



**Annual Shareholder Meeting**

19 SEPTEMBER 2024

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***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



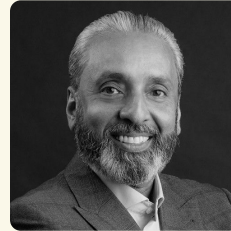
**Shelley Ruha**  
Non-Executive Director  
(Independent), Chair



**Michael O'Donnell**  
Non-Executive Director  
(Independent)



**Asantha Wijeyeratne**  
CEO & Co-Founder, Director  
(Non-Independent)



**Mark Samlal**  
Non-Executive Director  
(Independent)



**Gavin Thompson**  
Non-Executive Director  
(Non-Independent)

VOTE



**Jim Sybertsma**  
Non-Executive Director  
(Independent), ARC Chair

VOTE

# Executive team



**Asantha Wijeyeratne**  
CEO & Co-Founder



**Jaime Monaghan**  
Chief Financial Officer



**Jacques Labuschagne**  
Chief Technology Officer

From 1 Oct 2024



**Jess McLean**  
Chief Product Officer

From 1 Oct 2024



**Troy Tarrant**  
Co-Founder & CTO

Until 30 Sep 2024



**Mat Stokes**  
Chief Operating Officer

Until 30 Sep 2024

# Agenda



Chair's Address



CEO's Address



Financials



Resolutions



Other Business & Shareholder Questions



## *Chair's Address*

Shelley Ruha



# We delivered on our strategic objectives



We **reinvested for long term growth.**



We **obsessed over our customers.**



We strengthened and developed **win-win-win partnerships.**



We attracted and retained **awesome people.**



## *CEO's Address*

Asantha Wijeyeratne



# FY24 Highlights: delivered maiden net profit



## NPAT

Maiden Profit

Maiden NPAT<sup>1</sup>.  
Underlying NPAT of  
**\$0.19m** before deferred  
tax asset recognised

**\$1.23m**

▲ Up \$1.79m  
YoY

## ARR

Annualised recurring  
revenue (ARR) grew **19%**  
year on year

**\$8.00m**

▲ Up 19%  
YoY

## Rule of 40

Self sufficient,  
Surpassing Rule  
of 40

**46**

★ Above industry  
benchmark

## Free Cashflow

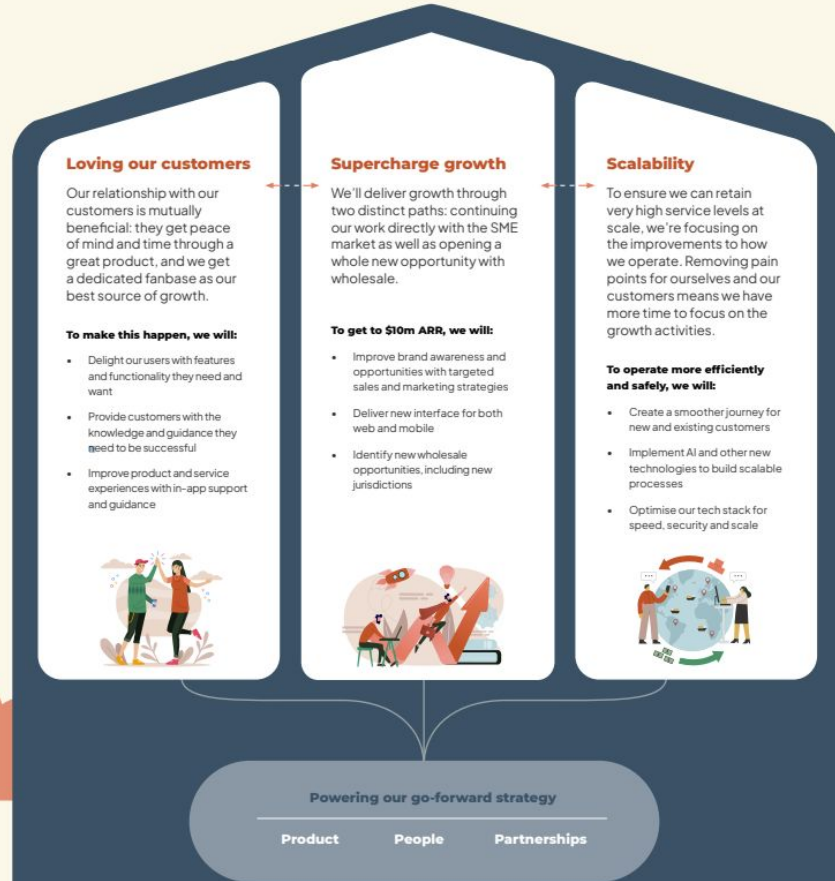
Positive free cash flow<sup>2</sup>  
**\$0.94m** year on year  
improvement

**\$0.29m**

▲ Up \$0.94m  
YoY<sup>2</sup>

1. Net profit after tax
2. Before funds due to customers and IRD

# FY25 Strategy: foundations for sustainable growth





## *Financials*

Jaime Monaghan

# FY24 results: delivered our maiden net profit (1)



	FY24 (\$000s)	FY23 (\$000s)	Change
Net profit after tax*	1,232	(558)	<b>1,790</b> ↑
Total recurring revenue	7,570	5,715	<b>32%</b> ↑
Cost to Serve	(1,747)	(1,569)	<b>11%</b> ↑
Gross margin %	77%	73%	<b>4pp</b> ↑
Customer Acq, R&D, Gen & Adm	(4,808)	(4261)	<b>13%</b> ↑
Earnings before tax, depr & amort	1,064	(80)	<b>1,142k</b> ↑
Free cash flow**	296	(645)	<b>941k</b> ↑
Rule of 40 score	46	67	<b>-21</b> ↓

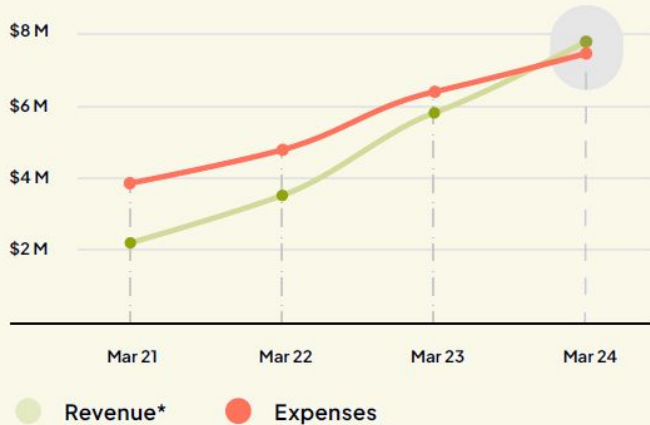
\* after \$1.022m deferred tax asset recognition

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

# FY24 results: delivered our maiden net profit (2)



## Profitability



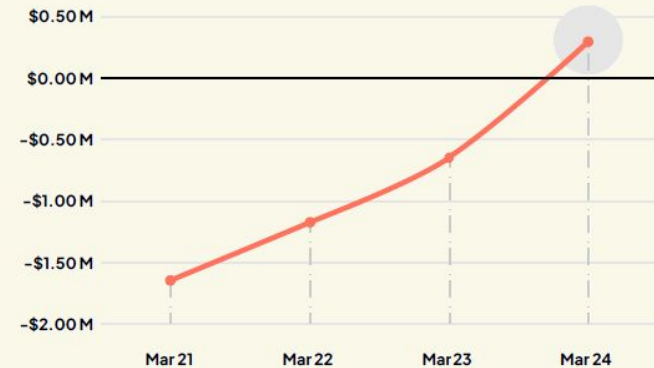
Inverted the gap between revenue and expenses to deliver an improvement of \$0.8m\* in the bottom line to a net profit after tax of \$0.2m\* for the year.

\*excludes recognition of a deferred tax asset of \$1m. Including the deferred tax asset revenue increases the net profit to \$1.2m - an improvement of \$1.8m year on year.

Positive free cash flow of \$0.3m for March 2024 increased by \$0.9m year on year.

## Free cash flow

(excluding funds held on behalf of customers)

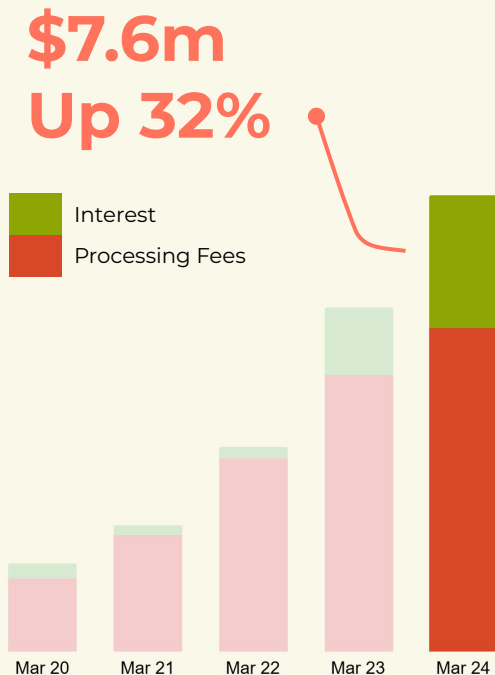


# We grew recurring revenue 32%

Recurring revenue grew 32% YoY to \$7.6m for the year ended 31 March 2024 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 19% YoY to \$8m as at 31 March 2024.

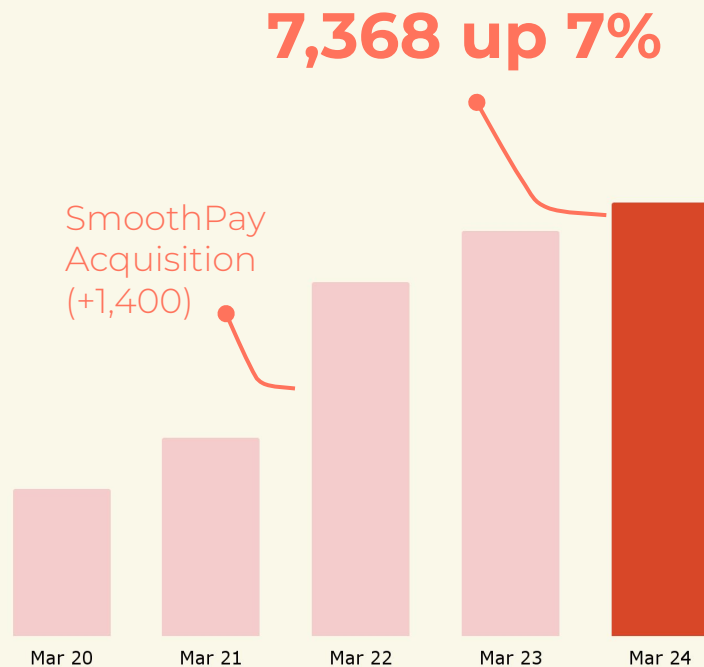


# 7% year on year growth of new customers



We grew in FY24, but at a slower rate than in previous years due to:

- Market penetration in our primary (dairy) sector earlier than anticipated
- Targeting of new verticals is still in its infancy
- We chose to focus our development efforts on our future payroll platform (Gen 2.0) rather than new features for the existing customer base
- Our target market of employers with 1-5 employees were impacted financially by the high interest rate environment.



# We reinvested for long term growth



	FY24 (\$000s)	FY23 (\$000s)	Change	Change
Cost to Serve	1,747	1,569	178	11% ↑
Customer Acquisition	766	709	57	8% ↑
Research & Development*	934	991	(57)	(6%) ↑
General & Administration	3,108	2,561	547	21% ↑
Interest expense	97	61	36	59% ↑
Depreciation, Amortisation & Impairment	874	498	376	76% ↑
<b>Total expenses</b>	<b>7,526</b>	<b>6,390</b>	<b>1,136</b>	<b>18% ↑</b>

\*excludes software impairments and software development time capitalised to the balance sheet as an asset during the year. Total research & development costs, including software development time capitalised, increased 12% YoY (\$0.2m) from \$1.8m to \$2m.



# We grew total customer lifetime value by 23%

Higher average revenue per customer due to price increases and higher interest rates.

Cost to serve each customer decreased as investments into systems and tooling begin to deliver increased efficiencies and scalability.

Challenging economic environment made acquiring new customers more difficult, increasing Customer Acquisition cost.

Customer churn increased slightly, as businesses failed or removed staffing requirements.

Increase in customers to 7,368 and customer lifetime value to \$5,890 per customer resulted in a 23% increase in total customer lifetime value to \$43.4m



\*PaySauce changed the methodology in how it recognises customer activity during the period. Refer to the annual report for full details on the impact on comparative customer metrics.

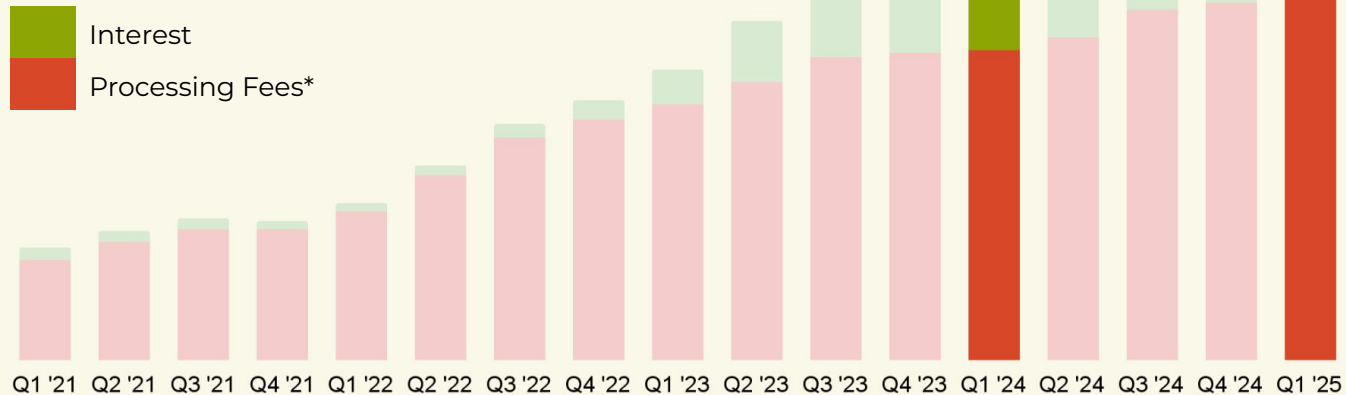
# June 2024 quarter: growth continued at slower rate



## Recurring Revenue

**\$2.1M** (↑20% YoY)

for Q1 (June) FY 2025



\*Net customer growth of 243 during the quarter.



# Outlook: Targeting \$10m ARR

We will supercharge customer growth by:

- leveraging the technical improvements we've made to deliver more features and benefits for **customers** and **accountants**
- being hyper-focused on our target market - customers employing 1-5 employees
- nurturing relationships with new and existing accountants to make PaySauce their first choice for their clients
- unifying our platform to create one optimised experience for all customers
- utilising AI where appropriate to build scalable processes
- cementing the relationships with construction partnerships through deep understanding of their members' needs



## *Resolutions*

Shelley Ruha



# Resolution A

That James Sybertsma be elected as a Director of PaySauce.



**James Sybertsma**  
Non-Executive Director  
(Independent), ARC Chair

**FOR**

**AGAINST**

**ABSTAIN**

# Resolution B



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



**Gavin Thompson**  
Non-Executive Director

**FOR**

**AGAINST**

**ABSTAIN**



# Resolution C

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



**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).

**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.

**Free cash flow:** Free cash flow is a measure that demonstrates the 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).

**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.

The logo features the text "Pay Sauce" in a white, cursive font. The word "Pay" is contained within a white, irregular shape that resembles a paint splatter or a speech bubble. This shape has a vertical tail extending downwards, ending in a small white circle. The entire logo is set against a solid orange background.

*Pay Sauce*