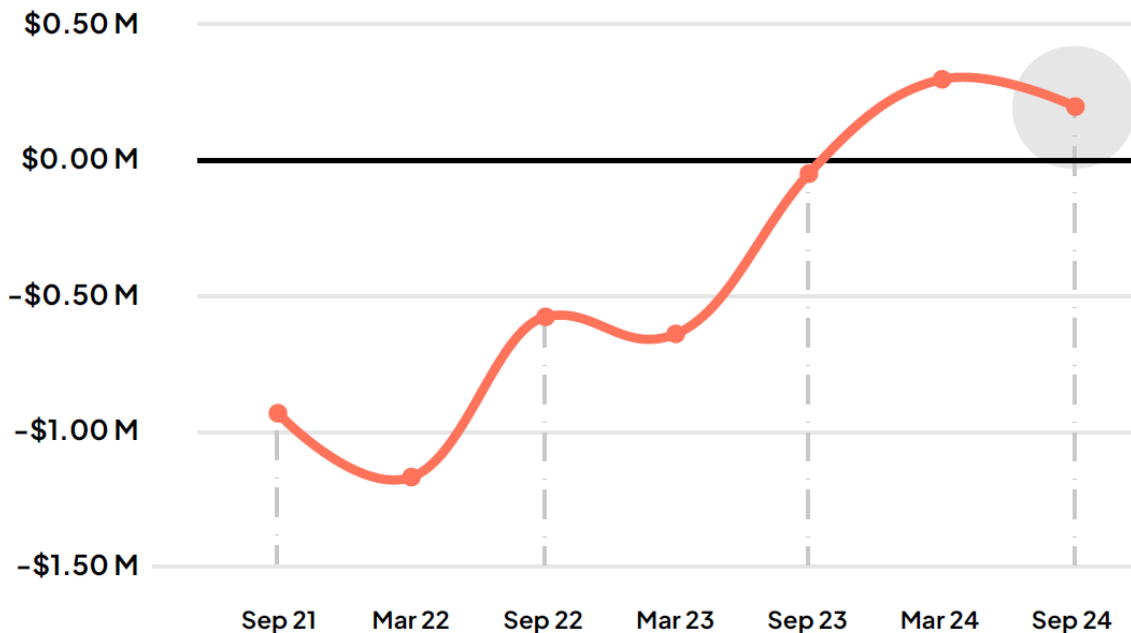
Faster, more secure development of new features will be key to attracting new users to PaySauce. Thanks to the new engine, we're now primed to deliver these features, and an improved customer experience on a unified platform. Our efforts have been enhanced by the migration of our primary infrastructure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

CASH FLOW 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.

Reflecting our lenders confidence in our future, we have undrawn facilities of \$600k. \$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.

Free cash flow (excluding funds held on behalf of customers)



OUTLOOK

PaySauce's 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," Wijeyeratne said.

"We're excited about the opportunities we see ahead and we are confident that we are making steady progress towards our aspirational goal of \$10 million in ARR. We look forward to updating shareholders on our progress with our Q3 25 update to be released early in the new year."

Further detail 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 today to discuss the interim result.

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



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

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

ENDS

ABOUT PAYSAUCE

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

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