

PaySauce



Annual Shareholder Meeting

14 SEPTEMBER 2023

Disclaimer



- The information in this presentation is of a general nature and does not constitute financial product advice, investment advice or any other recommendation. Nothing in this presentation constitutes legal, financial, tax or other advice.
- This presentation should be read in conjunction with, and is subject to PaySauce's Annual Report, market releases and information published on PaySauce's website - **www.paysauce.com**
- This presentation may contain forward looking statements about PaySauce and the environment in which PaySauce operates, which are subject to uncertainties and elements outside of PaySauce's control - PaySauce's actual results or performance may differ materially from these statements. PaySauce gives no warranty or representation as to its future financial performance or any future matter.
- This presentation may include statements relating to past performance, which should not be regarded as a reliable indicator for future performance.
- This presentation may include information from third parties believed to be reliable; however, no representations or warranties are made as to the accuracy or completeness of such information.
- While reasonable care has been taken in compiling this presentation, none of PaySauce nor its subsidiaries, directors, employees, agents or advisors (to the maximum extent permitted by law) gives any warranty or representation (express or implied) as to the accuracy, completeness or reliability of the information contained in it, nor takes any responsibility for it. The information in this presentation has not been and will not be independently verified or audited.
- No person is under any obligation to update this presentation at any time after its release to you or provide you with further information about PaySauce.

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

Board of Directors



Shelley Ruha

Non-Executive Director
(Independent), Chair



Asantha Wijeyeratne

CEO & Co-Founder, Director
(Non-Independent)



Gavin Thompson

Non-Executive Director
(Non-Independent)



VOTE

Michael O'Donnell

Non-Executive Director
(Independent)



VOTE

Mark Samlal

Non-Executive Director
(Independent)



RETIRING

Jacqueline Cheyne

Non-Executive Director
(Independent), ARC Chair

Executive team



Asantha Wijeyeratne
CEO & Co-Founder



Jaime Monaghan
CFO



Troy Tarrant
CTO & Co-Founder



Jess McLean
CPO



Mat Stokes
COO

Agenda



Chair's Address



CEO's Address



Financials



Resolutions



Other Business & Shareholder Questions



Chair's Address

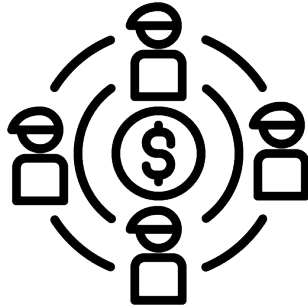
Shelley Ruha



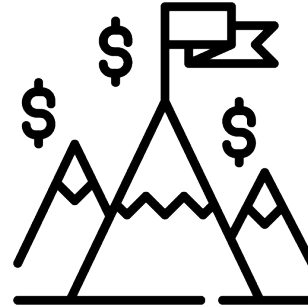
Strategic Priorities



**Reinvest For Long
Term Growth**



**Obsess Over
Customers**



**Win-Win-Win
Partnerships**



**Awesome
People**

Australia

- The next step in our growth journey to provide payroll to 1 million customers globally.
- Huge potential and a competitive space with real opportunities for us.
- Ability to build and test our infrastructure outside New Zealand.
- Replicating our playbook for success in the dairy sector in Australia.





CEO's Address

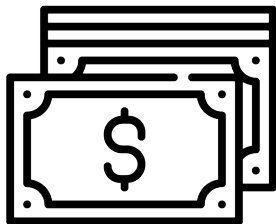
Asantha Wijeyeratne



Highlights



Cash Generation



\$264k

Improved operational cash by **\$930k** YoY

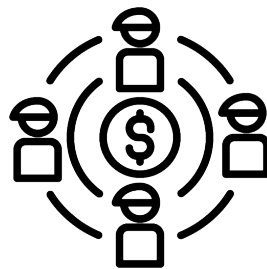
Revenue Growth



\$5.7M

Recurring revenue grew **68%** YoY

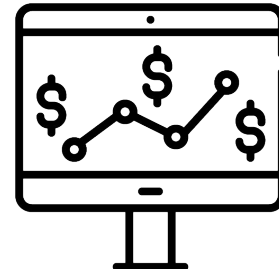
Customer Value Growth



\$53.7M

Total customer LTV grew **77%** YoY

Sustainable Growth



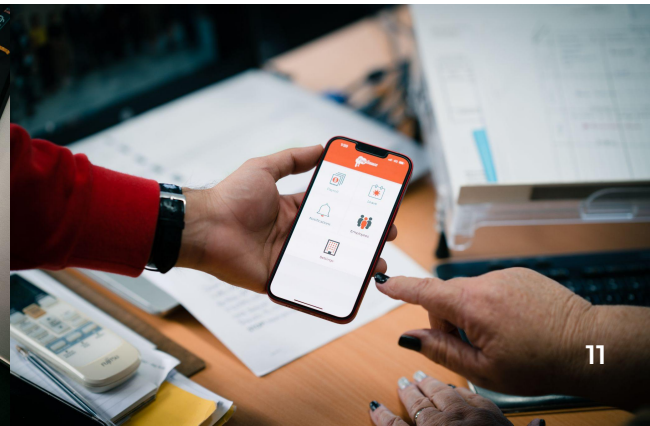
67

Self sufficient, Surpassing **Rule of 40**



We reinvested for long term growth...

- Increased Product & Development Team headcount by 67%
- Mobile product prototype developed for Australian market
- Increased investment in R&D by 78% YoY, enhancing the security and scalability of the architecture



We hired awesome people...

- Increased total headcount by 31%
- Established a People Experience function
- Providing employees with equity through a share scheme
- Focus on diversity, capability, connection and culture

Headcount



42



All staff

Female 60%
Male 40%



Executive team

Female 40%
Male 60%



Senior Leadership team

Female 50%
Male 50%



We formed new win-win-win partnerships...

- New relationship with CAANZ extends reach to Accounting partners in NZ and AU
- New relationships with Master Plumbers, Master Builders and Hospitality NZ
- Exposure across NZ through rugby sponsorships to raise brand awareness

ASB



We obsessed over our customers...

- Net Promoter Score of 48
- Increased customer support capability
- PayNow saved customers an estimated \$2.2m in interest and fees



Colleen Upton,
Hutt Gas & Plumbing



Sam Dews,
Sierra Delta Civil



Hilary and Michael Gray,
Buzz Cafe



Financials

Jaime Monaghan



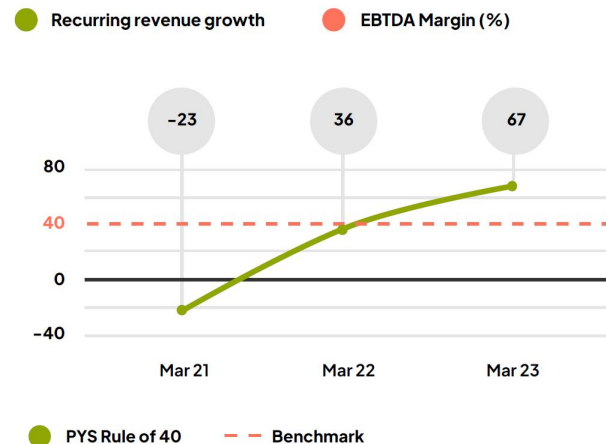
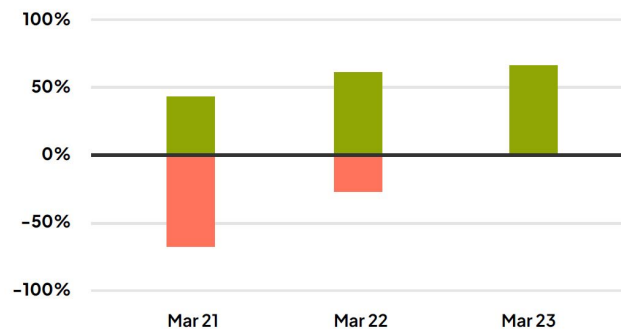
Sustainable growth & the rule of 40

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

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

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

*Earnings before Tax, Depreciation and Amortisation.



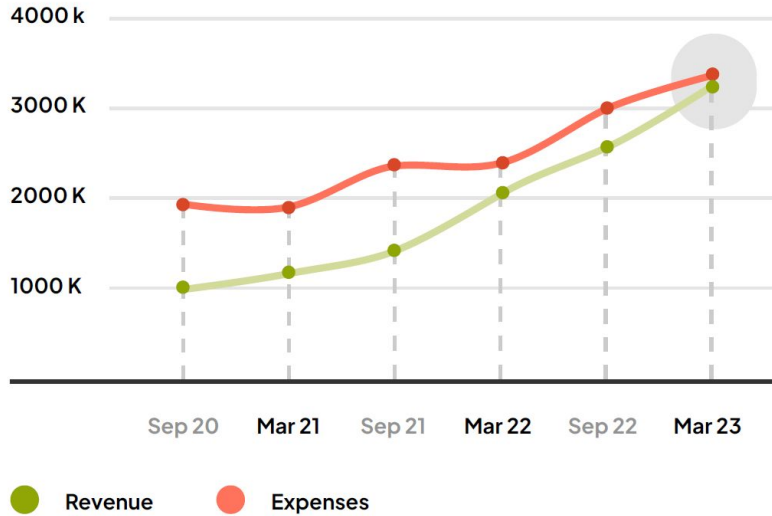


FY23 results summary

	FY23 (\$000s)	FY22 (\$000s)	Change
Total recurring revenue	5,715	3,399	68% ↑
Gross margin	4,146	2,342	77% ↑
Gross margin %	73%	69%	4pp ↑
Loss before tax, depr & amort	(80)	(880)	(91%) ↓
Net loss	(558)	(1,282)	(57%) ↓
Cash receipts from customers	4,290	3,062	40% ↑
Net operating cashflow*	264	(666)	\$930k ↑
Rule of 40 score	67	36	+31 ↑

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

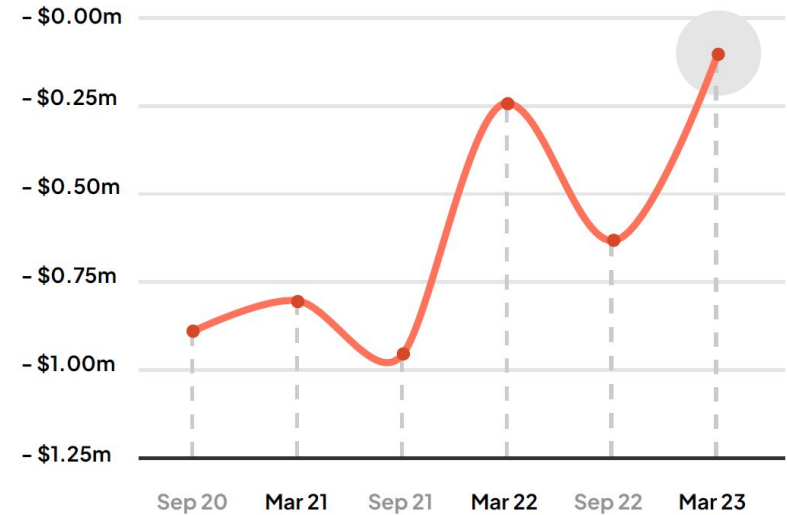
FY23 results summary cont...



Closed the gap between revenue and expenses to deliver a \$0.7m improvement in the bottom line to a net loss of \$0.6m for the year.

*excluding loan drawdown and movement of funds held on behalf of customers

Cashflows* increased by \$0.5m year on year for March 2023.



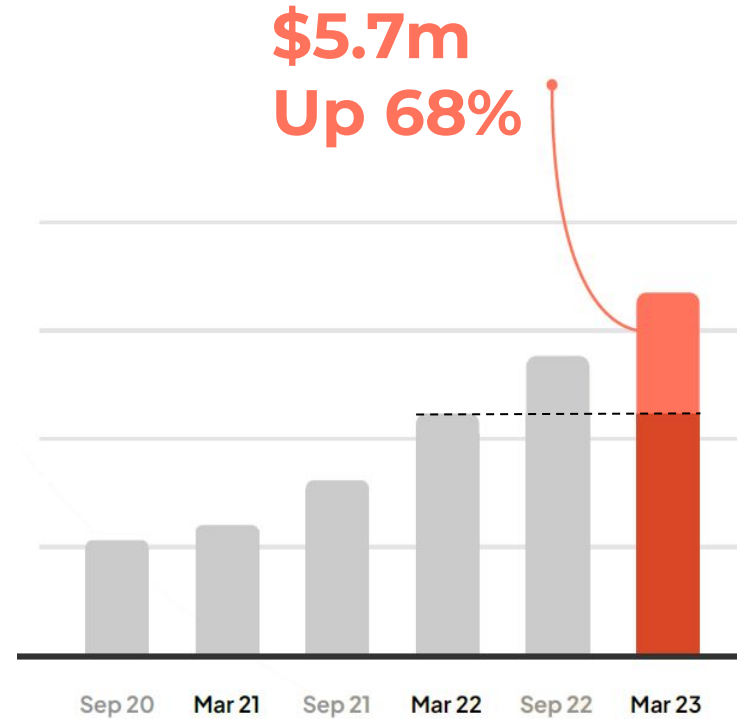
● Cashflow after financing and customer funds held on behalf

Revenue growth

Recurring revenue grew 68% YoY to \$5.7m for the year ended 31 March 2023 as a result of:

- Increased customer numbers;
- Additional revenue from existing customers; and
- Increased interest earned on funds held on behalf of customers.

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



Customer value growth

New customer joins
PaySauce
**Customer Acquisition
(CAC)**

\$500 per customer



\$500

11yrs

Customer stays with
PaySauce
Customer Lifetime

Average monthly churn
of 0.75%



\$22

Customer receives
support
Cost to Serve (CTS)

(Monthly): \$22 per customer



\$81

Customer pays a monthly
subscription
Recurring Revenue

(Monthly): \$81 per customer

CLTV
\$7,817

LTV : CAC
16:1



Customer Lifetime Value
(CLTV)

\$7,817 per customer

**Total Customer
Lifetime Value**

\$53.7m

At 31 March 2023

(▲ **77% YOY**)

FY23 expenses



	FY23 (\$000s)	FY22 (\$000s)	Change	Change
Employee expenses	3,739	2,928	811	28% ↑
Infrastructure & Security	429	144	285	198%↑
Other expenses	1,390	1,191	199	17% ↑
Advertising, PR & Marketing	273	109	164	150%↑
Depreciation & Amortisation	498	419	79	19% ↑
Finance expenses	62	25	37	148% ↑
Total expenses	6,391	4,816	1,575	33% ↑

Recurring Revenue for June 2023



Recurring Revenue

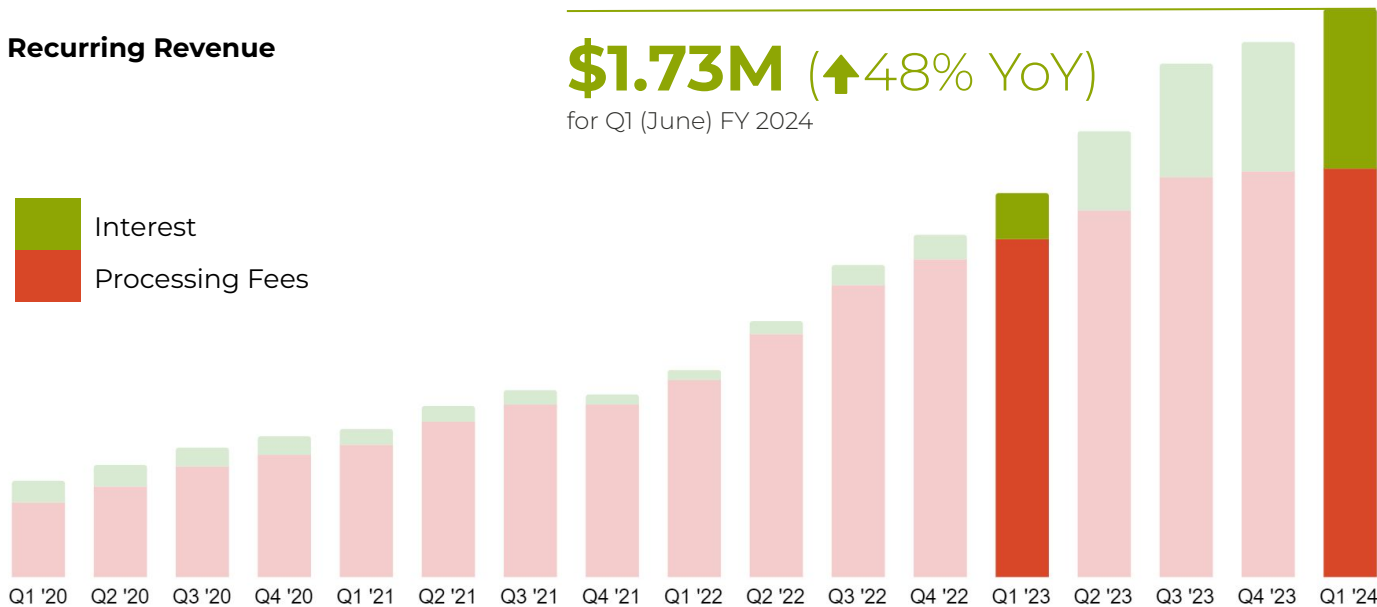
\$1.73M (↑48% YoY)

for Q1 (June) FY 2024



Interest

Processing Fees



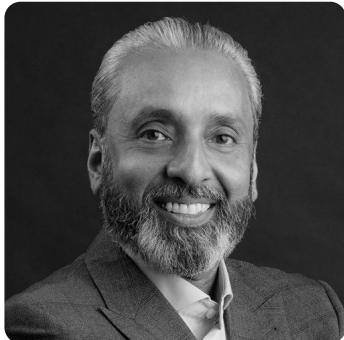
Resolutions



Resolution A



That Mark Samlal be elected as a
Director of PaySauce.



Mark Samlal

Non-Executive Director
(Independent)

FOR

AGAINST

ABSTAIN

Resolution B



Having retired, that Michael be re-elected as a Director of PaySauce.



Michael O'Donnell
Non-Executive Director
(Independent)

FOR

AGAINST

ABSTAIN

Resolution C



That the Board is authorised to fix the fees and expenses of Grant Thornton as the auditor of PaySauce.



Grant Thornton

FOR

AGAINST

ABSTAIN

Special Resolutions





Resolution D

Special Resolution

That PaySauce's existing constitution is revoked, and the new constitution referred to in the Notice of Meeting Explanatory Notes is adopted with effect from the close of the meeting.



FOR

AGAINST

ABSTAIN



General Business

The meeting is now open to
any general questions

Thank you!



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 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 employees access the money they've already earned - effectively letting them choose their own payday on demand. Refer to paysauce.com/paynow for further details.

Rule of 40: 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.

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

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.

