



PaySauce sets sights on new opportunity with embedded payroll proof of concept

Lower Hutt, New Zealand - 12 November 2023

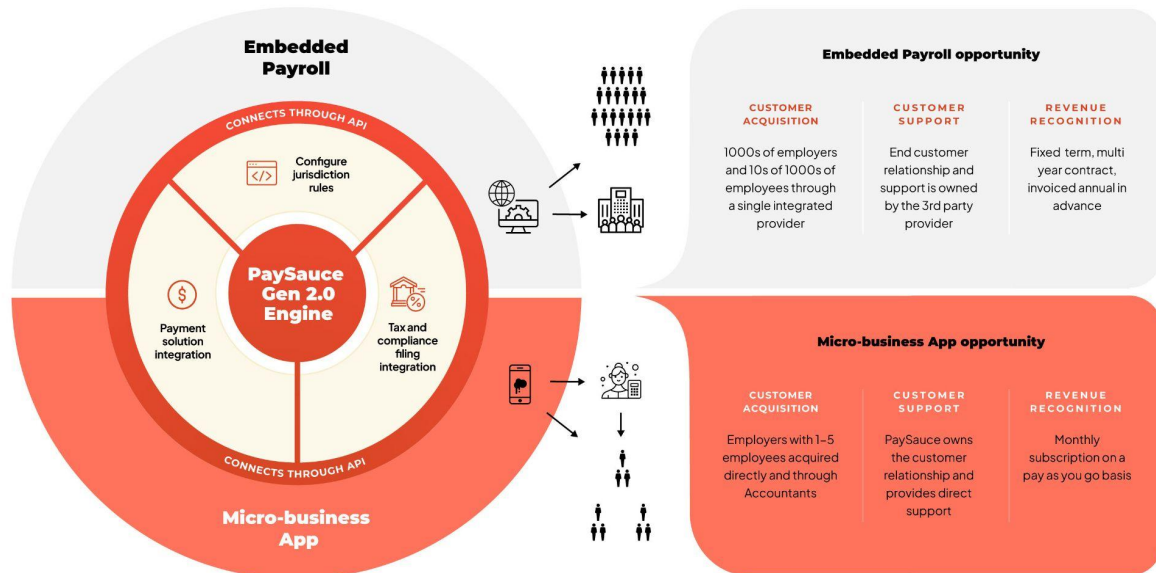
Employment fintech PaySauce (NZX:PYS) announces a new agreement to deliver a proof of concept (POC) for embedding its payroll technology within a third-party employment solution.

The agreement - assuming the POC delivers on its objectives - is expected to deliver a significant uplift to Annual Recurring Revenue (ARR) and open significant new opportunities for PaySauce to grow. The counterparty to the agreement remains confidential.

The initial POC will deploy PaySauce's new Gen 2.0 Payroll Engine, the technology at the heart of the micro-business app PaySauce is developing to spearhead its growth in Australia. CEO, Asantha Wijeyeratne, said the agreement is the first step to demonstrating that our re-architecture of PaySauce's technology can lead to accelerated scalability.

"Embedding our payroll technology into employment software that's already in the market has been a long-standing goal for PaySauce. We've always known employment software providers have wanted a solution they could deploy in multiple jurisdictions. These providers are rapidly consolidating and with that move, demand is growing for payroll solutions that can be quickly deployed in multiple territories.

"Our Gen 2.0 Payroll Engine, can be configured to comply with complex payroll rules in any jurisdiction around the world. By opening the engine to third party solutions, we can reach more end users faster. I expect this agreement over the medium term to drive a step-change in our revenue growth and importantly, our operational cash flow while we build our Australian micro-business payroll app. It is an exciting development for the company."



IMPACT OF EMBEDDED PAYROLL ON THE KEY BUSINESS METRICS

- **Revenue:** Immediate and significant uplift in ARR resulting from any new partners. Pricing is set at rates per pay slip, with minimum volumes for the period of the contract. Contract periods will be fixed term over multiple years. In New Zealand, PaySauce will continue to earn interest on the additional float balances held for the end users of the embedded payroll solution.
- **Cash:** Minimum volumes will be invoiced annually at the start of the period, injecting cash earlier than the direct-to-consumer model.
- **Customer Acquisition:** Longer initial sales cycle, then no cost to PaySauce as the partner acquires new customers.
- **Cost to Serve:** The partner owns the customer relationship, therefore there is no PaySauce Customer Support.
- **Development cost:** Greater technical development to deliver the integration upfront, and maintain ongoing Service Level Agreements (SLAs) from a technical perspective.
- **End users:** Employers of staff in multiple jurisdictions, using an Employer of Record, or aggregated through another employment solution.

CEO, Asantha Wijeyeratne will be presenting the Interim Report for the six months ended 30 September 2023 on Wednesday 22 November, at 10.00am (NZDT) at an investor and media conference. Register your interest by emailing investor@paysauce.com before 5.00pm on Monday, 20 November.



Released for and on behalf of PaySauce by Jaime Monaghan, Chief Financial Officer.

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ABOUT PAYSAUCE

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.

www.paysauce.com

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