

PaySauce



RESULTS PRESENTATION

YEAR ENDED 31 MARCH 2023

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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.***

Business Update



Highlights

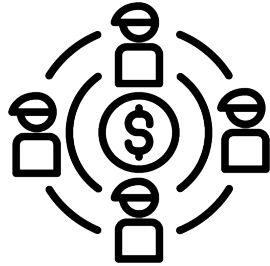
Revenue Growth



\$5.7M

Recurring revenue grew **68%** YoY

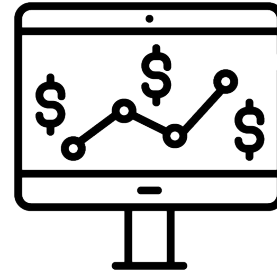
Customer Value Growth



\$53.7M

Total customer LTV grew **77%** YoY

Sustainable Growth



67

Self sufficient, Surpassing Rule of 40

Awards



Finalists

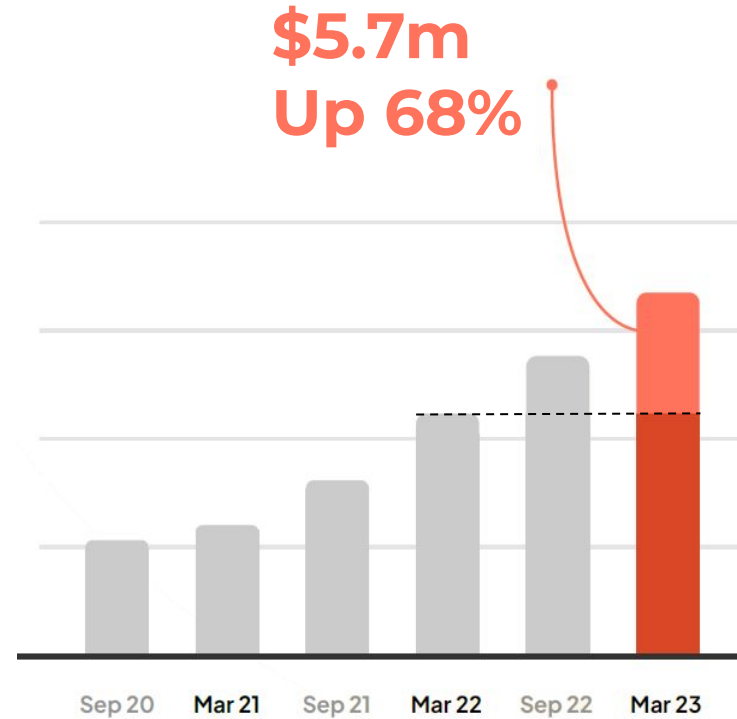
2023 Hi-Tech Awards* & Wellington Gold Awards

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



\$22

Customer receives support
Cost to Serve (CTS)

(Monthly): \$22 per customer



\$81

Customer pays a monthly subscription
Recurring Revenue

(Monthly): \$81 per customer

11 yrs

Customer stays with PaySauce
Customer Lifetime

Average monthly churn of 0.75%



Customer Lifetime Value (CLTV)
\$7,817 per customer

CLTV
\$7,817

LTV : CAC
16:1

Total Customer Lifetime Value

\$53.7m

At 31 March 2023

(▲ **77% YOY**)

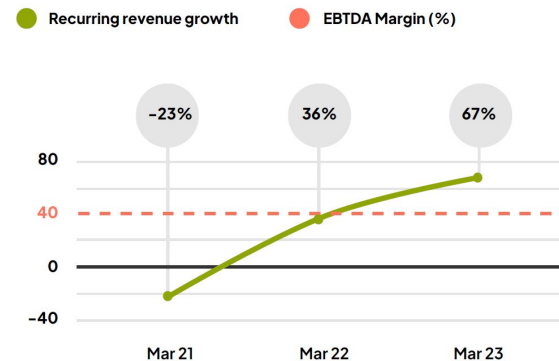
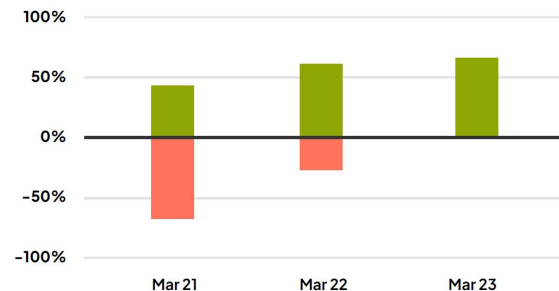
Sustainable growth & the rule of 40

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%.

Wijeyeratne: “Continued strong revenue growth combined with the careful and deliberate management of resources has resulted in a strong year for PaySauce ensuring sustainable growth in an increasingly turbulent tech sector and economy.”



● PYS Rule of 40 - - - Benchmark

*Earnings before Tax, Depreciation and Amortisation.

Awards



PaySauce was nominated as a finalist in the Technology category of the Wellington Gold Awards in June 2022, and is currently in the running as finalists for the Best Hi-Tech Solution for Public Good category for our joint product offering with BNZ.



**THE WELLINGTON
GOLD AWARDS**

PayNow is a feature of our product that we're incredibly proud of, estimating that we saved employees of our customers over \$2.2 million of interest and fees this year by preventing that money going through predatory payday lenders.

Keep your fingers crossed for us when the winners are announced on 23 June 2023.

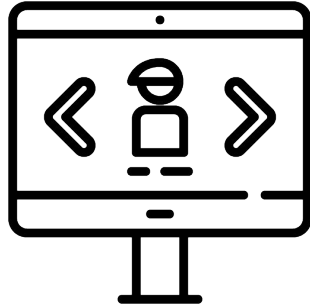
Strategy



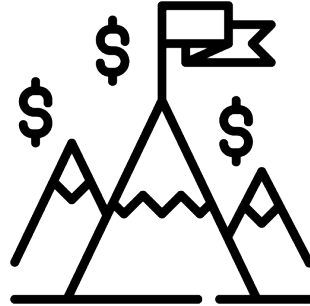
Strategic Priorities



**Reinvest For Long
Term Growth**



**Obsess Over
Customers**



**Win-Win-Win
Partnerships**

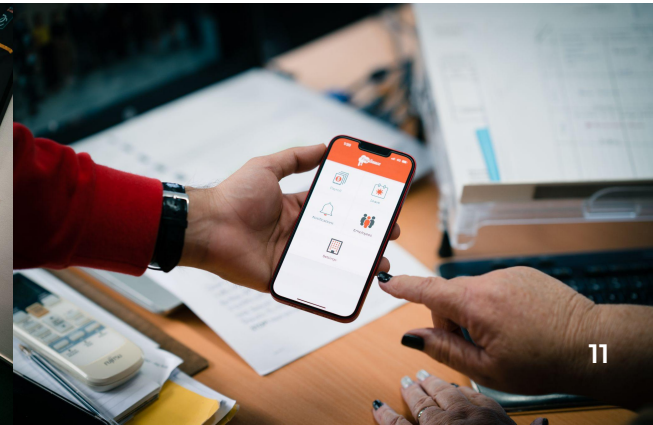


**Awesome
People**



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





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

- New relationship with CAANZ for reach into Australia
- New relationships with Master Plumbers, Master Builders and Hospitality NZ
- New employee share scheme
- National brand exposure through rugby sponsorships





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

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  +10

We love...



All staff
Female 60%
Male 40%



Executive team
Female 40%
Male 60%



Senior Leadership team
Female 50%
Male 50%

We represent...



Financial Results



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 ↑

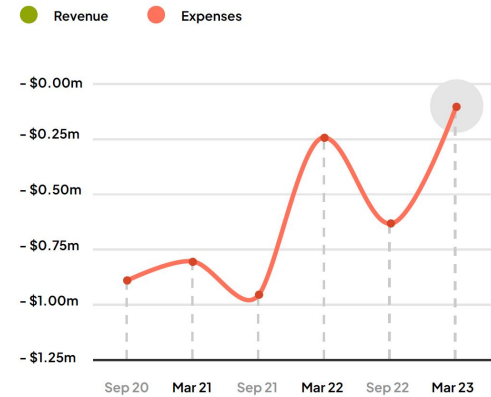
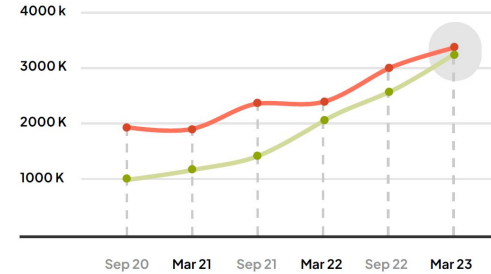
*excludes funds due to customers and the IRD, collected in performing our role as a PAYE intermediary,

FY23 results summary

PaySauce has closed the gap between revenue and expenses, increasing revenue 66% year on year whilst curbing expenditure growth to 33%.

This sustainable reinvestment for long term growth has delivered an \$0.7m improvement in the bottom line with a net loss of \$0.6m for the year.

Cashflows (excluding loan drawdown and movement of funds held on behalf of customers) increased by \$0.5m year on year for March 2023.



● Cashflow after financing and customer funds held on behalf

Glossary



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 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.

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.

