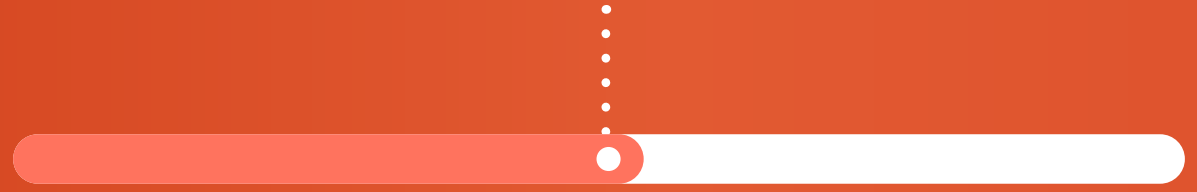


2023

2023

Results presentation

SIX MONTHS ENDED 30 SEPTEMBER 2023



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*Please refer to the Glossary for definitions of key metrics used in this presentation.
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Agenda

1. Intro & Strategy



**Asantha
Wijeyeratne**

CEO, Co-founder

2. Financial Results



**Jaime
Monaghan**

Chief Financial Officer

3. Q & A

Intro & Strategy

Asantha Wijeyeratne

Maiden positive earnings in year of transition

Annualised Recurring Revenue (ARR)

Up 32% on Sept 2022

\$7.4m

EBTDA²

Up \$455k YoY reversing the Sept 2022 loss of \$200k

\$255k

Rule of 40

Above industry benchmark

48

Cashflow

Generating cash flow from operations¹

\$464k

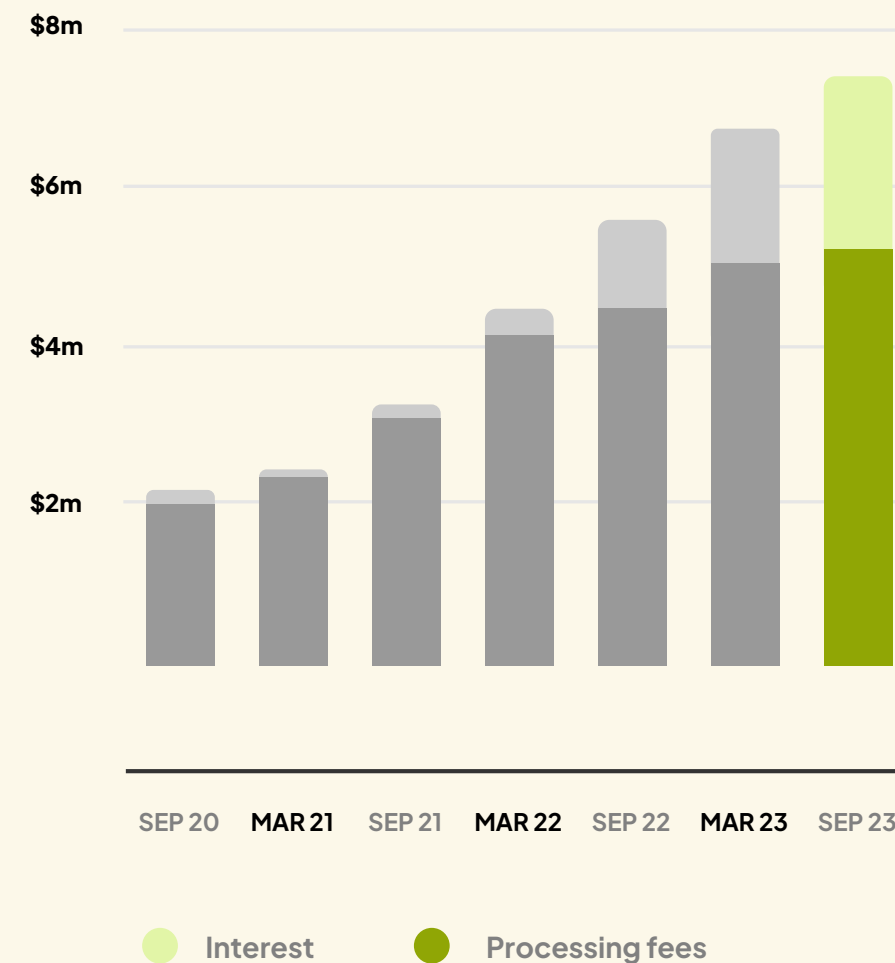
- Gen 2.0 Payroll Engine
- Agreement to deliver a proof of concept for embedded payroll
- First period of positive EBTDA²

- Generating cash from operating activities to reinvest for long term growth
- Surpassing the Rule of 40 benchmark

¹ before funds due to customers and IRD. ² Earnings before Tax, Depreciation and Amortisation

FY24 - a year of transition

- Strong ARR growth continued - up 32% YoY to \$7.4m
- Interest income up 105% YoY
- Processing Fees growth lower at 15% YoY as the business transitions
- Growth in processing fees came from 8% increase in new customers, and a 7% increase in average processing fees per customer
- Reached market penetration in dairy and entry into new verticals is still in its infancy



Annualised
Recurring
Revenue (ARR)

\$7.4m

▲ 32%

We are in transition to our platform for the future

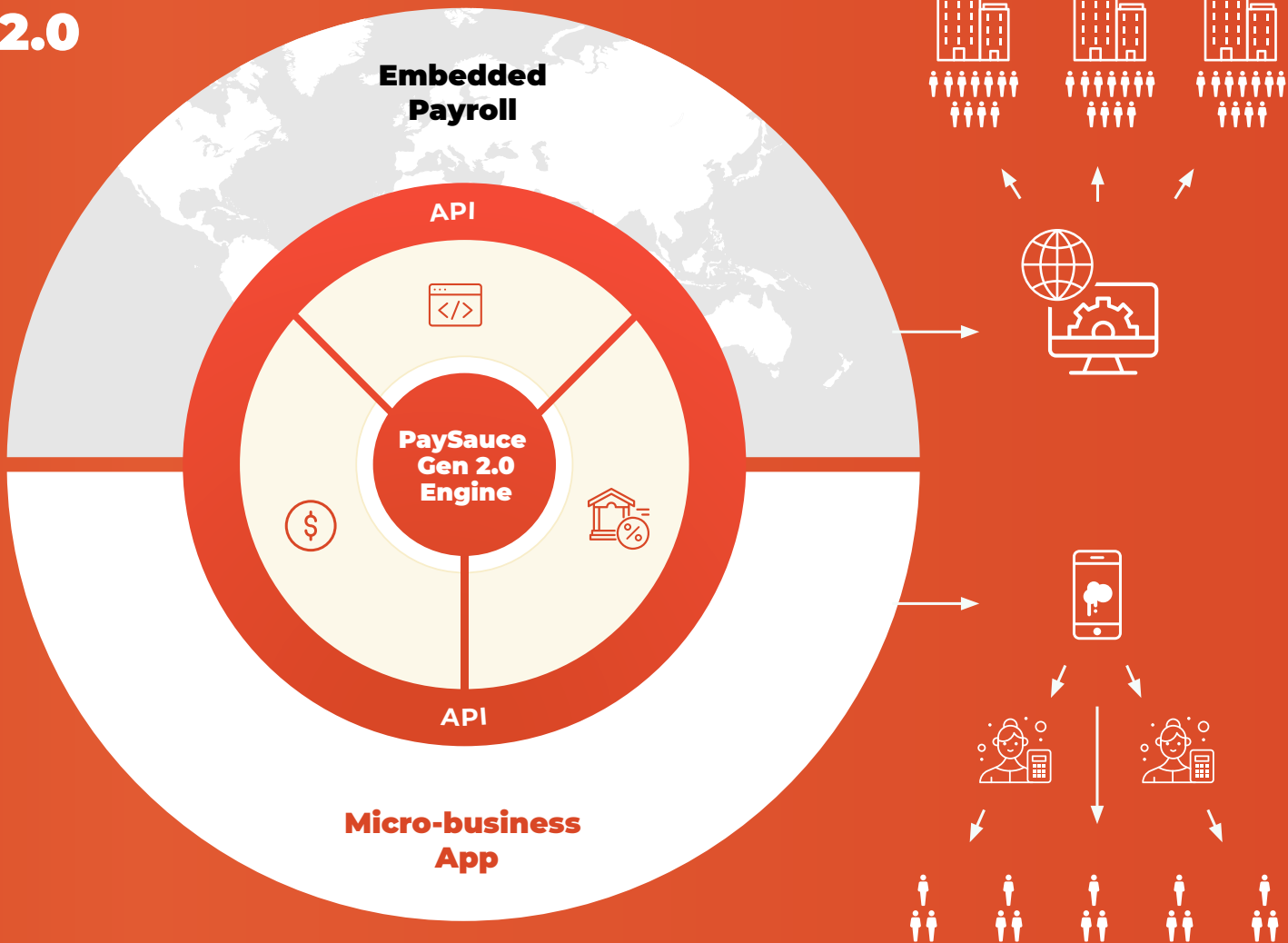
Gen 1.0

Existing code base serving 5600 customers In NZ

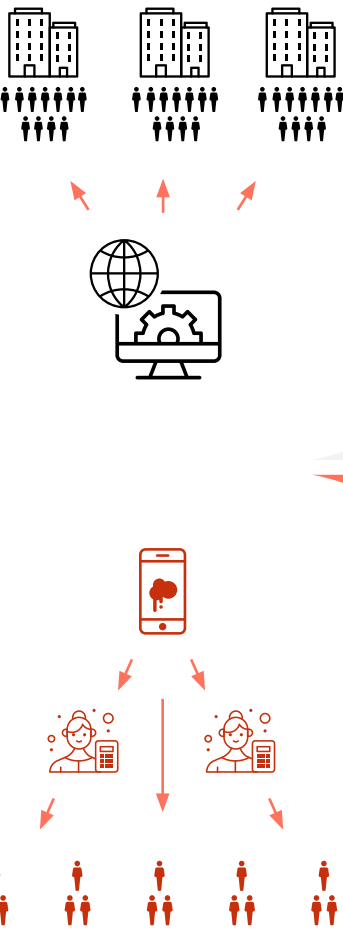
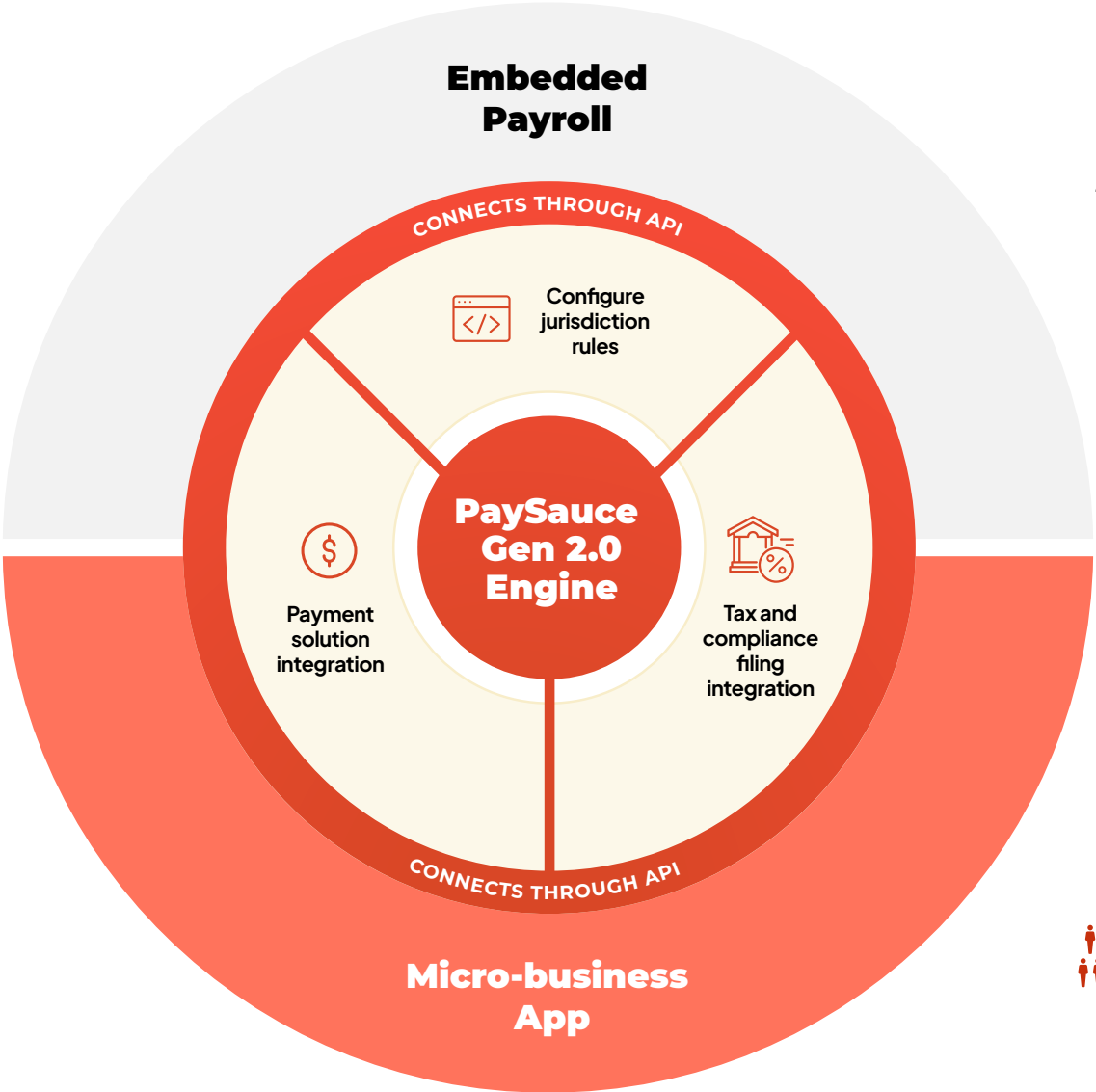
Gen 1.0 goPayroll + SmoothPay (acquisition)

Serving 1500 customers in NZ, AU and PI

Gen 2.0



Gen 2.0 Payroll Engine affords us commercial optionality



Embedded payroll opportunity

CUSTOMER ACQUISITION	CUSTOMER SUPPORT	REVENUE RECOGNITION	TIME TO SALE	SALES CYCLE
Rapid global scalability by embedding into existing providers with large customer base	End customer relationship and support is owned by the 3rd party provider	Fixed term, multi year contract, invoiced annual in advance	4-6 months sales and implementation	Serve new customer base following implementation

Micro-business App opportunity

CUSTOMER ACQUISITION	CUSTOMER SUPPORT	REVENUE RECOGNITION	TIME TO SALE	SALES CYCLE
Very large under-served market of micro-businesses with 1-5 employees acquired directly and through accountants	PaySauce owns the customer relationship and provides direct support	Monthly subscription on a pay as you go basis	Download the app and pay staff the same day	Support Accounting and Direct marketing channels

Strategic priorities

STRATEGIC PRIORITY #1

Re-invest for long term growth

Highlights

Embedded payroll opportunity

Micro business payroll opportunity

Enhanced infrastructure and security

STRATEGIC PRIORITY #2

Obsess over customers

Highlights

Accelerated development of Gen 2.0 payroll engine

Product improvements reduced customer support calls

PayNow saved customers an estimated \$1.1m in interest and fees

STRATEGIC PRIORITY #3

Win-win-win partnerships

Highlights

Strengthened banking connections through API and Akahu

Increasing our reach into local accounting firms

National brand exposure through rugby sponsorships

STRATEGIC PRIORITY #4

Awesome people

Highlights

4 new senior roles in Sales and Product teams

New employee share scheme for FY24

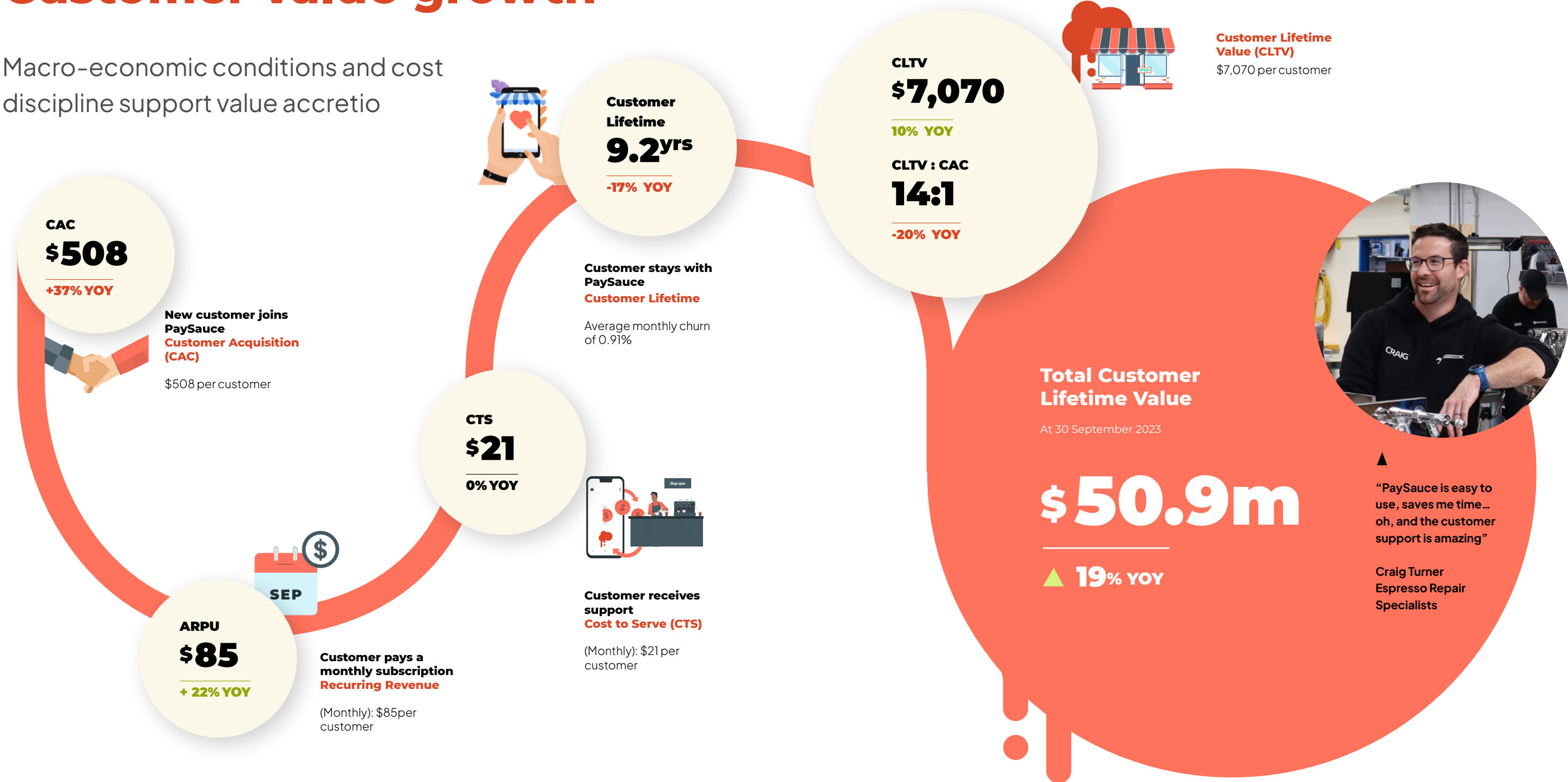
Winner of the 2degrees Wellington Regional Business Excellence Awards

Financial Results

Jaime Monaghan

Customer value growth

Macro-economic conditions and cost discipline support value accretio



- CAC: Fewer customers acquired, and cost to acquire increased
- Cost to serve each customer held at \$21 per month as inflationary pressures were offset by efficiency improvements in operations
- Revenue growth supported by increased ARPU, new customers and increased interest revenue
- Revenue per FTE increased to \$84k
- Customer churn increased to 0.91% per month, reducing the implied customer lifetime to just over 9 years



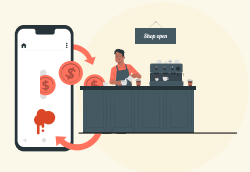
Customer Acquisition (CAC)

	SEP 2023	SEP 2022	YOY Change
Customer acquisition costs (\$000s)	418	348	20%
New customers (organic)	822	939	(12%)
CAC per addition	508	371	37%



Recurring Revenue

	SEP 2023	SEP 2022	YOY Change
ARR at end of period (\$000s)	7,378	5,576	32%
Recurring revenue for the period - Total (\$000s)	3,551	2,525	41%
ARPU (monthly) at end of period (\$)	85	70	22%
FTEs	43	38	13%
Revenue per FTE (\$000s)	84	68	24%



Cost to Serve (CTS)

	SEP 2023	SEP 2022	YOY Change
Recurring revenue (\$000s)	3,551	2,525	41%
Less cost to serve (\$000s)	(873)	(759)	15%
Gross margin (\$000s)	2,678	1,766	52%
Gross margin %	75%	70%	5pp
CTS per customer (monthly) at end of period (\$)	21	21	-



Customer Lifetime

	SEP 2023	SEP 2022	YOY Change
Customers at end of period	7,202	6,658	8%
Average monthly churn rate for the period (%)	0.91	0.76	20%
LTV per customer at end of period (\$)	7,070	6,424	10%
Total customer LTV at end of period (\$000s)	50,918	42,770	19%
LTV:CAC ratio at end of period	14 : 1	17 : 1	(20%)

Delivering maiden positive earnings

- Maiden positive EBTDA result of \$255k
- Positive net operating cashflow of \$464k*
- PaySauce grew total recurring revenue 41% YoY due to increased interest income, additional customers and additional ARPU
- Gross margin grew 52% YoY from higher revenue and greater efficiency

	SEP 23 (\$000s)	SEP 22 (\$000s)	Change
Earnings / (Loss) before tax, impairment, depreciation & amortisation	255	(200)	(227%) ▼
Net operating cashflow*	464	(88)	\$552k ▲
Cash and Cash equivalents*	356	609	\$253k ▼
Total recurring revenue	3,551	2,525	41% ▲
Gross margin	2,677	1,766	52% ▲
Gross margin %	75%	70%	5pp ▲
Net loss	(267)	(425)	(37%) ▼

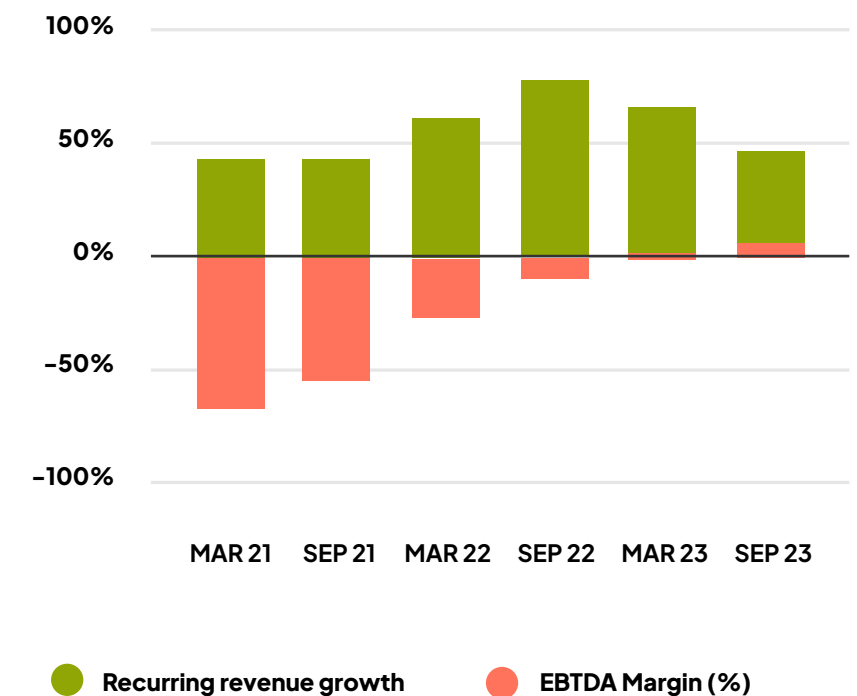
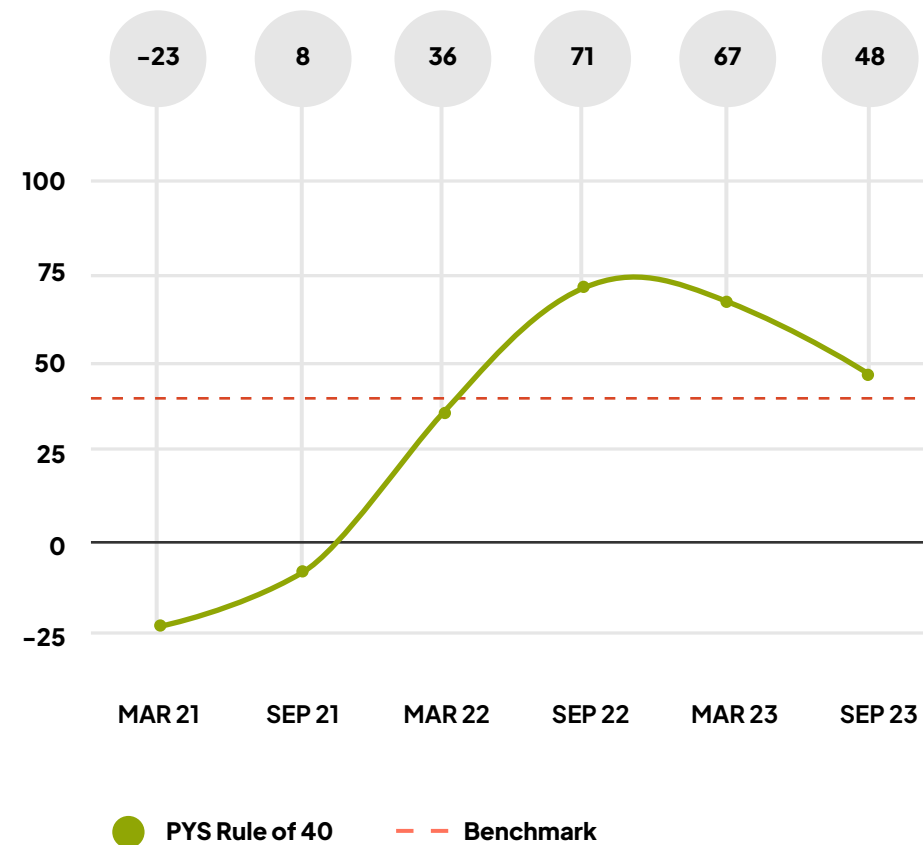
*excludes funds due to customers and the IRD, collected in performing our role as a PAYE intermediary,

Sustainable growth & the rule of 40

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

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

In a year of transition, PaySauce has continued to increase profitability while the rate of growth has slowed. A score of 40 is widely seen as the benchmark for SaaS companies. At 48 - PaySauce has surpassed this benchmark with annual recurring revenue growing +41% and an improved EBTDA margin of 7%.



*Earnings before Tax, Depreciation and Amortisation.

Positioned for an acceleration in growth



Large opportunity by leveraging the Gen 2.0 Payroll engine

- Enterprise sized, global employment providers seeking embedded payroll solution.
- The product is scalable. Embedded payroll provides high volume payroll in a very cost effective, efficient and scalable way.



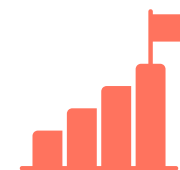
Challenging macro-environment

It is supportive of interest revenue but challenging for customers.



Growth advances

We are advancing our plans to grow into new verticals and deliver our micro-business app.



Our goals are in sight

The Gen 2.0 Payroll engine enables a faster path to \$10 million ARR and beyond.

Questions

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.



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