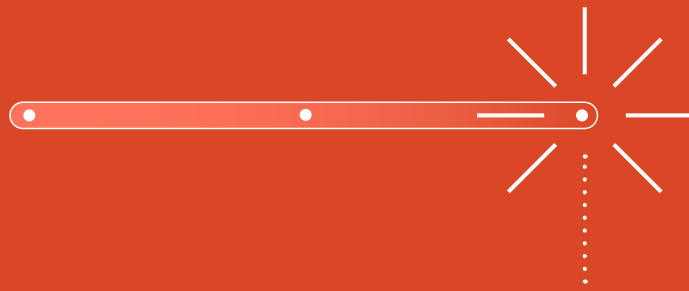




2023

2024



**2024
Annual
Report**

2024 marks a milestone year with PaySauce delivering a maiden full year profit.

The bottom-line profit is underpinned by continued customer growth on our existing platform, with development focussed on our new Gen 2.0 payroll engine to drive future growth.

The proof of concept for delivering a B2B payroll solution is nearing completion, proving our ability to execute wholesale payroll to supercharge our future offering.

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What we've delivered

Our FY24 strategy

Reinvest for long term growth

- ✓ Built and piloted the Gen 2.0 payroll engine
- ✓ Proof of concept for wholesale payroll nearing completion
- ✓ New micro-business payroll application in progress
- ✓ Migrated the tech stack to AWS

Obsess over customers

- ✓ Consolidated our position in the core rural sector
- ✓ Commenced marketing to new verticals
- ✓ Strong customer advocacy maintained with NPS increase to 58
- ✓ Delivered more features to delight customers

Win-Win-Win partnerships

- ✓ Further invested in the Accountant channel to drive customer acquisition
- ✓ New partnership with Master Plumbers and Master Builders
- ✓ Evolved the payments solutions in NZ with Akahu and ASB
- ✓ Improved internal efficiencies with Salesforce

Awesome people

- ✓ Recognised as a top 100 tech startup employer by Matchstiq
- ✓ Added product & development capability
- ✓ Building specialist functions for scaling up
- ✓ Improved internal efficiencies with Salesforce CRM solution

How we're performed

Highlights

NPAT
(Net Profit after Tax)

\$1.23m ▲ Up \$1.79m YoY

Maiden Profit

Annualised Recurring Revenue (ARR)

\$8.0m ▲ Up 19% YoY

Rule of 40¹

46 ★ Above industry benchmark

Free Cashflow

\$0.3m ▲ Up \$0.94m YoY²

1. The sum of the company's growth rate and EBTDA margin. A figure of above 40 is an international financial efficiency benchmark for SaaS companies. 2. Excludes funds due to customers and IRD.

Where we're going

Our FY25 strategy

The strategy going forward is to build on the solid foundations delivered in FY24 - growing the business to deliver value back to our shareholders.

Supercharge growth is about attracting new customers to PaySauce. Marketing campaigns have begun with a view to increasing brand awareness and showing small businesses that we understand them.

We expect further investment into our Sales capability will drive increased business from new and existing accounting partners.

Customer love is demonstrated through our understanding of the unique challenges that face small business owners, giving them the two things they need the most: peace of mind and time. Our customers are our strongest advocates and our most effective marketing channel.

Scalability through every stage of the customer journey is critical to ensuring we can support the growth in a sustainable way. From onboarding new customers, to providing an intuitive, self-service payroll experience to ensuring that back end processes are powered by reliable tooling with the optimal level of human input.

These three strategic priorities are underpinned by the three key areas of investment for PaySauce: People, Product and Partnerships. Having strengthened these core functions in FY24, they become the foundations of success for FY25 and beyond.

FY24 saw significant investment into long-term growth as a strategic priority. Having delivered on that strategic objective, the strategy going forward delivers continued investment into the product and platform underpinning future priorities.

Loving our customers

Our relationship with our customers is mutually beneficial: they get peace of mind and time through a great product, and we get a dedicated fanbase as our best source of growth.

To make this happen, we will:

- Delight our users with features and functionality they need and want
- Provide customers with the knowledge and guidance they need to be successful
- Improve product and service experiences with in-app support and guidance



Supercharge growth

We'll deliver growth through two distinct paths: continuing our work directly with the SME market as well as opening a whole new opportunity with wholesale.

To get to \$10m ARR, we will:

- Improve brand awareness and opportunities with targeted sales and marketing strategies
- Deliver new interface for both web and mobile
- Identify new wholesale opportunities, including new jurisdictions



Scalability

To ensure we can retain very high service levels at scale, we're focusing on the improvements to how we operate. Removing pain points for ourselves and our customers means we have more time to focus on the growth activities.

To operate more efficiently and safely, we will:

- Create a smoother journey for new and existing customers
- Implement AI and other new technologies to build scalable processes
- Optimise our tech stack for speed, security and scale



Powering our go-forward strategy

Product

People

Partnerships

In charge of our destiny



Shelley Ruha
Independent Director,
Chair

I am delighted to report on the outstanding progress PaySauce has made over the last year.

We have delivered our first full year net profit and positive cashflow as we benefited from growth in customers and increased interest income. This is a significant milestone, especially in the face of the headwinds that growth companies such as PaySauce and indeed our customers have faced for much of the last year.

Persistent inflation and subdued demand have presented a challenge to new customer growth outside our core dairy vertical. However, our operating revenue has been supported by high interest rates, which have insulated PaySauce from these pressures.

As a profitable and cashflow positive company we remain firmly in charge of our own destiny and have been able to advance strategies that are now poised to deliver an acceleration of growth and drive the long-term sustainability of our business.

We have also put in place the foundations for our next phase of growth. The key achievements were the development of our new Gen 2.0 payroll engine, significant progress on the proof-of-concept work of our new wholesale solution and migrating our tech stack to Amazon Web Services.

It is an exciting time for the company.

Financial Performance

Operating revenue for the year to the end of March 2024 rose 33% to \$7.7m from \$5.8m in the prior year. The result was underpinned by the strong rise in interest rates and an increase in the balance of funds held on account for our customers, which led to an 96% rise in interest income.

Processing fee income rose by 17% to \$5.4m from \$4.6m, an increase driven by a 7% increase in customers to 7,368 from 6,875 at the same time a year ago and price increases as we passed on the costs of inflation in our business.

Average monthly revenue per customer increased 11% to \$91 from \$81 in the prior year. Annualised Recurring Revenue (ARR) at the end of March rose to \$8.0m from \$6.7m at the same time a year ago.

We achieved an underlying NPAT of \$0.2m, which was inflated by a \$1.0m tax adjustment as we recognised a deferred tax asset in the year. We are now profitable and expect to be able to utilise some of the carried forward tax losses in future years.

We delivered maiden full year earnings with EBTDA³ reaching \$1.1m reversing the prior year's \$80k loss, while Net Profit After Tax rose to \$1.2m up from last year's loss of \$558k. In both cases the improvement was underpinned by growth in total revenue, but the gains were diluted by investments for growth. These investments included piloting the new payroll engine and the wholesale solution, enhancements to our information infrastructure and the expansion of the sales and marketing teams. We also saw a general increase in costs in line with the broader inflationary pressures affecting the economy.

Operating cashflows, before the inflow of funds due to customers and the IRD rose to \$1.5 million from \$264k in the prior year and we posted positive free cashflow of \$296k after allowing for investment activity, reversing the prior year negative free cashflow of \$645k.

Outlook

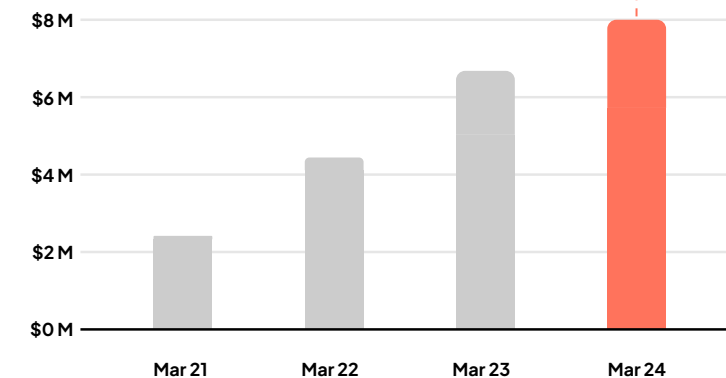
The board and management remain confident about the company's prospects. The current high-interest rate environment appears set to persist and underpin our revenue for at least the next twelve months. As we noted at the half year it represents a natural hedge for PaySauce given the impact elevated interest rates are having on the broader economy.

Against this, we are thrilled by the opportunities presented with the advances of the Gen 2.0 payroll engine and our wholesale payroll solution. We believe these developments combined are bringing our goal of \$10 million in ARR into sight.

We thank the PaySauce team for their dedication over this past year.

Shelley Ruha
Independent Director, Chair

“ We’ve delivered profitability, positive cashflow, and advanced strategies that will enable us to deliver an acceleration of growth and drive the long-term sustainability of our business ”



3. EBTDA (earnings before tax, depreciation and amortisation) is a non-GAAP financial measure that is defined on page 25 of this report.

Poised for an acceleration in growth



Asantha Wijeyeratne
CEO, Co-founder

The 2024 financial year has been a year of transformation for PaySauce.

We've delivered on our strategic objectives, the most significant of which was re-investing for growth.

We piloted our new Gen 2.0 payroll engine, and are nearing completion of the wholesale payroll proof of concept. This is for a significant customer that has the potential to add a significant number of people using our technology. This development will put in place the foundations of the company's next phase of growth.

The engine will enable PaySauce to make the first steps in a wholesale payroll strategy that will see our technology embedded in business management platforms. It will also, over time, form the core of our microbusiness app which will accelerate our growth into new verticals such as our current target of the construction industry and related trades.

Strategic Progress

Once delivered, the new Gen 2.0 payroll engine will be able to be quickly configured to comply with complex payroll rules in any jurisdiction around the world and is designed for superior speed and processing.

The wholesale solution will be complementary to our existing microbusiness solution. New contracts can deliver an immediate and significant uplift in ARR with

pricing set at rates per pay slip and agreements set with contracted minimum volumes.

Contract periods for the wholesale solution are expected to be fixed term over multiple years and where the service is offered in New Zealand, PaySauce will continue to earn interest on balances held on behalf of clients. Meanwhile, the cost to serve customers is expected to be lower since the wholesale customer owns the direct customer relationship.

Against this there is a longer sales cycle than the mobile app. Additionally, there are development costs as PaySauce will be contracted to maintain ongoing Service Level Agreements.

To ready the company for the expected increase in service demand generated by this new strategy we have migrated production servers and back-end tools to Amazon Web Services (AWS). This shift will allow us to scale quickly and give us the flexibility to offer continuous product upgrades.

Customer Growth

We meanwhile continued to drive the adoption of our microbusiness app.

Customer growth slowed relative to the year earlier, growing 7% year on year, reflecting both the maturity of the company's core dairy sector vertical and the early stage of efforts to diversify and grow our customer base. Total customer acquisition costs were similar to the prior year in total, but increased on a per customer basis reflecting the early stage of our penetration into the new construction and trade verticals.

A key step to grow in these markets has been to focus our sales and marketing efforts on partnering with accountants and industry associations such as Master Plumbers and Master Builders.

“ With the wholesale payroll proof of concept nearing completion and our expanding reach into new target verticals - we're poised for an acceleration in growth in FY25 ”

We are pleased with the progress we have made with accountants. We have recruited more than 50 separate firms to our partnership programme and they have already referred us more than 600 potential customers.

Digital marketing campaigns have begun alongside the industry association partnerships to further grow our brand awareness in this space.

We have also expanded our sales and marketing teams with the appointment of a new Marketing Manager, as well as a new Head of Sales and new Business Development managers, the latter of which have a focus on developing new and existing relationships with chartered accountants, who are trusted advisors to thousands of potential and existing customers.

Our monthly churn rate increased to 1.18% compared to 1.15% at the same time a year ago as tough economic conditions took their toll on our small business customers. Despite this - customer lifetime value increased 23% to \$43.4m, as we grew our margins and our customer base.

PaySauce continues to achieve its goal to exceed the rule of 40 global benchmark for SaaS companies and while our score has moderated over the last year, the investments we have put in place for future, position the company to reverse this trend for the year ahead.

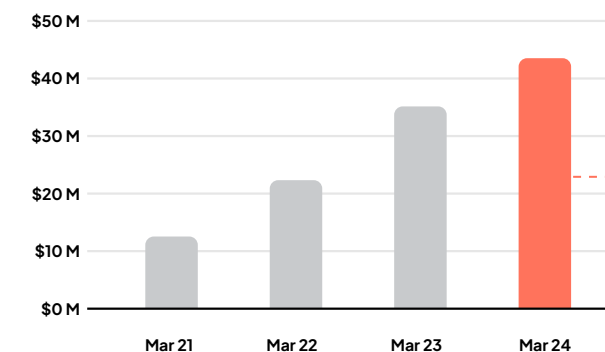
We continue to attribute our success to a payroll product that is easy to use, and the incredible knowledge and efforts of our customer support team. This is underpinned by the determination of the wider team and a vindication of our strategy to prioritise the recruitment and retention of great people. Alongside Shelley, I want to thank them for their efforts and dedication over the last year.

Looking Forward

I am proud of what we achieved over the last year and the promise offered in the coming twelve months and beyond by the advances in our technology and our new wholesale strategy. We have now put in place all the building blocks for an acceleration of growth.

I look forward to updating you on progress at the end of the first quarter and at our annual meeting in September.

Asantha Wijeyeratne
Executive Director, CEO and Co-Founder



Total Customer lifetime value
\$43m

▲ 23%

Re-invest for long term growth

By investing in our infrastructure, following best in class architecture and security practices, and locking in adjacent markets, we've made the business scalable in a sustainable way. This has delivered a platform from which to launch our Gen 2.0 payroll engine, creating wholesale payroll opportunities as well as strengthening our existing product offerings.



Proof of concept for first wholesale payroll opportunity nearing completion



Successfully migrated the tech stack to AWS



40%

Increased investment into R&D by 40% YoY



Invested in product and development specialist talent

PaySauce Gen 2.0 Payroll Engine

The Gen 2.0 payroll engine is a step-change in the architectural evolution for PaySauce. The modular architecture enables different components to be pieced together to deliver a first-class payroll experience for different end users, tailored to their needs. In the year ended March 2024, the two key products developed were the payroll engine and the Application Programming Interface (API).

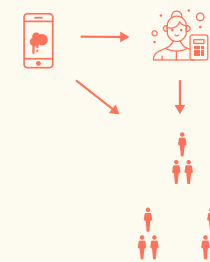
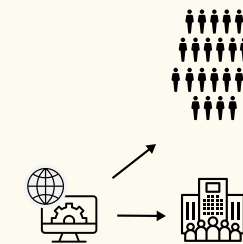
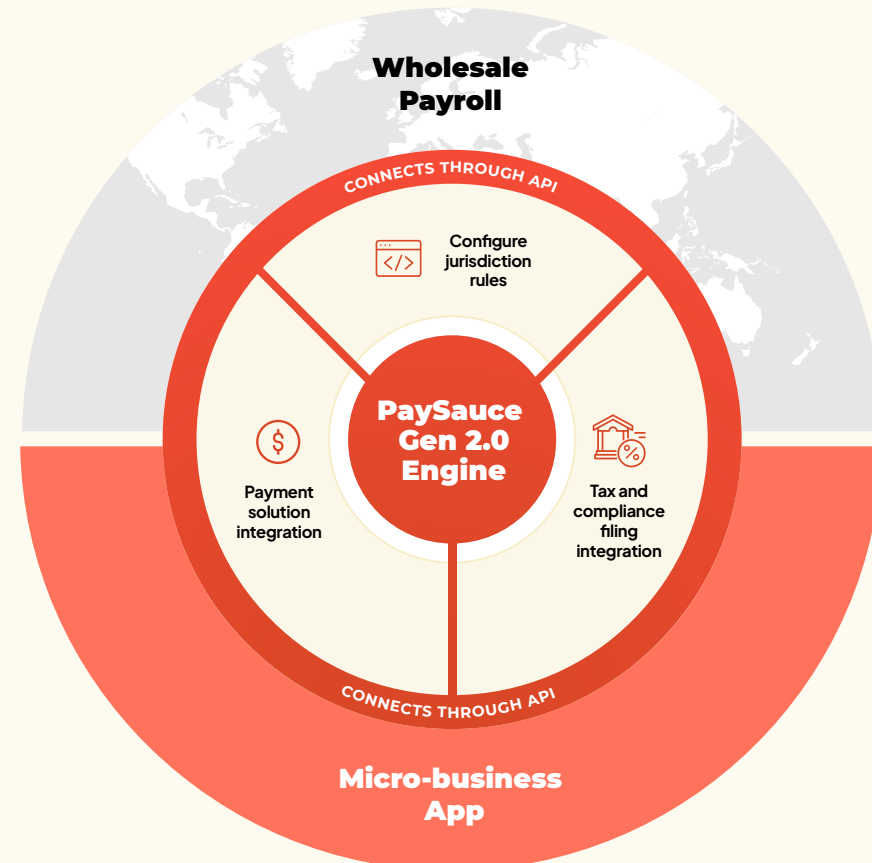
The payroll engine has been designed and built to provide a payroll calculation service that can be re-used in different jurisdictions with minimal to no code changes. By using a unique but simple rules configuration tool, international expansion into new jurisdictions is simplified: new rules can easily be configured to enable accurate calculations and application of local legislation or regulation. The payroll engine also enables jurisdiction-specific tax filing, tax payment and employee payments.

The API provides our Partner development teams with an interface to the payroll engine. The API will enable an accelerated uptake for end users looking to add payroll services to their existing customers. The API is largely re-usable between jurisdictions, but can receive specific customisations based on key legislative features of jurisdictions that we enter. The flexibility of the API allows us to decide on a case-by-case basis if customer-specific extensions are a good fit for the core product offering or if they are considered a bespoke solution for the customer. This allows us to be very focused on meeting customer needs without sacrificing operational efficiency.

Combined, the payroll engine and API have two primary use cases. Firstly, they'll enable PaySauce to offer a wholesale payroll product to larger enterprises who already provide adjacent services to customers, adding a revenue stream for them, for PaySauce, and reducing subscription services for the mutual customers.

Development commenced this year on a proof of concept for the first consumer of the payroll engine and API, and is nearing completion as we work through the final desired outcomes.

Secondly, PaySauce will build a beautiful new interface powered by our new payroll engine and API. This new application for micro-businesses will initially be launched in New Zealand. This will allow new customers employing 1-5 employees to onboard, manage, make payments and file tax records for their staff from their phone. Delivering a new interface for both new and existing customers allows us to unify our current product portfolio, which currently consists of several offerings. These will be merged into this one new suite.



Wholesale payroll opportunity

CUSTOMER ACQUISITION

Rapid global scalability by embedding into existing providers with large customer base

CUSTOMER SUPPORT

End customer relationship and support is owned by the 3rd party provider

REVENUE RECOGNITION

Fixed term, multi year contract, invoiced annual in advance

Micro-business App opportunity

CUSTOMER ACQUISITION

Very large under-served market of micro-businesses with 1-5 employees acquired directly and through accountants

CUSTOMER SUPPORT

PaySauce owns the customer relationship and provides direct support

REVENUE RECOGNITION

Monthly subscription on a pay as you go basis

AWS Migration

FY24 saw PaySauce's largest technological change to date, with the entire suite of test and production environments shifted from Catalyst Cloud to Amazon Web Services (AWS). Following substantial planning and preparation, the migration ran successfully within the scheduled maintenance window and customers experienced a seamless transition to the new servers.

AWS unlocks improved tooling and servicing of PaySauce's architecture, including faster release cycles, the ability to increase capacity on demand and a reduction in reliance on key PaySauce team members through the use of appropriate managed services.

Now supporting over 7,000 customers, business continuity planning is even more critical. AWS lowers the barriers to the implementation of highly available systems, allowing normal operation to continue should a range of previously service-interrupting events occur. Amazon's global presence and extensive support for infrastructure as code also allows the team to quickly spin up customer-ready copies of PaySauce in alternate regions on demand. These capabilities combined with strong security features such as secrets management, threat detection, web application firewalling and audit logging mean a big step forward in the ability to manage and control technical risks without slowing the product delivery pipeline.



Reinvesting in the product

Reinvestment for growth has been the focus for PaySauce this year with investment into product development being a core component of this. Increased investment has been made into headcount, outsourced development and streamlining internal processes as PaySauce builds for scale. The three focus points for the year have been:

- Enhancing the existing product architecture and infrastructure for scale;
- Using the Gen 2.0 payroll engine to deliver a Proof of Concept for the first wholesale payroll opportunity; and
- Enhancing the existing products in response to customers needs.

As the key strategic deliverable in FY24, investment into Product and Development increased 12% year on year, reflecting 26% of total recurring revenue (31% in 2023). The incremental investment improved the efficiency of development release cycles. This efficiency gain is reflected in the capitalisation rate which improved 7 percentage points to 56%.

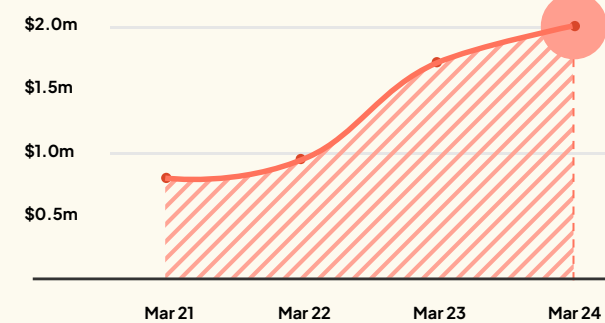
Tooling for growth

Our success has come from the love we've shown our customers and the love they've shown us in return. Our Customer Support centre offers exceptional service, giving our customers the peace of mind that they're in safe hands. To ensure that we can continue to support an increasing number of customers, investment into tooling has allowed our Customer Support team to offer better service. Through partners like Salesforce, we've been able to streamline the CRM and utilise AI capability to ensure our Support staff can confidently provide timely responses to customers.

New Verticals

Having obtained market dominance in the rural sectors in New Zealand, the benefit of targeting specific verticals and demonstrating that we understand them deeply is essential. The construction sector and related trades were targeted for growth and partnerships with key players, such as Master Plumbers and Master Builders were formed in FY24. Market penetration takes time and the successes and lessons taken from entering the dairy sector will be applied to the new sectors, with meaningful growth anticipated from new verticals in FY25.

R&D Investment



\$2.0m

FY24^e Investment into R&D



Obsess over customers

Customers remain our best marketing tool, and FY24 saw PaySauce implement further improvements to the service offered to our customers. A focus on improving the customer experience is good for business too! The team implemented more intuitive features that reduced the volume of calls to the call centre, enabling the Customer Support team to continue excelling without the need for additional headcount. The result was reflected in the increase in the Net Promoter Score (NPS) to 58 - a result we're very proud of.

of 96% Customer Support

The improvements have also come through investment into our internal systems, including a new phone system enabling faster response times and ultimately faster resolutions for customers. Improved reporting metrics also enable a faster customer satisfaction (CSAT) score, which allows us to better understand whether customers' queries have been resolved.

Customer-led improvements

With Salesforce's CRM integrated into the Customer Support team, categorisation of new customer cases is simpler to use, making the data capture more accurate and more timely. This in turn leads to more informed decisioning in relation to prioritisation of product feature improvements, as well as how we can support our customers with educational resources. We know our customers don't go into business to be payroll experts, and providing knowledge articles or interactive webinars further strengthens their peace of mind.

Wholesale payroll opportunities


To date, we've had very close contact with our customers and served them either directly, or through one of our incredibly supportive Accountant channel partners. In FY24, we identified the opportunity to leverage a new Gen 2.0 Payroll Engine to serve a new customer base through a wholesale offering. Our product team is nearing completion on the proof of concept with our first potential wholesale payroll customer. Once the first wholesale payroll opportunity is executed, the customer relationship will change to a more technical one, with the customer owning the relationship with the end users (small business owners and their employees).

 **58** NPS

Achieved Net Promoter Score of 58 (well above industry average)

 **7%**

Product improvements reduced customer case volumes by 7% year on year, despite growing our customer base 7%

 **96%**

Customer satisfaction score (CSAT) of 96%

\$2.5m

PayNow saved customers an estimated \$2.5m in interest and fees in FY24



Win-win-win partnerships

PaySauce uses partnerships to ensure a better outcome for PaySauce, PaySauce's customers, and the chosen partner. Partnerships are used to enhance PaySauce's product and to reach audiences in target markets.

Product partnerships include Akahu, who enable banking APIs, AplyID who enable AML verification of our customers' employees, and BNZ who provide interest and fee-free lending to ensure we can keep our PayNow product free. By leveraging their industry expertise, we can provide a better customer experience (and provide a genuine alternative protecting them from predatory payday lenders!).

Partnerships to reach audiences include sponsorship, channel, industry and distribution partnerships. Sponsorship partnerships are generally intended to increase awareness of the PaySauce brand. These include our partnerships with Wellington Rugby and Taranaki Rugby Football Union. Both unions are PaySauce customers, and both have been Bunnings Warehouse NPC Champions during our partnerships.

In FY24, we've focussed on expanding our reach beyond the rural sectors in New Zealand. A new partnership with Master Plumbers enables us to target the under-served plumbing sector with a first class payroll product that enables plumbers to pay their workers from their van. Partnering with industry experts gives confidence to the sector that the product is suitable for them, and people like them. The partnerships enable PaySauce to present at conferences and talk to the sector directly to better understand their industry specific needs. The move into more urban locations is deliberate to emphasise that

PaySauce is much more than an agri-payroll provider. Investment into a larger sales team has been focused on targeting the largest cities, with two Auckland based BDMs and a newly appointed BDM in Christchurch. With Accountants being our primary channel partners, the focus from our sales team has been to increase the reach to make PaySauce the payroll solution that Accountants recommend to their clients.

PaySauce partnered with Salesforce to develop AI capabilities to help augment their employees' technical knowledge, ensuring customers are provided with effective and efficient support. The AI allows Customer Support employees to broaden their capabilities by leveraging a centralised company-wide knowledge base.

PaySauce implemented an internal chatbot, powered by Salesforce's Service Cloud Einstein, to assist with framing research and customer responses. This supports the capability of the Customer team, allowing them to confidently shape answers and respond to customers in a timely manner. New employees add value faster with the ability to "fact check" the responses before communicating back to the customer - maintaining their values of prioritising the customer experience.

50
Accountants

Over 50 New Accountants joined and referred 600 customers

600
Customers



New partnerships

New industry partnership with Master Plumbers

Strong new tech partnerships with Amazon and Salesforce



Awesome people

People are the largest investment at PaySauce, with over \$5m paid to our people in FY24. As well as increasing headcount in our key growth areas, we invested in tools that supported our people to be more efficient.

Jacques Labuschagne joined the team as Head of

Delivery, leveraging his previous expertise to improve the discipline and structure in our development function. The team was split into squads to focus work into two streams: delivering the Gen 2.0 payroll engine and continuing to improve the existing product supporting the current customer base. Overall, we grew our Product & Development Team by 50%, including specialist DevOps talent and more development capability. We continue to also utilise the expertise of contractors or specialist partners when needed to support our permanent inhouse team, staying flexible with how we resource our projects on an as-needs basis.

While our overall headcount has not increased significantly, the make up of our workforce has changed shape to focus more on our technology function. The investment into a better resourced Product & Development function is bearing fruit, with a significant improvement in the velocity of work here - directly impacting our ability to deliver on our strategic objectives.

Our Sales & Marketing Team has been boosted with the addition of our new Head of Sales and new Business Development Managers: they bring a depth of collective experience selling payroll solutions as well as a deep understanding of our accountancy partner channel. Our new Marketing Manager brings a wealth of experience in managing campaigns to support brand awareness and drive sales, and has driven a number of improvements and efficiencies as well as new campaigns and initiatives to help us reach more small business employers.

We're well known for our excellent customer service. This year, we've focused on supporting this team with increased tooling at their disposal to help with both on the job learning and training as well as easier access for our customers to reach help when it is needed.

We've continued our commitment to looking after the PayForce and helping them to share in PaySauce's success, and this year our Employee Share Scheme continued - albeit with changes for it to be simpler to administer and for employees to understand. Almost all of the PayForce are shareholders, which means everyone is committed to our ongoing success.

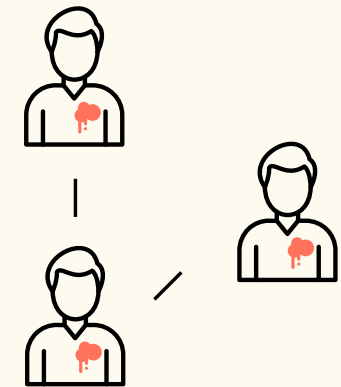


 **50%**

Grew Product & Development Team by 50%



Recognised as top 100 tech/ startup employer by Matchstiq



New Sales & Marketing teams

Leadership team

We have ambitious goals, so we've built an ambitious leadership team. They have the talents, mindsets and skills to achieve our goals, and will keep PaySauce on course as we scale up for increased sustainable growth.

Shelley Ruha

Independent Director and Chair



Shelley joined the PaySauce board in February 2022. Shelley is a professional director with strong governance experience within FinTech, large scale technology infrastructure, payments innovation, banking, wealth management and venture capital.

Current governance roles include Chair of Allied Farmers and directorships at Heartland Bank, 9Spokes and Partners Life. Prior directorships include Paymark, The Icehouse, Hobson Wealth, TaxGift and JBWere Australia.

Asantha Wijeyeratne

Executive Director, CEO and Co-Founder



Asantha has over 20 years' experience of unparalleled focus on helping small businesses navigate the difficult landscape of effective payroll. His formal background in accounting combined with his 'people first' attitude has seen him successfully build a number of businesses into market leadership positions.

Most notably, Asantha was the driving force behind the creation and growth of SmartPayroll and SmartBooks which he grew to service close to 10,000 SMEs in NZ before he left in December 2013.

Asantha's obsession is the small business sector with a tech and customer service focus. He loves seeing someone with determination and passion turn an idea into a business that supports them, their families and the wider community. He gets a lot of enjoyment from making tech work to help business owners succeed.

In recognition of his contribution to business and the community, he was awarded a Queens Service Medal (QSM) in the New Year's honours list in 2013 and was a finalist in Ernst & Young's 2021 Entrepreneur of the Year.

Gavin Thompson

Director (Non-Independent)



Gavin is a founder and director of Catalyst IT, New Zealand's largest open-source IT service provider. His background is in software development and delivery, and he has over 30 years' experience in software systems in the manufacturing, engineering, financial, and government sectors. Gavin is also a director on the board of Catalyst Cloud, a company which grew from an infrastructure platform for the Catalyst business into a provider of cloud services for Aotearoa.

Gavin is passionate about open source and open standards software and systems which allow a collaborative and effective approach to delivering secure, resilient and innovative solutions.

Michael "MOD" O'Donnell

Independent Director



Mike "MOD" O'Donnell is a professional director, writer and advisor with a background in FinTech, ecommerce and news media.

MOD is chair of New Zealand's largest craft brewery Garage Project and deputy chair of both New Zealand Trade and Enterprise and global online music company Serato. MOD is also a director of Radio New Zealand, www.realestate.co.nz, Sandfield Software and he is a Trustee of The New Zealand Hi-Tech Trust.

MOD is an independent weekly business columnist for Stuff Media and the host of TVNZ series "Start Me Up". He was previously Chief Operating Officer of Trade Me, Chief Operating Officer of vWork and Head of Wholesale Investment at Gareth Morgan Investments.

Mark Samlal

Independent Director



Mark Samlal has over 25 years' experience in growth leadership roles in Asia Pacific. Most recently Mark co-founded PayAsia in 2006 where he was Non-Executive Chair, until being appointed as Executive Chair and Managing Director of PayAsia in 2015. In 2017, Mark was appointed to the Board and as Managing Director of PayGroup which listed on the ASX in May 2018 and

PayAsia became a 100% subsidiary. During this time, Mark strategically executed over five acquisitions before being acquired by Deel Inc by way of scheme of arrangement in November 2022 and delisted.

Mark remains the Founder of PayGroup and the General Manager of Deel Inc Asia. Mark was also a Director and General Manager of PayConnect Solutions that was acquired by ADP. His previous senior roles include CEO at Vicplas International Ltd, a Singapore Stock Exchange listed company, as well as Executive Director of Omni Industries in Singapore. Throughout all experience mentioned, Mark was an invested shareholder.

Jim Sybertsma

Independent Director, Audit & Risk Committee Chair



Jim has over 25 years of experience in financial leadership positions including CFO roles for DB Group, NZ Dairy Foods, Fliway Group, and Hawkesby Management. During this time, Jim has been involved in audit, compliance and corporate finance activities across a range of industries and sizes from start-up to scale-up.

Jim is currently a Director for Provident Insurance Corporation Limited, Auto Drive Holdings and First Glass. He is also CFO of Hawkesby Management, a family office investment role managing multiple investments in early stage tech companies and listed equity portfolios

Troy Tarrant

CTO & Co-Founder



Troy has over 20 years experience in IT development, product design and architecture - ten of those years focused solely on HR and payroll applications. He's worked on projects across the board, from small business to government. He's built PaySauce to enable rapid development, security and scale.

Mathew Stokes

COO



Mathew has a strong finance and technology background and amplifies this with his passion for innovation, streamlining operations and enhancing customer experiences. Mathew actively contributes to the finance and technology sectors, providing invaluable insights and guidance. He is regularly invited to speak on international stages about his insights on technology and customer operations at scale, and also ensures that we run a tight ship on compliance and regulatory requirements.

Jaime Monaghan

CFO



With an extensive commercial background, Jaime brings incisive leadership to our financial and strategic planning. Jaime's expertise in bringing business and finance together was honed in her previous roles at Trade Me and Kiwibank. A Scottish Accountant, Jaime is dedicated to ensuring the best possible stewardship of shareholders' funds in the short, medium and long term. PaySauce is responsible for managing a high volume of funds on behalf of customers, with billions of dollars being transacted every year through PaySauce systems. Jaime's financial acumen and excellent management is key to overseeing this.

Jessica McLean

CPO



Jess has had a career that started with hands-on customer service and payroll consulting, then moved into people & culture. She's now leading our people and product functions at PaySauce, making sure we have both the talent and the product strategies to propel PaySauce forward. She's passionate about creating high-trust, growth-supporting cultures and enabling high-performing teams to do what they do best, as well as the integral function that payroll plays in a business and ensuring we help people get that right.

Jacques Labuschagne

Head of Delivery



Jacques is a seasoned expert in delivering technology solutions for a range of customers, including both bespoke solutions as well as building successful suites of core product and service offerings. With a career that started in software development and moved into team and project management, Jacques most recently spent several years as the CEO of a technology services business in the UK, then as the COO of the NZ based business in the same group before joining the PaySauce team in 2023. Using a blend of technical expertise, strategic thinking and disciplined planning and execution, he excels at managing technology teams to deliver successful solutions.

PaySauce SaaS Performance

The business results and SaaS metrics reported in the following sections provide an overview of the performance of the business in a format that we believe is useful for readers to assess the performance of PaySauce as a SaaS business and should be read alongside the consolidated financial statements and the related notes in this report.

Non-Generally Accepted Accounting Principles (Non-GAAP) measures have been included and should not be viewed in isolation, nor considered as substitutes for measures reported in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).



Business Results

	MAR 2024	MAR 2023
	\$000s	\$000s
Processing Fees	5,370	4,592
Interest Income	2,200	1,123
Recurring Revenue	7,570	5,715
Cost to Serve	(1,747)	(1,569)
Gross Margin	5,823	4,146
Gross Margin %	77%	73%
Other Interest Income	15	15
Other Revenue	131	82
Total Other Revenue	146	97
Customer Acquisition	(766)	(709)
Research & Development	(934)	(991)
General & Administration	(3,108)	(2,561)
Interest Expense	(97)	(62)
Earnings Before Tax, Depreciation and Amortisation	1,064	(80)
Earnings Before Tax, Depreciation and Amortisation Margin %	14%	(1%)
Depreciation & Amortisation	(646)	(498)
Asset Impairment	(228)	-
Income Tax	1,042	20
Net Profit / (Loss)	1,232	(558)



Earnings Before Tax, Depreciation and Amortisation (EBTDA) 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.

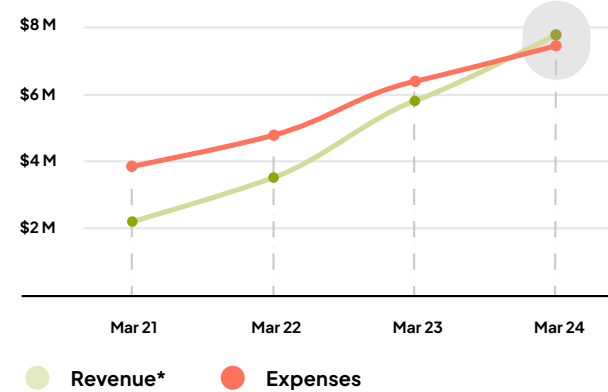
EBTDA Margin % is EBTDA as a percentage of recurring revenue and is calculated by dividing EBTDA by recurring revenue

Earnings

PaySauce delivered its maiden net profit as it continued to grow revenue and re-invest for long term growth in a sustainable and deliberate manner.

EBTDA increased \$1.14m year on year for March 2024 to \$1.1m. This was driven primarily by the increase in recurring revenue of \$1.85m (33%) which more than offset the \$1.14m increase (18%) in expenditure. The net profit for the year was \$1.23m, up \$1.79m on the net loss of \$558k of the prior year. The result includes a deferred tax asset of \$1.02m that was recognised during the year.

Profitability



*Revenue excludes recognition of deferred tax asset of \$1.02m

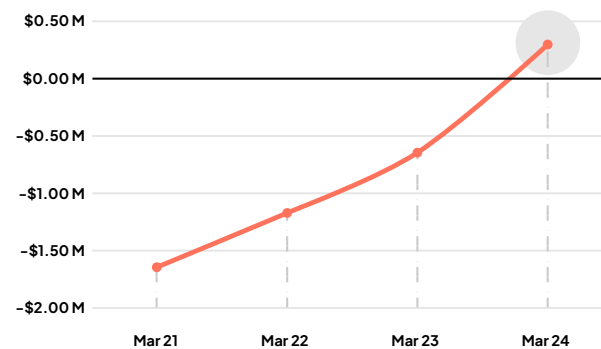


Free cash flow is a non-GAAP financial measure that has been included to demonstrate net cash generated by, and invested into the business. PaySauce defines free cash flow as cash flows generated from operating activities less cash flows used for investing activities (excluding funds held on behalf of customers).

Free cash flow increased by \$0.94m year on year for March 2024, primarily driven by an increase in net cash from operating activities before increase in funds due to customers and IRD of \$1.21m.

Free cash flow

(excluding funds held on behalf of customers)



Recurring Revenue



How and why do we monitor recurring revenue?

PaySauce monitors the revenue received from customers as a growth metric. Looking at it from a customer journey angle, this is the Average Revenue per User (ARPU) and is derived by dividing the total recurring revenue by the number of customers in a period. PaySauce measures this metric on a monthly basis - the higher the ARPU, the more value received from each customer.

Definitions

Recurring revenue is revenue that is expected to repeat into the future. Recurring revenue for PaySauce consists of:

- Processing Fees - the monthly or annual subscription customers pay for PaySauce payroll products.
- Interest Income - interest earned from funds held on behalf of PaySauce customers. As interest earned on these funds grows directly in relation to the number of customers, this is considered an additional recurring revenue stream.

Annualised recurring revenue (ARR) multiplies the recurring revenue generated in the last month of the period by 12 to annualise the current recurring revenue.

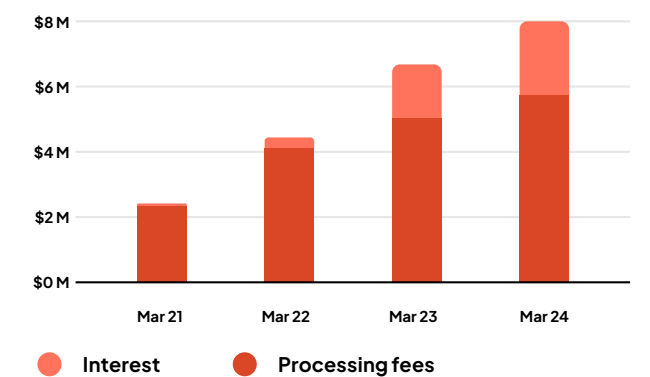
Recurring revenue grew 32% year on year to \$7.6m. This arose from increases in both processing fee revenue and interest revenue.

Processing fee revenue increased to \$5.37m, up 17%, or \$0.78m year on year. The increase in volume of customers accounted for just over half of this increase, while the increase in average revenue per customer accounted for the remainder.

Interest revenue increased to \$2.2m, up 96% or \$1.08m year on year. This was due to the increase in interest rates, as well as an increase in the balance of funds held on behalf of customers.

Annualised recurring revenue (ARR) grew 19% year on year to \$8m as at 31 March 2024.

Annualised recurring revenue



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.

PaySauce has surpassed the rule of 40 benchmark with annual recurring revenue growing +32% and an improved EBTDA margin of +14%.

Rule of

40

Exceed global benchmark for SaaS companies

	MAR 2024	MAR 2023	YOY Change
ARR at end of period (\$000s)	8,005	6,701	19%
Recurring revenue for the period - Total (\$000s)	7,570	5,716	32%
ARPU (monthly) at end of period (\$)	91	81	11%
FTEs	46	42	10%
Revenue per FTE (\$000s)	168	138	21%

Cost to Serve



How and why do we monitor cost to serve?

PaySauce monitors the cost of servicing customers as an efficiency metric. The cost to serve per customer (CTS) divides the total cost to serve by the total number of customers for the period. The lower the CTS, the more efficient PaySauce is at servicing customers.

Definitions

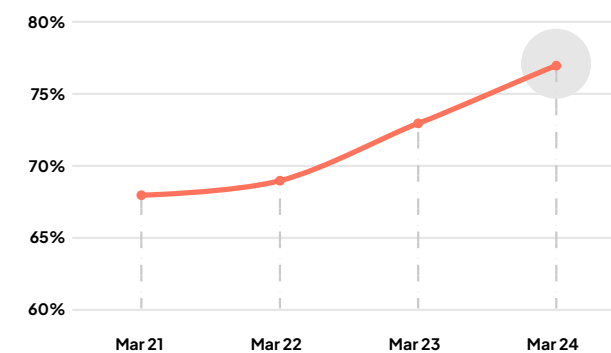
Cost to serve consists of customer support costs and expenses such as cloud hosting, maintenance of our software products, and bank fees charged per customer transaction.

Gross margin represents our recurring revenue less the cost to serve our customers, and is also often expressed as a percentage, where the gross margin is divided by the recurring revenue.

Cost to serve increased to \$1.7m (up 11% on last year). PaySauce continued to make investment into new systems and tools to increase the efficiency of the customer support team and set up the team for scalable growth.

This enabled the customer support team to support a greater number of customers, more effectively, with the same headcount - evidenced by an NPS score of 58 at March 2024 (up 10 from 48 in March 2023). The increase in cost to serve was largely inflationary, and was outpaced by a 32% increase in recurring revenue, of which a large portion of the increase was the result of an increase in interest revenue. This led to an increased gross margin of 77% for the year (up 4 percentage points on last year).

Gross margin %



	MAR 2024	MAR 2023	YOY Change
Recurring revenue (\$000s)	7,570	5,716	32%
Less cost to serve (\$000s)	(1,747)	(1,569)	11%
Gross margin (\$000s)	5,823	4,146	40%
Gross margin %	77%	73%	4pp

Customer Acquisition



How and why do we monitor customer acquisition?

PaySauce monitors the cost of acquiring new customers as an efficiency metric. The customer acquisition cost (CAC) divides the total cost of acquisition across the new customers for the period. Customer acquisition is more efficient the lower the CAC per new customer metric.

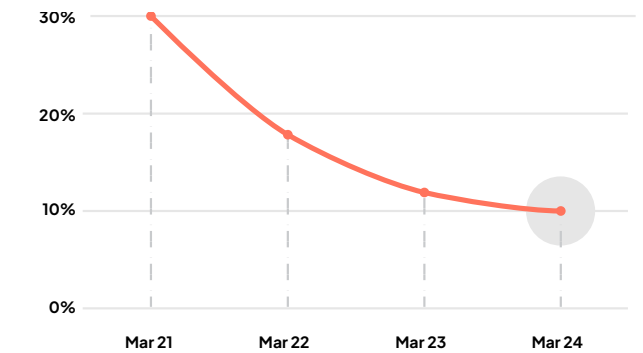
Definitions

Customer acquisition costs relate to acquiring and onboarding new customers. These consist of sales and marketing people costs and expenses such as digital marketing, events and sponsorship. These costs are expensed as incurred as they do not relate to any specific customer or contract for services.

PaySauce added more than 1,500 new customers during the year (an increase of 7%) taking the total to 7,300 amid tough economic conditions, inflation and subdued demand. While slower than originally anticipated,

PaySauce has continued its expansion outside of the rural sector into new verticals, forming key partnerships including Master Plumbers and Master Builders, as the company prepares to deliver new digital marketing campaigns in this space to increase brand awareness. Accounting partners contribute to a large portion of new customers and continue to be a focus as PaySauce expands its network and deepens relationships with existing accounting partners as well as bringing on new ones.

Customer acquisition as a % of revenue



	MAR 2024	MAR 2023*	YOY Change
CAC per addition	510	413	24%
New customers	1,502	1,717	(13%)
Customer acquisition costs (\$000s)	766	709	8%
Percentage of Recurring Revenue	10%	12%	(2pp)

* PaySauce changed the methodology in how it recognises customer activity during the period. As a result, the comparative period metrics have been restated to equivalent values. The following metrics relating to Customer Acquisition were impacted:

- New customers increased from 1,417 to 1,717.
- CAC per addition decreased from \$500 to \$413.

Research & Development



Research and development costs relate to building new products and features as well as enhancing the current products and infrastructure. These costs predominantly consist of the software development team salaries, and are either expensed or capitalised in line with NZ IFRS requirements. Costs are expensed if they are primarily related to researching new products or maintaining existing products, and capitalised if they are related to developing new and improving existing products. Development costs are discussed in aggregate below - to demonstrate the total spend on R&D for the business in the period before capitalisation under NZ IFRS requirements.

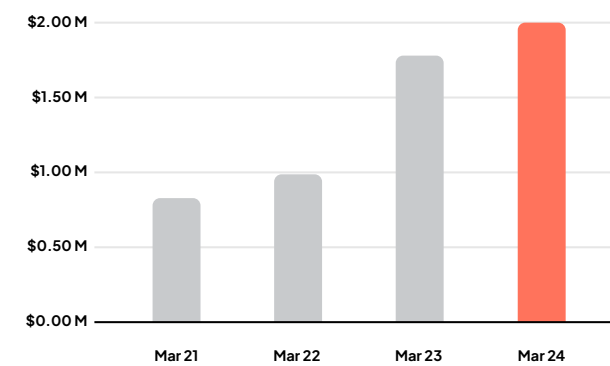
PaySauce increased investment into research & development by 25% year on year - up to \$2.2m for the year ended 31 March 2024. This included \$0.2m of development in progress which was written off during the period as part of the impairment testing process.

Investment has primarily been made into additional headcount as PaySauce, growing 50% year on year and included several key hires that have led to improvements both with the structure of the team, and the security of the product. This is evidenced by an increase in

capitalisation rate to 56% up 7 percentage points year on year, which is a measure of how much time is spent developing and improving products compared to the time spent maintaining them.

Our investment into additional headcount has resulted in cost savings of our non-people, and outsourced expenditure as we've built efficiencies to help manage these costs as we scale our product and customer base. R&D made up 29% of our Recurring Revenue, down 2 percentage points from last year.

R&D investment



	MAR 2024	MAR 2023	YOY Change
Research & development expensed (\$000s)	934	991	(6%)
Research & development impairment (\$000s)	228	-	-
Research & development capitalised (\$000s)	1,066	791	35%
Total research and development costs (\$000s)	2,228	1,782	25%
Percentage of Recurring Revenue	29%	31%	(2pp)
Capitalisation rate	56%	49%	7pp

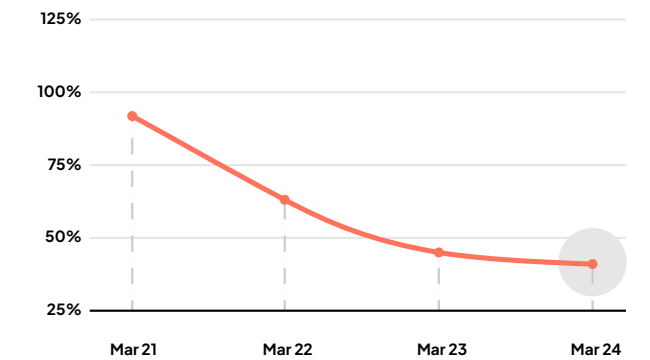
General & Administration



General and administration costs are the overhead related costs of running the business which include management remuneration, director fees, office running costs, finance and administration, legal and consulting expenses and other overheads

General and administration costs increased 21% year on year to \$3.1m though decreased as a percentage of recurring revenue at 41% compared to 45% last year. The increase was primarily driven by an increase in people costs as a result of inflationary pressures and bringing several team members in line with market rates.

G&A cost as a % of revenue



	MAR 2024	MAR 2023	YOY Change
Total general and administration costs (\$000s)	3,108	2,561	21%
Percentage of Recurring Revenue	41%	45%	(4 pp)

Customer Lifetime Value



How and why do we monitor customer lifetime?

PaySauce monitors the retention of customers. This is measured using the churn metric which calculates the percentage of customers that stop using PaySauce products each month. The lower the churn rate, the higher the derived lifetime of each customer and the more value generated from them. The customer lifetime value is assessed relative to the customer acquisition cost (CAC) to determine the return on investment of acquiring new customers.

Definitions

Monthly average churn rate is the 12 month average of the net reduction of customers in a calendar month. This is expressed as the percentage of the total Ccustomers at the start of that month. The estimated customer lifetime (in months) is derived using the inverse of monthly average churn rate (being 1 divided by the monthly average churn rate).

Customer lifetime value (LTV) is a measure of the gross margin each customer brings in over the time they use PaySauce. LTV is calculated by multiplying the gross margin per customer by the estimated customer lifetime.

Total customer LTV is a measure of the estimated value of the current customer base, assuming that churn, revenue and cost to serve remain constant. This measure is calculated by multiplying customer LTV by the total number of customers.

LTV : CAC is a measure of the return on investment of acquiring a new PaySauce customer. This measure is calculated by dividing the customer LTV by the CAC per addition.

Tough economic pressures faced by customers during the year, with high interest rates and inflation, has provided a natural hedge for PaySauce. On one hand, PaySauce saw average monthly churn increase to 1.18%, a 3% increase year on year. On the other, PaySauce saw an increase in interest revenue lead to an improved gross margin of 77%, up 4 percentage points year on year. On balance, this led to an increase in customer LTV to \$5,890 per customer, up 15% year on year.

This increase in customer LTV combined with the increase in the number of PaySauce customers increased total customer LTV by 23% year on year, growing to \$43.4m as at 31 March 2024.



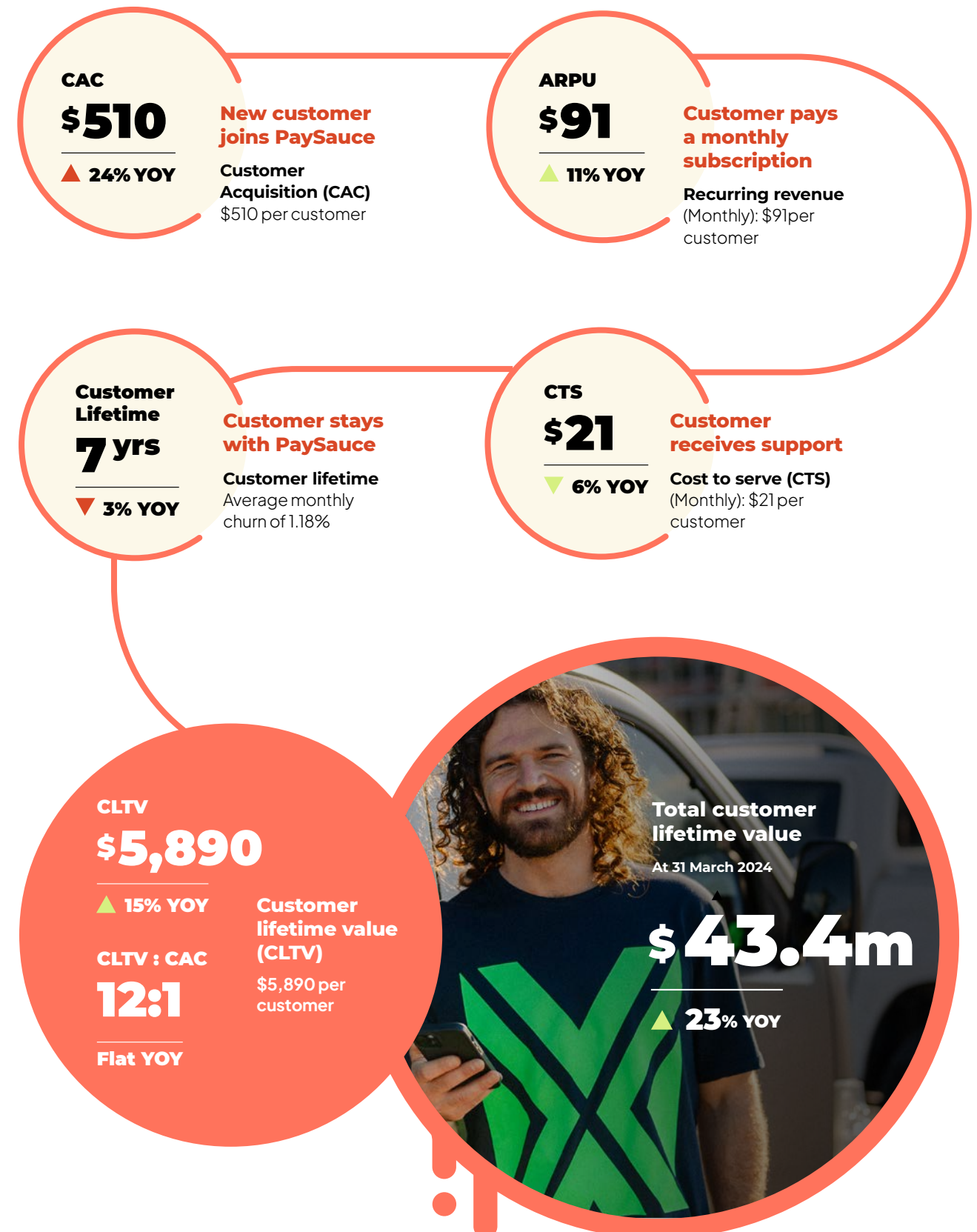
Customer LTV is particularly sensitive to churn and assumes these levels will remain consistent over an extended future period. Using the average churn levels for the last three years (1.16%), total customer LTV would be \$0.9m (2%) higher.

	MAR 2024	MAR 2023*	YOY Change
Customers at end of period	7,368	6,875	7%
Average monthly churn rate for the period (%)	1.18	1.15	3%
Churned customers	1,009	894	13%
LTV per customer at end of period (\$)	5,890	5,142	15%
Total customer LTV at end of period (\$000s)	43,399	35,348	23%
LTV:CAC ratio at end of period	12 : 1	12 : 1	-

* PaySauce changed the methodology in how it recognises customer activity during the period. As a result, the comparative period metrics have been restated to equivalent values. The following metrics relating to Customer Lifetime Value were impacted:

- Customer lifetime decreased from 11.1 years to 7.3 years
- Average monthly churn rate increased from 0.75 to 1.15%
- Churned customers increased from 594 to 894
- LTV per customer decreased from \$7,817 to \$5,142
- Total Customer LTV decreased from \$53.7m to \$35.4m
- LTV:CAC ratio decreased from 16 : 1 to 12 : 1.

Customer Lifetime Journey



Consolidated Financial Statements

For the year ended 31 March 2024

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Directors' Report

The Board of Directors have pleasure in presenting the annual report of PaySauce Limited, incorporating the consolidated financial statements and the independent auditor's report, for the year ended 31 March 2024.

In the opinion of the directors of PaySauce Limited, the consolidated financial statements and notes on pages 40 to 64:

- comply with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and present fairly the consolidated financial position of the Group as at 31 March 2024 and the results of their operations and cash flows for the year ended on that date; and
- have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The directors consider that they have taken adequate steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide reasonable assurance as to the integrity and reliability of the consolidated financial statements.

For and on behalf of the Board of Directors:

Shelley Ruha
Chair

A stylized, handwritten signature in black ink.

21 May 2024

Jim Sybertsma
Chair of Audit & Risk Committee

A stylized, handwritten signature in black ink.

21 May 2024

Independent Auditor's Report

To the Shareholders of PaySauce Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of PaySauce Limited (the "Company") and its controlled subsidiaries ("the Group") on pages 40 to 64 which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of comprehensive income, consolidated statement of movements in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including the material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') issued by the New Zealand Accounting Standards Board and International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no other relationship with, or interests in, the Company or any of its subsidiaries.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.



Grant Thornton New Zealand Audit Limited
L4, Grant Thornton House
152 Fanshawe Street
PO Box 1961
Auckland 1140

T +64 (0)9 308 2570
www.grantthornton.co.nz

Why the audit matter is significant	How our audit addressed the key audit matter
<p>Intangible assets – Capitalisation of internally developed software and impairment testing of intangible assets not yet ready for use</p> <p>Intangible assets carrying value of \$2,399,000 at 31 March 2024 (\$2,009,000 at 31 March 2023) is comprised of computer software, development in progress and customer relationships.</p> <p>The Group is a Software as a Service ("SaaS") provider which incurs significant expenditure in developing and maintaining its software assets.</p> <p>NZ IAS 38 <i>Intangible Assets</i> outlines the criteria for capitalisation of costs associated with developing the software including whether the software will generate future economic benefits</p> <p>As disclosed in Note 5, capitalised software costs are recognised at cost and subsequently amortised over their estimated useful lives. Costs that do not meet the criteria for capitalisation are expensed to profit or loss as incurred.</p> <p>In addition to the above, the software asset includes development in progress. NZ IAS 36 <i>Impairment of Assets</i> requires intangible assets that are not yet available for use to be tested annually for impairment.</p> <p>Capitalisation of internally generated intangible assets and impairment testing of intangible assets under development involves significant estimate and judgement and therefore is also a key audit matter.</p>	<p>We evaluated the appropriateness of intangible asset capitalisation and assessed impairment testing of intangible assets.</p> <p>In respect to capitalised intangible assets, our procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> obtained an understanding of the nature and background of the activities and costs that are capitalised; reviewed a sample of projects and assessed whether they met the capitalisation criteria in NZ IAS 38 <i>Intangible Assets</i>; and agreed a sample of costs capitalised to sufficient and audit evidence to ensure they were reasonable and appropriate. <p>In respect to impairment assessments, our procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> reviewed individual development projects for indicators of impairment; performed procedures to evaluate and challenge the Group's determination of CGUs; obtained management's impairment assessments and tested the completeness and mathematical accuracy of the value in use calculations; compared the forecast cash flows used for FY24 to the Board approved business plan; assessed managements historical accuracy in cash flow forecasting; and used our internal valuation experts to assess the models' compliance with NZ IAS 36, and to review the appropriateness of key assumptions. <p>Other procedures of note included the following:</p> <ul style="list-style-type: none"> Reviewed disclosures in the consolidated financial statements for reasonableness and appropriateness.

Information Other than the Financial Statements and Auditor's Report thereon

The Directors are responsible for the other information. The other information comprises the F24 highlights, F25 strategy, leadership messages, delivering on the plan, leadership team, Performance (SaaS metrics), corporate governance, company directory, the Directors' report, and the corporate governance disclosures, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the Consolidated Financial Statements

The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS issued by the New Zealand Accounting Standards Board and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the External Reporting Board's website at: <https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-1>

Restriction on use of our report

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders, as a body those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Limited


B Smith, Partner
Auckland

21 May 2024

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2024

	Notes	2024 \$000s	2023 \$000s
Operating revenue	8	7,717	5,813
Expenses			
Employee expenses	9	(4,470)	(3,739)
Other expenses	12	(2,086)	(2,092)
Depreciation and amortisation	4,5	(646)	(498)
Asset impairment	5	(228)	-
Finance costs	11	(97)	(62)
Total expenses		(7,527)	(6,391)
Net profit / (loss) before income tax		190	(578)
Tax benefit	13	1,042	20
Net profit / (loss) for the period		1,232	(558)
Other comprehensive income		-	-
Total comprehensive profit / (loss) for the period		1,232	(558)
Earnings / (loss) per share		Cents	Cents
Basic earnings / (loss) per share	7	0.88	(0.40)
Diluted earnings / (loss) per share	7	0.88	(0.40)

The above statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 March 2024

	Notes	2024 \$000s	2023 \$000s
Assets			
Current assets			
Cash and cash equivalents	22	603	504
Cash and cash equivalents - customer funds	22	8,909	8,169
Term deposits - customer funds	22	24,700	24,200
Trade receivables		173	124
Other assets		500	638
Total current assets		34,885	33,635
Non-current assets			
Deferred tax asset	13	979	-
Property, plant and equipment	4	371	358
Intangible assets	5	2,399	2,009
Total non-current assets		3,749	2,367
Total assets		38,634	36,002
Liabilities			
Current liabilities			
Trade and other payables		398	627
Funds due to customers and IRD	22	33,609	32,369
Employee benefits		332	372
Other liabilities		390	346
Lease liabilities		134	114
Interest bearing liabilities	14	650	-
Total current liabilities		35,513	33,828

The above statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 March 2024

	Notes	2024 \$000s	2023 \$000s
Non-current liabilities			
Lease liabilities		77	115
Employee benefits		-	14
Interest bearing liabilities	14	-	650
Total non-current liabilities		77	779
Total liabilities		35,590	34,607
Net assets		3,044	1,395
Equity			
Share capital	6	13,659	13,212
Reserves	19	212	242
Accumulated losses		(10,827)	(12,059)
Equity attributable to the owners of the Company		3,044	1,395

For and on behalf of the Board of Directors, who authorised the issue of these Consolidated Financial Statements on 21 May 2024:

Shelley Ruha
Chair



21 May 2024

Jim Sybertsma
Chair of Audit & Risk Committee



21 May 2024

The above statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Movements in Equity

For the year ended 31 March 2024

	Notes	Attributable to equity holders of the Company			
		Share-based payment reserve \$000s	Share Capital \$000s	Accumulated losses \$000s	Total \$000s
Balance as at 1 April 2023		242	13,212	(12,059)	1,395
Comprehensive profit					
Net profit for the period		-	-	1,232	1,232
Other comprehensive income		-	-	-	-
Total comprehensive profit		-	-	1,232	1,232
Transactions with owners					
Share-based payments, net of tax	19	211	-	-	211
Share-based payments paid up	6	(241)	241	-	-
Issue of ordinary shares	6	-	206	-	206
Total transactions with owners		(30)	447	-	417
Balance as at 31 March 2024		212	13,659	(10,827)	3,044
Balance as at 1 April 2022					
		131	13,039	(11,502)	1,668
Comprehensive loss					
Net loss for the period		-	-	(557)	(557)
Other comprehensive income		-	-	-	-
Total comprehensive loss		-	-	(557)	(557)
Transactions with owners					
Share-based payments, net of tax	19	257	-	-	257
Share-based payments paid up	6	(146)	146	-	-
Issue of ordinary shares	6	-	27	-	27
Total transactions with owners		111	173	-	284
Balance as at 31 March 2023		242	13,212	(12,059)	1,395

The above statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	Notes	2024 \$000s	2023 \$000s
Cash flows from operating activities			
Receipts from customers		5,082	4,290
Interest received		2,205	970
Payments to suppliers and employees		(5,803)	(4,978)
Taxes refunded / (paid)		13	(13)
Interest paid on operating leases		(22)	(5)
Net cash from operating activities before increase in funds due to customers and IRD	22	1,475	264
Increase in funds due to customers and IRD	22	1,240	5,031
Net cash from operating activities	18	2,715	5,295
Cash flows used in investing activities			
Funds on term deposit		(500)	(6,475)
Investment in intangible assets		(1,066)	(791)
Purchases of property, plant and equipment		(113)	(118)
Net cash used in investing activities		(1,679)	(7,384)
Cash flows from / (used in) financing activities			
Loan advances		-	650
Repayments of principal portion of lease liability		(122)	(55)
Interest paid on borrowings		(75)	(38)
Net cash (used in) / from financing activities		(197)	557
Net increase / (decrease) in cash and cash equivalents		839	(1,532)
Cash and cash equivalents at beginning of the period		8,673	10,205
Cash and cash equivalents at end of the period		9,512	8,673

The above statement should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

1. General information

PaySauce Limited (the "Company" or "PaySauce"), is a for-profit limited liability company, domiciled and incorporated in New Zealand and registered under the Companies Act 1993. The company is an FMC Reporting Entity for the purpose of the Financial Markets Conduct Act 2013. PaySauce is listed on the New Zealand Stock Exchange ("NZX") that trades under the ticker PYS.

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.

The consolidated financial statements for the Company and its subsidiaries (the "Group") for the year ended 31 March 2024 were authorised in accordance with a resolution of the directors for issue on 21 May 2024 and are audited.

2. Summary of material accounting policies

a. Basis of preparation

These consolidated financial statements have been prepared:

- in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP")
- in accordance with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for profit oriented entities
- in accordance with International Financial Reporting Standards ("IFRS")
- in accordance with the requirements of the Financial Markets Conduct Act 2013;
- on the basis of historical cost;
- in New Zealand dollars (NZD) with all values rounded to the nearest one thousand dollars (\$1,000) unless otherwise stated;
- on the assumption that the Group is a going concern.

There were no new standards, amendments or interpretations issued in the financial period which would materially impact the financial statements.

b. Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and its subsidiaries as at 31 March 2024. All subsidiaries are wholly owned and controlled by the Company as at 31 March 2024 and have a reporting date of 31 March 2024 (note 21).

All transactions and balances between the Group are eliminated on consolidation. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

c. Foreign currency translation*Functional and presentation currency*

Items included in the consolidated financial statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (New Zealand). The consolidated financial statements are presented in New Zealand dollars (\$), which is the Group's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

d. Goods and Services Tax (GST)

All revenue and expense transactions are recorded exclusive of GST. Assets and liabilities are similarly stated exclusive of GST, with the exception of receivables and payables, which are stated inclusive of GST.

e. Leases

Payments associated with short-term leases and leases of low-value assets are recognised on a straight line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Lease liabilities are initially measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate. Subsequently, the carrying value of the liability is adjusted to reflect interest and lease payments made.

PaySauce recognised a right-of-use asset and corresponding lease liability for the property lease entered into during the period at 85 The Esplanade, Petone.

3. Use of critical accounting estimates and judgements

The preparation of the consolidated financial statements requires PaySauce to make a number of judgements, estimates and assumptions. Estimates and underlying assumptions are reviewed on an on-going basis.

Information about critical judgements and significant estimates used in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included below and in the following notes:

- Intangible Assets (Note 5)
- Tax Expense (Note 13)

Going concern

The consolidated financial statements have been prepared on a going concern basis.

The Group made a net profit before tax of \$0.190 million for the year ended 31 March 2024 (2023: loss of \$0.578 million), has equity at 31 March 2024 of \$3.044 million (2023: \$1.395 million) and net current liabilities of \$0.628 million (2023: \$0.193 million). The Group had positive operating cash flows before increase in funds due to customers and IRD of \$1.475 million for the year ended 31 March 2024 (2023: \$0.264 million). The Group also has additional debt facilities of \$0.250 million to draw upon as required.

The Directors consider after making due enquiry and having regard to the circumstances which they consider reasonably likely to affect the Group for the foreseeable future, which is not less than 12 months from the date these financial statements are approved for issue, that the going concern assumption is valid.

4. Property, plant and equipment

	Right-of-use Asset (Property)	Office Equipment	Leasehold Improvements	Computer Equipment	Total
Year ended 31 March 2024	\$000s	\$000s	\$000s	\$000s	\$000s
Opening net book value	228	60	4	66	358
Additions	104	45	-	67	216
Disposals	-	(1)	-	(3)	(4)
Depreciation	(129)	(18)	(2)	(50)	(199)
Closing net book value	203	86	2	80	371
As at 31 March 2024					
Cost	342	153	4	242	741
Accumulated depreciation	(139)	(67)	(2)	(162)	(370)
Net book value	203	86	2	80	371

	Right-of-use Asset (Property)	Office Equipment	Leasehold Improvements	Computer Equipment	Total
Year ended 31 March 2023	\$000s	\$000s	\$000s	\$000s	\$000s
Opening net book value	58	30	7	42	137
Additions	239	42	4	72	357
Disposals	-	(1)	-	(5)	(6)
Depreciation	(69)	(11)	(7)	(43)	(130)
Closing net book value	228	60	4	66	358
As at 31 March 2023					
Cost	441	121	15	224	801
Accumulated depreciation	(213)	(61)	(11)	(158)	(443)
Net book value	228	60	4	66	358

Items of computer, office equipment, leasehold improvements are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss within the Statement of Comprehensive Income.

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each item of equipment. The depreciation rates for the current and comparative years of significant items of property, plant and equipment are as follows:

Right-of-use asset	20 - 50%
Office equipment	8.5 - 67%
Leasehold improvements	50%
Computer equipment	40%

Depreciation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

The carrying values of property, plant and equipment are reviewed annually for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

5. Intangible assets

	Development in progress	Computer Software	Customer Relationships	Total
	\$000s	\$000s	\$000s	\$000s
Year ended 31 March 2024				
Opening net book value	799	986	224	2,009
Additions	52	26	-	78
Development costs recognised as an asset	988	-	-	988
Development in progress recognised as Software	(639)	639	-	-
Asset impairment	(228)	-	-	(228)
Amortisation	-	(377)	(71)	(448)
Closing net book value	972	1,274	153	2,399
As at 31 March 2024				
Cost	972	2,628	354	3,954
Accumulated amortisation	-	(1,354)	(201)	(1,555)
Net book value	972	1,274	153	2,399

	Development in progress	Computer Software	Customer Relationships	Total
	\$000s	\$000s	\$000s	\$000s
Year ended 31 March 2023				
Opening net book value	400	891	295	1,586
Additions	143	39	-	182
Development costs recognised as an asset	571	38	-	609
Development in progress recognised as Software	(315)	315	-	-
Amortisation	-	(297)	(71)	(368)
Closing net book value	799	986	224	2,009
As at 31 March 2023				
Cost	799	2,076	354	3,229
Accumulated amortisation	-	(1,090)	(130)	(1,220)
Net book value	799	986	224	2,009

Finite life intangible assets

Acquired computer software licences and costs associated with developing computer software are capitalised on the basis of the costs incurred to acquire and bring the specific software into use. All intangible assets of PaySauce are finite life intangible assets.

Development expenditure initially recognised as an expense is not recognised as an asset in subsequent periods. Costs associated with maintaining computer software programs are recognised as an expense as incurred. Where development activities result in the replacement of previously capitalised functionality, the associated development costs are classified as maintenance activity and accordingly expensed.

Developed and acquired software is measured at cost less accumulated amortisation and impairment losses, if any. Amortisation is recognised in the Statement of Comprehensive Income on a straight-line basis over 5 years.

Key estimates and judgements

Capitalisation of intangible assets

Management considers the time and associated salary cost of development staff to fall under the classification of development expenditure for assessment purposes in accordance with the principles outlined below. No indirect people costs, nor weighting of overheads is applied in these calculations.

Development expenditure is capitalised if, and only if the Group can demonstrate all of the following:

- its ability to measure reliably the expenditure attributable to the asset under development;
- the product or process is technically and commercially feasible;
- its future economic benefits are probable;
- its ability to use or sell the developed asset; and
- the availability of adequate technical, financial and other resources to complete the asset under development.

Accounting for finite life intangible assets

At each reporting date, the useful lives and residual values of finite life intangible assets are reviewed for indicators of impairment. As at 31 March 2024, the assets were assessed for indicators of impairment, taking into account the condition of the assets, expected period of use of the assets by the Group, and expected disposal proceeds from any future sale of the assets. Management's assessment concluded that there were no indicators of impairment.

Development in progress has been tested for impairment by reviewing the nature of the events that originally gave rise to the recognition of the asset, the estimation of future generation of cash flows and any anticipated changes to the business or product circumstances.

Indicators of impairment were identified for development in progress assets during the year, with some assets in this category no longer expected to be completed. Upon assessment of the recoverable amount of the Development in progress assets, it was determined that an impairment loss of \$0.228 million be recognised.

6. Share capital

Date	Details	Notes	Number of Shares	\$000s
1 April 2023	Opening Balance		139,207,935	13,212
	Issue of ordinary shares	(a)	359,845	91
	Share based payment	(b)	100,000	25
	Issue of ordinary shares	(c)	431,647	106
	Share based payment	(d)	43,365	10
	Issue of ordinary shares	(e)	284,435	65
	Issue of ordinary shares	(f)	230,913	66
	Issue of ordinary shares	(g)	324,006	84
31 March 2024	Closing Balance		140,982,146	13,659

Date	Details	Notes	Number of Shares	\$000s
1 April 2022	Opening Balance		138,583,819	13,039
	Issue of ordinary shares	(h)	273,244	74
	Share based payment	(i)	98,460	27
	Issue of ordinary shares	(j)	252,412	72
31 March 2023	Closing Balance		139,207,935	13,212

Fully paid up, ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(a) On 31 May 2023: Shares issued (unpaid) as part of the FY23 employee share scheme were paid up as tranche 1 of the scheme vested for those employees who met the vesting conditions. 359,845 shares were fully paid up via a discretionary bonus approved by the board. This resulted in an issue of 359,845 ordinary shares at \$0.2596 per share, totalling an issue of \$0.094m. Directly attributable costs totalled \$0.003m, bringing the net share issue to \$0.091m.

(b) On 30 November 2023: Shares were issued to an employee as a sign-on bonus. This resulted in an issue of 100,000 ordinary shares being issued at a price of \$0.2492 per share, satisfying remuneration arrangements to the value of \$0.025m expensed in the consolidated statement of comprehensive income.

(c) On 30 November 2023: Shares were issued and paid up for both Q1 and Q2 of the FY24 employee share scheme. This resulted in an issue of 431,647 ordinary shares at \$0.2492 per share, totalling an issue of \$0.106m.

(d) On 31 January 2024: PaySauce issued ordinary shares to remunerate a director. There was no vesting period. The allotment resulted in 43,365 shares being issued at a price of \$0.2306 per share, satisfying remuneration arrangements to the value of \$0.010m expensed in the consolidated statement of comprehensive income.

(e) On 31 January 2024: Shares were issued and paid up for Q3 of the FY24 employee share scheme. This resulted in an issue of 284,435 ordinary shares at \$0.2306 per share, totalling an issue of \$0.065m.

(f) On 31 March 2024: Shares issued (unpaid) as part of the FY22 employee share scheme were paid up as tranche 3 of the scheme vested for those employees who met the vesting conditions. 230,913 shares were fully paid up via a discretionary bonus approved by the board. This resulted in an issue of 230,913 ordinary shares at \$0.2842 per share, totalling an issue of \$0.066m.

(g) On 31 March 2024: Shares issued (unpaid) as part of the FY23 employee share scheme were paid up as tranche 2 of the scheme vested for those employees who met the vesting conditions. 324,006 shares were fully paid up via a discretionary bonus approved by the board. This resulted in an issue of 324,006 ordinary shares at \$0.2596 per share, totalling an issue of \$0.084m.

(h) On 31 May 2022: Shares issued (unpaid) as part of the FY22 employee share scheme were paid up as tranche 1 of the scheme vested for those employees who met the vesting conditions. 273,244 shares were fully paid up via a discretionary bonus approved by the board. This resulted in an issue of 273,244 ordinary shares at \$0.2842 per share, totalling an issue of \$0.078m. Directly attributable costs totalled \$0.004m, bringing the net share issue to \$0.074m.

(i) On 28 February 2023: PaySauce issued ordinary shares to remunerate and align the interests of a new director with PaySauce shareholders ahead of their formal appointment to the Board. There was no vesting period, and the shares were issued subject to the Director continuing to hold office until voted in by shareholders at the Annual Shareholders Meeting. The allotment on 28 February 2023 resulted in 98,460 shares being issued at a price of \$0.2694 per share, satisfying remuneration arrangements to the value of \$0.027m expensed in the consolidated statement of comprehensive income.

(j) On 31 March 2023: Shares issued (unpaid) as part of the FY23 employee share scheme were paid up as tranche 2 of the scheme vested for those employees who met the vesting conditions. 252,412 shares were fully paid up via a discretionary bonus approved by the board. This resulted in an issue of 252,412 ordinary shares at \$0.2842 per share, totalling an issue of \$0.072m.

Dividends

No dividends were declared or paid during the reporting period (2023: None).

Capital Risk Management

The Group considers its capital to comprise its fully paid up, ordinary share capital and accumulated retained earnings.

When managing capital, management's objective is to achieve optimal long term capital returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group.

7. Earnings per share

	2024	2023
Basic earnings per share		
Net profit / (loss) used in calculating earnings per share (\$000s)	1,232	(557)
Weighted average number of ordinary shares for basic earnings per share	139,739,655	138,434,287
Basic earning / (loss) per share (cents)	0.88	(0.40)

There are no financial instruments on issue that will dilute the basic earnings per share amounts for the year ended 31 March 2024.

Basic earnings per share is calculated by dividing the profit / (loss) attributable to equity holders of the Company by the weighted average number of fully paid up ordinary shares on issue during the period.

8. Operating revenue

	2024	2023
	\$000s	\$000s
Revenue from contracts with customers		
- Processing fees	5,370	4,592
- Other services revenue	64	65
Revenue from other sources		
- Interest income	2,220	1,139
- Other revenue	63	17
Total operating revenue	7,717	5,813

There are no significant estimates or judgements surrounding recognition of revenue.

Revenue from contracts with customers**Processing fees**

Revenue from processing fees includes both fixed and incremental components based on the number of employees and pays processed for the customer. Revenue is recognised at the point in time the service is provided, which is when the customer's payroll has been processed.

Other services revenue

Revenue from sales of digital contracts are recognised when the customer has used the service. Revenue is recognised at the point in time the service is provided, which is when the customer uses the contract builder application.

Revenue from other sources**Interest income**

Interest income is earned on all funds held on behalf of customers, including net wages payable to customers' employees and PAYE and other deductions payable to the IRD. The interest earned on these customers' funds is determined to be operating revenue by the Group. Interest income is accrued using the effective interest rate method.

Other revenue

Other revenue is recognised upon completion of services at a point in time.

9. Employee expenses

	2024	2023
	\$000s	\$000s
Employee benefits/entitlements	3,712	3,251
Employee benefits/entitlements - share based payments	582	355
Fringe benefit tax	22	19
Other employee expenses	154	114
Total employee expenses	4,470	3,739

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

10. Research & Development

	2024	2023
	\$000s	\$000s
Research & development costs expensed (included in note 9 - Employee expenses under Employee benefits/entitlements, and note 12 - Other expenses under Infrastructure and security)	934	991
Total research & development	934	991

11. Finance Costs

	2024	2023
	\$000s	\$000s
Interest paid	75	57
Finance cost - Interest on lease	22	5
Total finance costs	97	62

12. Other expenses

	2024	2023
	\$000s	\$000s
Advertising, PR and marketing	256	255
Audit fees	79	70
Communications and subscriptions	302	239
Customer and transactional	550	489
Other overheads	538	514
Infrastructure and security	250	429
Travel	111	96
Total other expenses	2,086	2,092

The allocation of other expenses has been simplified due to the size and nature of the categories presented. The disclosure for the year ended 31 March 2023 has also changed from what was presented in the group financial statements to align the comparative period disclosure with the newly created categories. The change in disclosure does not impact the reporting results of operations, for the categories presented on the face of the financial statements.

A provision for other overheads of \$108k was released to the statement of comprehensive income during the period. The provision was released as directors no longer believe the cost will be incurred.

13. Tax expense & deferred tax

	2024	2023
	\$000s	\$000s
(a) Income tax		
Net profit / (loss) before tax for the period	190	(578)
At the New Zealand statutory income tax rate of 28%	53	(161)
Non-deductible expenditure (permanent differences)	42	27
Prior period adjustments (temporary differences)	18	112
Recognition/(utilisation) of tax losses	(113)	22
Deferred tax adjustments		
- Reversal of temporary differences	20	20
- Recognition of tax losses carried forward as deferred tax asset	1,022	-
Income tax benefit	1,042	20
(b) Deferred tax assets / (liabilities)		
Opening net deferred tax asset / (liability)	(62)	(82)
Recognised in profit of loss		
- Unused tax losses	1,022	-
- Intangible assets	20	20
Closing net deferred tax assets / (liabilities)	979	(62)
Deferred tax assets	1,022	-
Deferred tax liabilities	(43)	(62)

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The Group has recognised deferred tax assets in accordance with the key estimates and judgements below.

Key estimates and judgements

The Group holds tax losses of \$8.523 million as at 31 March 2024 (2023: \$8.926 million) available to carry forward, subject to shareholder and business continuity being maintained. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available to use against the asset. These are reviewed at each reporting period and adjusted if appropriate. Management has assessed that tax losses of \$3.651 million be recognised as deferred tax assets as at 31 March 2024. Tax losses carried forward but not yet recognised as deferred tax assets therefore total \$4.833 million as at 31 March 2024.

14. Interest bearing liabilities

The Group entered into a revenue based funding agreement with BNZ for \$0.65m on 26 April 2022, which was drawn down on 20 June 2022. The repayment terms are interest only, starting on 20th July 2022 and continuing until 20 June 2024. Repayment of the principal is also due on 20 June 2024.

The Group is required to maintain an Annual Recurring Revenue growth rate of at least 20% p.a. over the term of the facility, tested at the end of each financial quarter. The funding is also provided on the basis that no dividend be paid out during the term of the facility.

The loan is secured over all present and acquired property of the Group.

As at 31 March 2024 the loan carries an interest rate of 11.47% fixed for the period of the loan.

	2024	2023
	\$000s	\$000s
BNZ Term Loan	650	650
Total interest bearing liabilities	650	650

15. Key management personnel and related parties

Key management personnel compensation

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly and include the Directors, the Chief Executive Officer and the Executive Leadership Team.

The table below summarises remuneration paid to key management personnel.

	2024	2023
	\$000s	\$000s
Directors' fees	191	152
Short term employee benefits	1,128	876
Share-based payments	303	131
Total key management personnel compensation	1,622	1,159

Related party transactions and balances

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. A number of those entities subscribe to services provided by the Group. None of the related party transactions are significant to either party. Outside of these transactions, and the Directors' fees and short term employee benefits noted above, all other related party transactions are outlined below:

	2024	2023
	\$000s	\$000s
Related party transactions during the period		
Cloud hosting services supplied by entities controlled by related parties		
<i>Catalyst Cloud Limited</i>	101	113
Related party balances payable at period end		
Directors' Fees	36	12
Cloud Hosting Services	4	11
Related party balances receivable at period end		
Prepaid Directors' Fees	-	20

PaySauce Limited has a standby debt facility agreement with Director Gavin Thompson. The facility totals \$0.25M and can be drawn on demand, within three years from the date of the agreement (December 2021). The interest rate in the agreement is linked to the floating interest rate of ASB Bank Limited. As at 31 March 2024, no funds have been drawn.

16. Financial instruments

The Group's financial assets mainly comprise of Cash and Cash Equivalents and Term Deposits. Cash and Cash Equivalents is comprised of cash on hand. Term Deposits are measured at amortised cost. Cash and Cash Equivalents and Term Deposits includes funds collected from customers as a PAYE intermediary (note 22).

Classification and measurement of financial liabilities

The Group's financial liabilities include trade and other payables, funds due to customers and IRD, other liabilities (including an overdraft facility used to operate our BNZ PayNow feature), and interest bearing liabilities.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs. Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

Categories of Financial Assets & Liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities.

	2024	2023
	\$000s	\$000s
Financial assets		
<i>Financial assets at amortised cost</i>		
Cash and cash equivalents	603	504
Cash and cash equivalents – customer funds	8,909	8,169
Term deposits	24,700	24,200
Trade and other receivables	173	124
Total financial assets	34,385	32,997
Financial liabilities		
<i>Financial liabilities at amortised cost</i>		
Funds due to customers and IRD	33,609	32,369
Trade and other payables	321	574
Other liabilities	390	346
Interest bearing liabilities	650	650
Total financial liabilities	34,970	33,939

The Group is exposed to a variety of financial risks. The financial risks arise from the business activities of the Group. The specific financial risks that the Group is exposed to are discussed below.

1. Credit risk

As a SaaS business with minimal credit exposure, credit risk is relatively low relating to revenue received from customers and any associated trade receivables. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

(i) Credit risk concentration profile

The Group manages credit risk by placing its cash and short term investments with high quality financial institutions. The majority of the Cash and Cash Equivalents are held with ASB Bank, BNZ and Kiwibank, which hold the following credit ratings:

Credit Ratings	Standard & Poors Rating	Fitch Rating	Moody's Rating
ASB Bank	AA-	A+	A1
BNZ	AA-	A+	A1
Kiwibank	Not rated	AA	A1

(ii) Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

2. Liquidity risk

Liquidity risk arises mainly from business activities. The Group manages liquidity risk by ensuring cash flow is planned ahead of time, and funding is planned and organised when required, to ensure the Group will be able to meet its financial obligations. The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed using contractual rates or, if floating, based on the rate at the end of the reporting period):

	Carrying amount	Total	0-6 months	7-12 months	1-2 years	2-5 years
Year ended 31 March 2024	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Funds due to customers and IRD	33,609	33,609	33,609	-	-	-
Trade and other payables	321	321	321	-	-	-
Other liabilities	390	390	390	-	-	-
Lease liabilities	212	212	70	63	42	37
Interest bearing liabilities	650	662	662	-	-	-
Total	35,182	35,194	35,052	63	42	37
Year ended 31 March 2023	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Funds due to customers and IRD	32,369	32,369	32,369	-	-	-
Trade and other payables	574	574	574	-	-	-
Other liabilities	346	346	346	-	-	-
Lease liabilities	230	253	66	66	121	-
Interest bearing liabilities	650	736	37	37	662	-
Total	34,169	34,278	33,392	103	783	-

3. Interest rate risk

PaySauce's interest rate risk arises from the interest that it earns from its cash and cash equivalents. These funds are subject to variable interest rates that expose PaySauce to cash flow interest risk rate. PaySauce does not currently use any derivative products to manage interest rate risk.

As at balance date, none of the funds held in term deposits were subject to interest periods of greater than 12 months.

An analysis of the sensitivity of the Group's earnings due to movements in interest rates is shown below:

	2024	2023
Effect on net profit before tax	\$000s	\$000s
Cash and cash equivalents and term deposits		
Each 100 basis point increase in interest rate	335	304
Each 100 basis point decrease in interest rate	(335)	(304)

The above information is calculated by applying the effective movement to the average balance of cash and cash equivalents, term deposits, and interest bearing liabilities. Cash and cash equivalents and Term Deposits totalled \$34.21 million as at 31 March 2024 (2023: \$32.87 million). Interest bearing liabilities totalled \$0.65 million as at 31 March 2024 (2023: \$0.65 million) are not sensitive to interest rate changes as the interest rate is fixed.

17. Fair values of financial assets and liabilities

The carrying values of short term financial assets and liabilities approximate their fair values. Short term financial assets include cash, trade and other receivables and related party receivables.

18. Reconciliation of net profit after tax to net cash flows from operations

	2024	2023
	\$000s	\$000s
Net profit / (loss) after taxation	1,232	(557)
Add back non-cash & non-operating items:		
Depreciation & amortisation	646	498
Asset impairments & loss on disposal of fixed assets	232	5
Share based payment expense	418	283
Other non-cash & non-operating items	(948)	19
	1,580	248
Movement in working capital:		
Increase in Trade and other receivables	(49)	(42)
(Increase)/decrease in Other assets	182	(246)
Increase in Funds due to customers and IRD	1,240	5,031
Increase/(decrease) in Trade and other payables	(229)	172
Increase/(decrease) in Employee benefits	(54)	78
Increase in Other liabilities	45	54
Net cash inflow from operating activities	2,715	5,295

19. Employee Share Scheme**FY22 & FY23 Schemes**

The Employee Share Schemes for FY22 and FY23 each consisted of 3 tranches, which vested over three years. The third tranche of the FY22 scheme and the second tranche of the FY23 scheme vested on 31 March 2024. The shares were originally issued unpaid to members of staff (ESS shares). In March 2024, a discretionary bonus was paid to all staff remaining in those schemes for the value of vested shares, with deductions including PAYE deducted and paid to the IRD on behalf of the staff. The net wages were then used to pay up the ESS shares, thereby converting them to fully paid up ordinary shares. The remaining ESS shares (being the value of the deductions) remain vested, but not paid up. For accounting purposes, the pool of ESS shares which have vested, but remain unpaid are accounted for in the same way as options since the employee has the option to pay up the remaining unpaid ESS shares at the strike price. The fair value of these unpaid ESS shares is not material. The scheme is expensed over the period that the employee receives the benefit, with the equity settled transactions measured at fair value on the date they were issued.

FY 24 Scheme

The Group also entered into an employee share scheme for the year ended 31 March 2024. The new FY24 scheme differs from the FY22 and FY23 schemes outlined above, as follows:

An ESS agreement is entered into between each eligible employee and the Company stipulating the value of fully paid up ordinary shares granted. Shares are issued quarterly, at the end of each quarter, and the number of shares granted is determined by the volume weighted average share price on each issue date.

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New ESS agreements may be entered into throughout the course of the financial year for new employees as they become eligible, with the benefit pro-rated for the proportion of the year those employees are eligible from. Equally, employees who leave or become ineligible for the scheme will forfeit their right to be issued shares as part of the ESS agreement.

Shares are performance based on the achievement of the employees personal KPI objectives.

This equity settled remuneration attracts income tax on the employees. The income tax and other deductibles are deducted and the net amount of ordinary shares are issued to employees.

Employee share scheme expenses for the year ended 31 March 2024 are as follows:

Employee share scheme expenses	March 2024 Employee Share Scheme	March 2023 Employee Share Scheme	March 2022 Employee Share Scheme	Total
For the period ended 31 March 2024	\$000s	\$000s	\$000s	\$000s
Share based payment expense, net of tax	286	70	21	377
Tax on share based payment expense	156	37	12	205
Total share based payment expense	442	107	33	582
	March 2024 Employee Share Scheme	March 2023 Employee Share Scheme	March 2022 Employee Share Scheme	Total
For the period ended 31 March 2023	\$000s	\$000s	\$000s	\$000s
Share based payment expense, net of tax	-	178	60	238
Tax on share based payment expense	-	85	32	117
Total share based payment expense	-	263	92	355

The share based payment reserve is used to record the accumulated value of unvested shares and share options that remain exercisable.

Share-based payment reserve	\$000s
Balance at 1 April 2023	242
Employee Share Scheme (F22) – Share based payment expense, net of tax	21
Employee Share Scheme (F23) – Shares vested and fully paid up	(66)
Employee Share Scheme (F23) – Share based payment expense, net of tax	70
Employee Share Scheme (F23) – Shares vested and fully paid up	(178)
Employee Share Scheme (F24) – Share based payment expense, net of tax	286
Employee Share Scheme (F24) – Shares vested and fully paid up	(173)
Other share based payment expenses, net of tax	10
Balance at 31 March 2024	212

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Share based payment reserve	\$000s
Balance at 1 April 2022	131
Employee Share Scheme (F22) – Share based payment expense, net of tax	67
Employee Share Scheme (F22) – Shares vested and fully paid up	(134)
Employee Share Scheme (F23) – Share based payment expense, net of tax	178
Balance at 31 March 2023	242

There is a liability associated with share based payments that have vested or been earned by employees, for the income tax and other deductibles that are deducted by PaySauce on each employee's behalf when shares are paid up. These liabilities are accrued based on an estimate of the value of the future income tax and other deductibles for the individuals based on their current marginal tax rates. The accrued liability at balance date was as follows:

	2024	2023
Share-based payment liabilities	\$000s	\$000s
Current	91	94
Non-current	-	13
Total share-based payment liabilities	91	107

The employee liabilities in the consolidated statement of financial position also include other employee entitlements such as accrued leave.

20. Segment reporting

The Group is organised into one reportable operating segment only, being SaaS based employment and payment solutions for people at work in 14 jurisdictions across the Asia-Pacific region, primarily within New Zealand. Providing employers the technology to digitally onboard, pay and manage employees from any device. The PaySauce platform includes rosters, mobile timesheets, payroll calculations, banking integration, automated payments, PAYE filing, labour costing, automated general ledger entries and digital employment contracts. The chief operating decision maker has been identified as the Board of Directors, as it makes all key strategic resource allocation decisions (such as those concerning acquisition, divestment and significant capital expenditure).

Overseas revenue earned is not material and no separate geographical segment has been reported.

21. Investments in subsidiary

The Company had the following subsidiaries at 31 March 2024:

Entity Name	Date of incorporation	Nature of business	Equity held (%)	Value held (\$)	Country of incorporation	Balance date
PaySauce Operations Limited	07/01/2015	SaaS Employment Solutions	100	309,278	New Zealand	31 March
Right Remuneration Limited	22/01/2015	PAYE Intermediary	100	-	New Zealand	31 March
Payroll.Kiwi Limited	01/08/2017	Employee Share Scheme Bare Trustee	100	-	New Zealand	31 March
PaySauce Pty Limited	08/02/2023	SaaS Employment Solutions	100	-	Australia	31 March

Only PaySauce Operations Limited, Right Remuneration Limited and PaySauce Pty Limited are consolidated in these consolidated financial statements, as Payroll.Kiwi Limited is a non-trading company.

22. Funds due to customers and IRD

As a PAYE intermediary, PaySauce collects funds from clients which are payable to both clients' employees (as the employees' net wages and salaries) and the IRD (as the applicable PAYE, student loan and other IRD liabilities). These funds are included in PaySauce's cash and term deposit balances and in accordance with section RP6 of the Income Tax Act 2007, PaySauce can earn interest on these funds, but the funds must only be used as follows:

- Payment of net salary or wages to employees of PaySauce's clients.
- Payment of IRD obligations resulting from pays run on PaySauce software to the IRD, including PAYE deductions, student loan deductions, superannuation contributions and any other amount of tax withheld from a payment of salary or wages to IRD.

Under the financial reporting standards movements in these funds do not meet the definition of either investing or financing activities and so must be classified as operating cash flows. However as stated above the use of these funds is restricted and they cannot be used to cover other PaySauce expenses, the company has therefore presented operating cash flows in the Cash Flow Statement as both before and after this movement in funds. The value of restricted funds at reporting date is represented by funds due to customers and IRD as disclosed in the Statement of Financial Position.

23. Contingencies

As at 31 March 2024 the Group had no contingent liabilities or assets (2023: \$nil)

24. Events occurring after the reporting period

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.



Corporate Governance

Strong corporate governance protects the Company and as a result our shareholders, customers, staff, and stakeholders. Our approach to the recommendations outlined in the NZX Corporate Governance Code (the Code) are set out below.

This section is structured around the principles detailed in the Code, and explains how PaySauce is applying the Code's recommendations. PaySauce documents referred to in this section are also available online at <https://www.paysauce.com/investor/>

The Board considers that, as at 21 May 2024, the Company complied with the recommendations set by the NZX Corporate Governance Code dated 1 April 2023, unless stated in the sections outlined below, or in PaySauce's Corporate Governance Code.



Principle 1 – Code of ethical behaviour

“Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.”

Code of ethics

Our code of ethics exists to help our directors, senior management, and employees with not just doing well, but doing good.

This sets the standard of conduct for all our people. It's intended to support decision-making that aligns with PaySauce's values, business goals, and legal and policy obligations. The board approves the code of ethics, which covers:

- conflicts of interest
- accepting gifts or benefits
- protecting company assets
- complying with laws and policies
- maintaining confidentiality
- valuing personnel
- transparency

All new directors and employees receive a copy of the code of ethics.

Securities trading policy

PaySauce respects the integrity of New Zealand's financial markets and insider trading laws. Our securities trading policy outlines how those laws apply, and the rules we've put in place to help ensure our people follow the law.

Directors, certain employees, and related parties need approval from PaySauce to trade in the company's shares. Trading is limited to defined “trading windows”.

The directors' shareholdings and trading of shares during the year by the directors is published under Directors' disclosures. A director or senior manager must advise the NZX promptly if they trade in the company's shares.

Principle 2 – Board composition and performance

“To ensure an effective board, there should be a balance of independence, skills, knowledge, experience”

The board of directors

The directors are responsible for the corporate governance practices of the company. The board's practices are detailed in the Company's corporate governance code, which lays out protocols for board operations.

This code complies with the relevant recommendations in the NZX Corporate Governance Code, and is reviewed annually.

The board's primary role is to represent and promote the interests of shareholders, ultimately adding long-term value to the company's shares.

The board carries out its responsibilities according to the following mandate.

- the Board shall have a minimum number of three directors and a maximum of 10;
- the Board shall have at least two directors ordinarily resident in New Zealand;
- the Board shall maintain at least two Independent Directors (as defined in the NZX Main Board Listing Rules). Where there are eight or more directors, the board will maintain three or one-third (rounded down to the nearest whole number) of the total number of directors, whichever is the greater;
- a majority of the directors should not be executives of the Company;
- a director should not have any significant conflict of interest that is potentially detrimental to the Company, other than and to the extent dealt with in the Corporate Governance Code of the Company;
- the Board seeks diversity in the skills, attributes and experience of its members across a broad range of criteria, to represent the diversity of shareholders, business types and regions in which the Company operates; and
- the Board elects a Chair, and can replace them at any time.
- Management must provide the board with accurate information within the timeframe required for the board to effectively discharge its duties.
- The effectiveness and performance of the board and its individual members should be re-evaluated annually.

As at 31 March 2024 the Board comprised of six Directors:

- Asantha Wijeyeratne – Executive Director and CEO
- Gavin Thompson – Non-Executive Director
- Michael O'Donnell – Independent Director
- Shelley Ruha – Independent Director (Chair of Board)
- Mark Samlal – Independent Director
- Jim Sybertsma – Independent Director (Chair of Audit & Risk Committee)

Independence of directors is determined by assessing the directors against the following factors:

- Not currently, or historically (within 3 years) employed in an executive role with PaySauce;
- Not currently holding a senior role in a provider of material professional services to PaySauce;
- No current material business relationship (i.e. as a supplier or customer) to PaySauce;
- Not currently a substantial product holder of PaySauce or a senior manager of a product holder of PaySauce;
- No current material contractual relationship with PaySauce, other than as a director;
- No close family ties with anyone who would fall into the above categories;
- Has not been a director of PaySauce for a length of time that may compromise independence.

Jacqueline Cheyne resigned as an Independent Director and Chair of the Audit & Risk Committee, effective 30 September 2023.

Jim Sybertsma joined the Board as an Independent Director and Chair of the Audit & Risk Committee, subject to shareholder approval at the next Annual Shareholder Meeting, effective 1 October 2023.

More information on the directors, including their relevant interests, and shareholdings, is provided in the Directors' disclosures section of this report and is on the company's website.

Day-to-day management of PaySauce is delegated to the Chief Executive and the Executive team.

The board's responsibilities

The primary responsibilities of the board are to:

- provide overall governance and strategic leadership;
- oversee management's implementation of the Company's strategic objectives and performance;
- oversee the development, adoption and communication of a clear strategy for the Company;
- oversee accounting and reporting systems and ensure the quality and independence of the Company's external audit process;
- adopt and regularly review the risk management framework;
- appoint a Chair of the Board and the CEO;
- review and approve the Company's operating budgets and major capital expenditure;
- adopt and review the Company's remuneration policy and other corporate governance documents;
- ensure compliance with the Company's constitution, continuous disclosure obligations, and the relevant laws, listing rules and regulations and auditing and accounting principles;
- implement and periodically review the Company's Code of Ethics, foster high standards of ethical conduct and personal behaviour and hold accountable those who engage in unethical behaviours;
- periodically assess its own effectiveness in carrying out these functions and the other responsibilities of the Board.

On appointment to the board by the shareholders, new directors sign a written agreement that covers the terms of their appointment.

Every year, the board and sub-committees critically evaluate their own performance and processes. This will identify any training opportunities for individual directors to maintain relevant and up-to-date skills for their role.

Independent professional advice

With the prior approval of the Chair, each director may seek independent legal and professional advice, at the company's expense, about any aspect of PaySauce's operations to assist in fulfilling their duties as a director.

Diversity

The PaySauce board and management are determined that all staff and all eligible candidates for vacant positions should have equal opportunity to demonstrate their skills and experience. This forms the basis of our diversity policy.

PaySauce embraces uniqueness in our people and welcomes diversity. We believe that difference builds resilience and innovation. We encourage our employees to be curious and open-minded, embracing wide-ranging perspectives and working to meet the needs of individuals.

Our approach to diversity is to continually develop a work environment that supports equality, exchange and inclusion. We believe in accommodating, rather than minimising, the different needs of our people.

The Board has considered the need for measurable objectives for diversity and determined that it is not yet appropriate to set measurable objectives due to market conditions and the stage of the company's development. That decision will be reconsidered annually. When appropriate the Board, or a committee appointed by the Board, will set measurable objectives for achieving diversity (which, at a minimum, will address gender diversity). The Board will annually review those objectives and the Company's progress in achieving them. Despite being a small team, there is diversity across age, gender identity, race, first language, religion and mobility.

We held the following gender diversity as at 31 March 2024:

	As at 31 March 2024		
	Directors	Executive Team	Employees
Male	5	4	18
Female	1	2	23
Total	6	6	41

	As at 31 March 2023		
	Directors	Executive Team	Employees
Male	4	3	14
Female	2	2	23
Total	6	5	37

Principle 3 – Board committees

“The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility.”

Audit and Risk Committee

The Audit and Risk Committee (“ARC”) assists the board in financial reporting, and risk and financial/secretarial compliance.

The ARC makes recommendations to the board on appointing external auditors to ensure their independence. The ARC also monitors 5-yearly rotation of the lead audit partner.

The ARC facilitates communication between the board and external auditors. The committee’s responsibilities include:

- reviewing the appointment of the external auditor, the annual audit plan, and addressing auditor recommendations
- reviewing publicly released dividend proposals and financial information
- ensuring that appropriate financial systems and internal controls are in place.

The ARC must include at least three directors, and consist of only non-executive directors and have a majority of independent directors. At least one member must be a director with an accounting or financial background.

The Chair of the Board cannot also be the Chair of the ARC. The current members are Jim Sybertsma (Chair), Michael O’Donnell, and Gavin Thompson, of which Jim, and Michael are independent directors.

The committee usually invites the Executive Team, and at least twice a year invites the external auditors to attend ARC meetings.

Principle 4 – Reporting and disclosure

“The board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.”

Reporting and disclosure

The board is committed to providing accurate, thorough, and timely information to existing shareholders and to the market. This means all investors can make informed decisions about PaySauce.

As an NZX listed company, PaySauce must comply with disclosure requirements under the NZX Main Board Listing Rules. PaySauce recognises the importance of these requirements in providing equal access for all investors, or potential investors, to price-sensitive information.

The disclosure and communications policy outlines PaySauce’s obligations to meet disclosure requirements. It also covers related issues, including external communications.

PaySauce has not provided detailed reporting on environmental, economic and social sustainability risks. Whilst PaySauce is not yet captured by the mandatory climate risk disclosure reporting regime, management does not consider the business has material exposure to climate risk given the nature of our business and the increasing diversification of our customer base.

PaySauce publishes key governance and other relevant documents in the investor centre of our website: <https://www.paysauce.com/investor/>

Announcements made to the NZX and reports are also posted on the company’s website.

Principle 5 – Remuneration

“The remuneration of directors and executives should be transparent, fair and reasonable.”

The board is responsible for setting individual directors’ fees, and monitoring the remuneration of the Chief Executive and Executive Team.

PaySauce has in place a remuneration policy, outlining the key principles that influence remuneration practices. This can be found in the Company’s Corporate Governance Code, located on the Company’s website (at the date of this report, located in section 15 of the Company’s Corporate Governance Code at <https://www.paysauce.com/investor/>).

Further details and disclosures are outlined in the disclosures section of this document.

Principle 6 – Risk management

“Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The board should regularly verify that the Company has appropriate processes that identify and manage potential and material risks.”

The board is responsible for overseeing internal controls to manage key risks, and has overall responsibility for managing risk.

The company maintains a risk register to identify and manage risk. The Executive Team is responsible for maintaining this register, and reporting to the board on a regular basis.

Through the ARC, the board considers the recommendations of external auditors. The board sees that those recommendations are investigated and appropriate action is taken, where necessary.

Principle 7 – Auditors

“The board should ensure the quality and independence of the external audit process.”

The Audit and Risk Committee (“ARC”) makes recommendations to the board to appoint an external auditor. The committee also monitors the independence and effectiveness of the external auditor, and reviews and approves any non-audit services they perform.

The committee meets with the external auditor at least twice a year to approve the terms of engagement, audit partner rotation (at least every 5 years) and audit fee, and to review and provide feedback on the annual audit plan.

The committee routinely meets with PaySauce’s external auditor, Grant Thornton, without management present. Grant Thornton also attends PaySauce’s ASM.

The company continually monitors its internal control environment.

Principle 8 – Shareholder rights and relations

“The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.”

Information for shareholders

The company seeks to help investors understand its activities, by communicating effectively and providing clear and balanced information. In addition to interim and annual reporting, the company also chooses to release quarterly trading updates to the market.

The company website (www.paysauce.com) provides an overview of the business and information about its activities. This includes details of the company’s services, latest news, investor information, key corporate governance information, and copies of significant NZX announcements. The website also provides profiles of the directors and the Executive Team.

Shareholders have the right to vote on PaySauce’s major decisions, in line with the requirements of the Companies Act 1993 and the NZX Main Board Listing Rules.

Communicating with shareholders

PaySauce works to keep investors well informed, and regularly provides information about current operations and future plans. This is achieved through our NZX market announcements and presentations to retail investors.

PaySauce sends notice of the ASM to shareholders, and publishes it on the company website at least 28 days before the meeting each year.

Disclosures

Employee remuneration

The table below sets out the number of PaySauce Group employees and former employees who received remuneration and other benefits, including non-cash benefits and share-based remuneration in excess of \$100,000 per annum. Director remuneration is not included in the table below, and instead set out in a separate section below.

Remuneration range	Employees - 2024	Employees - 2023
\$100,000 - \$109,999	2	3
\$110,000 - \$119,999	2	-
\$120,000 - \$129,999	2	3
\$130,000 - \$139,999	1	2
\$160,000 - \$169,999	3	-
\$180,000 - \$189,999	1	-
\$190,000 - \$199,999	1	-
\$200,000 - \$209,999	-	1
\$240,000 - \$249,999	-	2
\$250,000 - \$259,999	1	1
\$300,000 - \$309,999	1	-
\$310,000 - \$319,999	1	-
\$350,000 - \$359,999	1	-

Donations

No cash donations were made by the Group during the year ended 31 March 2024 (2023: \$Nil). Donations in kind of \$175,000 were given to 102 charities and non-profit organisations during the period (2023: \$130,000, and 100).

Board meeting attendance

Board meetings are held in person and/or by teleconference. The Directors attended the following board meetings during the year ended 31 March 2024:

Director	Board Meetings Attended	ARC Meetings Attended
Asantha Wijeyeratne	11 of 11	-
Gavin Thompson	11 of 11	3 of 3
Jacqueline Cheyne*	6 of 6	1 of 1
Michael O'Donnell	11 of 11	2 of 3
Shelley Ruha	11 of 11	-
Mark Samlal	11 of 11	-
Jim Sybertsma**	3 of 5	2 of 2

Note - If a director was not a member of a particular committee at the time of the relevant meetings '-' has been recorded.

*Jacqueline Cheyne resigned as an Independent Director and Chair of the Audit & Risk Committee, effective 30 September 2023.

**Jim Sybertsma joined the Board as an Independent Director and Chair of the Audit & Risk Committee, subject to shareholder approval at the next Annual Shareholder Meeting, effective 1 October 2023.

Directors' share transactions

Directors disclosed, pursuant to section 148 of the Companies Act 1993 and Part 5 of the Financial Markets Conduct Act 2013, the following acquisitions and disposals of relevant interest in PaySauce ordinary shares during the year ended 31 March 2024:

Director	Registered holder / associated entity	Number of shares acquired / (disposed)	Consideration	Date	
Asantha Wijeyeratne	Payroll.Kiwi Limited	79,806	\$21,655	Mar-24	Discretionary bonus paid and applied to paying up unpaid Employee Share Scheme Shares
Asantha Wijeyeratne	Payroll.Kiwi Limited	(40,000)	\$Nil	Feb-24	Off-market sale of shares - gifted for no consideration

Mark Samlal	Mark Samlal	43,365	\$10,000	Jan-24	Issued shares in lieu of director remuneration
Asantha Wijeyeratne	Cloud Investments Limited	(2,770,369)	\$720,296	Jan-24	Off-market sale of shares
Asantha Wijeyeratne	Payroll.Kiwi Limited	(74,650)	\$20,000	Jan-24	Off-market sale of shares
Jim Sybertsma	Jim Sybertsma	74,650	\$20,000	Jan-24	Off-market purchase of shares
Asantha Wijeyeratne	Payroll.Kiwi Limited	41,708	\$10,828	May-23	Discretionary bonus paid and applied to paying up unpaid Employee Share Scheme Shares

Directors' remuneration

The total Directors' fees and other remuneration received by the Directors for the period ended 31 March 2024 is outlined below:

Director	31-Mar-24			31-Mar-23		
	Director fees	Other remuneration	Total	Director fees	Other remuneration	Total
Asantha Wijeyeratne	Nil	\$358,826	\$358,826	Nil	\$249,206	\$249,206
Gavin Thompson	\$40,000	Nil	\$40,000	\$40,000	Nil	\$40,000
Jacqueline Cheyne*	\$24,375	Nil	\$24,375	\$45,000	Nil	\$45,000
Michael O'Donnell	\$40,000	Nil	\$40,000	\$40,000	Nil	\$40,000
Shelley Ruha	\$65,000	Nil	\$65,000	\$27,038	Nil	\$27,038
Mark Samlal	\$10,000	Nil	\$10,000	\$40,250	Nil	\$40,250
Jim Sybertsma**	\$11,250	Nil	\$11,250	Nil	Nil	Nil

*Jacqueline Cheyne resigned as an Independent Director and Chair of the Audit & Risk Committee, effective 30 September 2023.

**Jim Sybertsma joined the Board as an Independent Director and Chair of the Audit & Risk Committee, subject to shareholder approval at the next Annual Shareholder Meeting, effective 1 October 2023.

Executive Director remuneration

Asantha Wijeyeratne is the Chief Executive Officer, and held this position as at 31 March 2023. He did not receive any remuneration in his capacity as a Director, but was remunerated as Chief Executive Officer as follows:

CEO Remuneration	31-Mar-24			31-Mar-23		
	Salary	Employee Share Scheme	Total	Salary	Employee Share Scheme	Total
Asantha Wijeyeratne	\$305,576	\$53,250	\$358,826	\$213,706	\$35,500	\$249,206

Insurance of Directors and Officers

PaySauce has a Directors' and officers' liability insurance policy in place. This provides insurance for the liabilities of the Directors and officers for acts or omissions in their capacity as Directors or employees. The insurance policies do not cover dishonest, fraudulent, malicious, or wilful acts or omissions.

General Disclosures of Interest

Director/Exec	Company	Nature of Interest
Asantha Wijeyeratne	Buzz Hospitality Limited	Director
	Catalyst IT Limited	Shareholder
	Cloud Investments Limited	Director & Shareholder
	Manuka Café Limited	Director
	Payroll.Kiwi Limited	Director
	PaySauce Limited	Director & Shareholder
	PaySauce Operations Limited	Director
	Right Remuneration Limited	Director
	Wijeyeratne & Co Limited	Director & Shareholder
Gavin Thompson	Catalyst Cloud Limited	Director
	Catalyst IT Limited	Director & Shareholder
	Catalyst.Net Limited	Director
	Catalyst IT Australia Pty Ltd	Director
	Catalyst IT Europe Ltd	Director
	PaySauce Limited	Director & Shareholder

	PaySauce Operations Limited	Director
	Truenet Limited	Director
Michael O'Donnell	PaySauce Limited	Shareholder, Independent Director
	Realestate.co.nz Limited	Director
	Brewwell Limited	Chair
	Radio New Zealand Limited	Director
	NZ Trade + Enterprise / G2G	Chair
	Serato Audio Research Limited	Deputy Chair
	Stuff Media	National Columnist
	High Tech New Zealand	Trustee
	Sandfield Software	Director
Shelley Ruha	Analey Holdings Limited	Director and Shareholder
	IT & Business Consulting Limited	Director
	Analey Investments Limited	Director and Shareholder
	Heartland Bank Limited	Independent Director
	Partners Group Holdings Limited	Independent Director
	Partners Life Limited	Director
	PaySauce Limited	Shareholder, Independent Chair
	New Zealand Rural Land Management GP Limited	Director
	Allied Farmers Limited	Independent Chair
	Allied Farmers Rural Limited	Director
	LONZ 2008 Holdings Limited	Director
	Allied Farmers Property Holdings Limited	Director
	Rural Funding Solutionz Limited	Director
	QWF Holdings Limited	Director
	Allied Farmers (New Zealand) Limited	Director
	Clearwater Hotel 2004 Limited	Director
	LONZ 2008 Limited	Director
	UFL Lakeview Limited	Director

CORPORATE GOVERNANCE

	Lifestyles of New Zealand Queenstown Limited	Director
	5M No.2 Limited	Director
	ALF Nominees Limited	Director
	New Farmers Livestock Finance Limited	Director
	9 Spokes International Limited	Independent Director
	9 Spokes Trustee Limited	Director
	9 Spokes Knowledge Limited	Director
	9 Spokes US Holdings Limited	Director
	9 Spokes UK Limited	Director
	9 Spokes Canada Limited	Director
	9 Spokes Australia Limited	Director
	9 Spokes US Limited	Director
Mark Samlal	PaySauce Limited	Shareholder, Independent Director
	MS&MS Pty Ltd	Director
	Pay Asia	Managing Director
	PYG NXT1 Inc - Investment company	Director
	Astute Corporation Pty Ltd	Director
	Managed Payroll Services Pty Ltd	Director
	INTEGRATED WORKFORCE SOLUTIONS PTY LTD	Director
	IWS BOOKKEEPING AUSTRALIA PTY. LTD.	Director
	Payroll HQ Pty Ltd	Director
	Pay Asia Australia Pty Ltd	Director
	Pay Asia Pty Ltd	Director
	PayMY Outsourcing Sdn Bhd	Director
	Pay Asia Limited	Director
	Pay Asia HR Services Limited Inc	Director
	CONG TY TNHH PAY ASIA VIETNAM	Director
	Pay Asia (Thailand) Limited	Director

CORPORATE GOVERNANCE

	PT Payasia Konsultansi Indonesia	Director
	Payasia Company Limited	Director
	Pay Asia Management Private Limited	Director
	Payasia BPO Payroll India Private Limited	Director
	PAYGROUP NZ LIMITED	Director
	PayGroup (Shanghai) Human Resource Co., Ltd.	Director
	PayGroup	Employee - Founder and CEO
Jim Sybertsma	PaySauce Limited	Shareholder, Independent Director
	Provident Insurance Corporation Limited	Director
	Autodrive Holdings Limited	Director
	RIMANUI FARMS LIMITED	Advisory Board Member
	Hawkesby Management Limited	Chief Financial Officer

Note - In some cases, shareholding indicated above may not be held directly. Furthermore, there may be subsidiaries of the above entities in which the Directors are also interested, without necessarily being a Director, Shareholder, or Officer of that entity.

Director interests in shares

Directors held the following relevant interests in PaySauce ordinary shares at 31 March 2024:

Director	Securities held by Director or associated entity*
Asantha Wijeyeratne	36,278,092
Gavin Thompson	2,276,978
Michael O'Donnell	87,835
Shelley Ruha	241,377
Mark Samlal	341,825
Jim Sybertsma**	74,650

*Whilst directors are not required to own shares as part of their directorships, all have chosen to own shares.

**Jim Sybertsma joined the Board as an Independent Director and Chair of the Audit & Risk Committee, subject to shareholder approval at the next Annual Shareholder Meeting, effective 1 October 2023.

Substantial product holders

The substantial product holders in PaySauce ordinary shares as at 31 March 2024 were as follows:

Substantial product holder	Shares held	% of issued shares
Wijeyeratne & Co Limited	27,750,433	19.93%
Perpetual Trust Limited	21,466,667	15.23%
Gondolin Trust	16,218,120	11.50%
New Zealand Central Securities	11,770,320	8.35%
Cloud Investments Limited	8,527,659	6.05%

Twenty largest equity security holders

The 20 largest holders of PaySauce ordinary shares as at 31 March 2024 were as follows:

Rank	Shareholders/Investors	Shares held	% of issued shares
1	Wijeyeratne & Co Limited	27,750,433	19.68%
2	Perpetual Trust Limited	21,466,667	15.23%
3	Gondolin Trust	16,218,120	11.50%
4	New Zealand Central Securities	11,770,320	8.35%
5	Cloud Investments Limited	8,527,659	6.05%
6	Charlotte Anne Lockhart	3,211,183	2.28%
7	New Zealand Depository Nominee	3,023,174	2.14%
8	David Russell Stewart & Adrienne Ruth Stewart	2,851,920	2.02%
9	Ian Stewart Frame & Pamela Anne Frame	2,652,765	1.88%
10	Gavin Thompson	2,276,978	1.62%
11	Woodward Family	2,120,000	1.50%
12	Krishnakumar Guda	1,870,000	1.33%
13	Bhagwanji Bhula Rama	1,645,000	1.17%
14	Malcolm William Campbell	1,506,000	1.07%
15	Hugh Anthony Pradeep Fernando	1,471,102	1.04%
16	Cloud Investments Two Limited	1,457,557	1.03%

17	Geoffrey Wiliam Bennett	1,315,854	0.93%
18	Victoria Ann Taylor	1,243,246	0.88%
19	Amanda Higgins & Patrick Higgins & Paul Philipson	1,017,921	0.72%
20	Matthew Gardner	926,164	0.66%

Spread of security holders

The spread of holders of PaySauce ordinary shares as at 31 March 2024 are listed below:

Size of holding (shares)	Shareholders		Shares	
	Number	%	Number	%
1 - 10,000	914	73.18%	1,713,187	1.22%
10,001 - 50,000	211	16.89%	5,049,110	3.58%
50,001 - 100,000	46	3.68%	3,257,349	2.31%
100,001 - 500,000	47	3.76%	9,158,999	6.50%
500,001 - 1,000,000	12	0.96%	8,407,602	5.96%
1,000,001 and over	19	1.52%	113,395,899	80.43%
Totals	1249	100.00%	140,982,146	100.00%

NZX waivers from listing rules

No waivers were granted to PaySauce by NZX during the year ended 31 March 2024, and there were no waivers that PaySauce relied upon during this period.

Company Directory

Directors:

Asantha Wijeyeratne
Gavin Thompson
Jim Sybertsma
Mark Samlal
Michael O'Donnell
Shelley Ruha

Registered Office:

85 The Esplanade
Petone, 5012
New Zealand

Website:

www.paysauce.com

Auditor:

Grant Thornton New Zealand Audit Limited

Stock Exchange:

NZX

Share Registrar:

Link Market Services Limited
80 Queen Street
Auckland, 1010
New Zealand

NZ Company Number:

1719868

NZBN:

9429034458099

Investor Calendar

Annual Shareholders Meeting	September 2024
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FY25 Half year	30 September 2024
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FY25 Interim result announcement	November 2024
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FY25 Year end	31 March 2025
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