

# PaySauce

## Cash Over Credit—The Sauce Aims to Go Faster

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PaySauce (PYS) is raising equity to accelerate its Australian launch—funding brand awareness, expanding local sales and service capability, and bringing forward further enhancements to its Gen 2.0 platform. Additional capital establishes a stronger balance sheet, removes reliance on bank funding as execution ramps, and preserves flexibility for small bolt-on acquisitions. The company has been profitable for the past two and a half years, with cash generation from the New Zealand business supporting ongoing research and development and preparation for the upcoming Australian launch. However, we forecast temporary group-level losses during the initial Australian rollout, making the raise a prudent step to maintain balance-sheet strength and enhance execution capacity. With beta clients currently live on the Australian pilot, the timeline for a February 2026 launch is progressing well. The raise positions PYS to scale more quickly in Australia's larger micro-SME market, enabling the company to pursue growth without additional risk from leverage.

| NZX code           | PYS            | Financials: Mar/             | 25A | 26E | 27E  | 28E  | Valuation (x)     | 25A  | 26E  | 27E | 28E  |
|--------------------|----------------|------------------------------|-----|-----|------|------|-------------------|------|------|-----|------|
| Share price        | NZ\$0.28       | Rev (NZ\$m)                  | 9.0 | 9.4 | 10.8 | 13.6 | PE                | n/a  | n/a  | n/a | n/a  |
| Spot Valuation     | NZ\$0.39       | NPAT* (NZ\$m)                | 0.8 | 0.1 | -1.5 | -0.6 | EV/EBIT           | 68.5 | n/a  | n/a | n/a  |
| Risk rating        | High           | EPS* (NZc)                   | 0.0 | 0.0 | 0.0  | 0.0  | EV/EBITDA         | 28.4 | 30.7 | n/a | 36.0 |
| Issued shares      | 144.6m         | DPS (NZc)                    | 0.0 | 0.0 | 0.0  | 0.0  | Price / NTA       | 21.6 | 27.6 | n/a | n/a  |
| Market cap         | NZ\$40.5m      | Imputation (%)               | 0   | 0   | 0    | 0    | Cash div yld (%)  | 0.0  | 0.0  | 0.0 | 0.0  |
| Avg daily turnover | 34.5k (NZ\$7k) | *Based on normalised profits |     |     |      |      | Gross div yld (%) | 0.0  | 0.0  | 0.0 | 0.0  |

### NZ\$4m capital raise to support growth

PYS aims to raise NZ\$4m via a NZ\$3m placement and NZ\$1m SPP. Proceeds will be used to: (1) accelerate Australian sales, marketing, and customer support initiatives; (2) support ongoing development costs related to its Gen 2.0 payroll platform; (3) maintain a prudent cash buffer and avoid the use of bank funding; and (4) potentially pursue small bolt-on acquisitions if attractive. The raising also seeks to broaden the shareholder base and improve liquidity. The raise price is fixed at NZ\$0.26, a -7% discount to the NZ\$0.28 closing price on 12 December 2025. If fully subscribed, ~15.4m new ordinary shares will be issued, representing an incremental ~+11% uplift on the ~145m shares currently on issue. With 1H26 closing cash of NZ\$0.3m and an undrawn NZ\$0.35m banking facility, we welcome the move with new equity removing the need to draw on debt as rollout preparation continues.

### Australian execution the focus

Australia's addressable market is substantial, with around 700k micro-businesses (defined as those with 1–4 employees) compared with ~100k in NZ. PYS plans to replicate its successful NZ strategy, initially targeting an estimated 4.4k Australian dairy farms covered by the Fair Work Pastoral Award, before expanding into the trades and construction, hospitality, and professional services. With an expected launch price of A\$85 per month, every +1k Australian customer additions translate into ~+NZ\$1m of ARR. The Gen 2.0 platform has already processed live pays in Australia, with a full commercial launch planned for February 2026. We see the decision to accelerate ahead of the Australian rollout as sensible, reducing go-to-market risk.

### Funding, cadence and what changes

In 1H26, ARR reached NZ\$9.2m (+6% year-on-year), with growth in processing-fee ARR (up +15% to NZ\$7.3m) offsetting a -20% decline in interest ARR to NZ\$1.9m. Gross margin held steady at 78%. New capital should remove the need for bank funding under our base case. We have not yet incorporated the raising into our estimates pending completion, though we anticipate higher sales and marketing and development investment once confirmed, supporting a steeper FY27 customer ramp.

## Paysauce Limited (PYS)

### Market Data (NZ\$)

|                               |             |
|-------------------------------|-------------|
| Priced as at 15 Dec 2025      | 0.28        |
| 52 week high / low            | 0.34 / 0.14 |
| Market capitalisation (NZ\$m) | 40.5        |

### Key WACC assumptions

|                 |       |
|-----------------|-------|
| Risk free rate  | 5.00% |
| Equity beta     | 1.25  |
| WACC            | 13.2% |
| Terminal growth | 2.5%  |

| Profit and Loss Account (NZ\$m) | 2024A      | 2025A      | 2026E      | 2027E        | 2028E        |
|---------------------------------|------------|------------|------------|--------------|--------------|
| Revenue                         | 7.7        | 9.0        | 9.4        | 10.8         | 13.6         |
| <b>Normalised EBITDA</b>        | <b>1.1</b> | <b>1.4</b> | <b>1.3</b> | <b>(0.4)</b> | <b>1.1</b>   |
| Depreciation and amortisation   | 0.6        | 0.8        | 1.0        | 1.4          | 1.6          |
| <b>Normalised EBIT</b>          | <b>0.5</b> | <b>0.6</b> | <b>0.2</b> | <b>(1.8)</b> | <b>(0.5)</b> |
| Net interest                    | (0.1)      | (0.0)      | (0.1)      | (0.2)        | (0.3)        |
| Associate income                | -          | -          | -          | -            | -            |
| Tax                             | 1.0        | 0.2        | (0.0)      | 0.6          | 0.2          |
| Minority interests              | -          | -          | -          | -            | -            |
| <b>Normalised NPAT</b>          | <b>1.5</b> | <b>0.8</b> | <b>0.1</b> | <b>(1.5)</b> | <b>(0.6)</b> |
| Abnormals/other                 | (0.2)      | (0.1)      | -          | -            | -            |
| <b>Reported NPAT</b>            | <b>1.2</b> | <b>0.7</b> | <b>0.1</b> | <b>(1.5)</b> | <b>(0.6)</b> |
| Normalised EPS (cps)            | 0.0        | 0.0        | 0.0        | (0.0)        | (0.0)        |
| DPS (cps)                       | -          | -          | -          | -            | -            |

| Growth Rates        | 2024A | 2025A | 2026E | 2027E | 2028E |
|---------------------|-------|-------|-------|-------|-------|
| Revenue (%)         | 32.8  | 16.7  | 4.1   | 15.2  | 25.7  |
| EBITDA (%)          | n/a   | 21.7  | -9.6  | n/a   | n/a   |
| EBIT (%)            | n/a   | 15.8  | -59.8 | n/a   | n/a   |
| Normalised NPAT (%) | n/a   | -48.2 | -83.8 | n/a   | n/a   |
| Normalised EPS (%)  | n/a   | -45.5 | -82.4 | n/a   | n/a   |
| Ordinary DPS (%)    | n/a   | n/a   | n/a   | n/a   | n/a   |

| Cash Flow (NZ\$m)                      | 2024A        | 2025A      | 2026E      | 2027E        | 2028E      |
|--|--------------|------------|------------|--------------|------------|
| <b>EBITDA</b>                          | <b>1.1</b>   | <b>1.4</b> | <b>1.3</b> | <b>(0.4)</b> | <b>1.1</b> |
| Working capital change                 | (1.1)        | 0.1        | 0.0        | 0.1          | 0.1        |
| Interest & tax paid                    | (1.1)        | (0.3)      | (0.0)      | (0.8)        | (0.6)      |
| Other                                  | 2.0          | 4.9        | 4.1        | 4.6          | 4.7        |
| <b>Operating cash flow</b>             | <b>0.9</b>   | <b>6.1</b> | <b>5.3</b> | <b>3.5</b>   | <b>5.3</b> |
| Capital expenditure                    | (1.2)        | (1.7)      | (2.0)      | (1.8)        | (1.9)      |
| (Acquisitions)/divestments             | -            | -          | -          | -            | -          |
| Other                                  | (0.7)        | (1.3)      | (2.5)      | (2.8)        | (2.8)      |
| <b>Funding available/(required)</b>    | <b>(1.0)</b> | <b>3.1</b> | <b>0.8</b> | <b>(1.1)</b> | <b>0.6</b> |
| Dividends paid                         | -            | -          | -          | -            | -          |
| Equity raised/(returned)               | -            | -          | -          | -            | -          |
| <b>(Increase)/decrease in net debt</b> | <b>(1.0)</b> | <b>3.1</b> | <b>0.8</b> | <b>(1.1)</b> | <b>0.6</b> |

| Balance Sheet (NZ\$m)        | 2024A       | 2025A       | 2026E       | 2027E       | 2028E       |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
| Working capital              | (0.2)       | (0.3)       | (0.3)       | (0.4)       | (0.5)       |
| Fixed assets                 | 0.4         | 0.4         | 0.6         | 0.7         | 0.9         |
| Intangibles                  | 2.4         | 3.4         | 4.3         | 4.9         | 5.4         |
| Right of use asset           | -           | -           | -           | -           | -           |
| Other assets                 | 36.1        | 40.7        | 44.1        | 47.9        | 51.7        |
| <b>Total funds employed</b>  | <b>38.6</b> | <b>44.0</b> | <b>48.7</b> | <b>53.1</b> | <b>57.5</b> |
| Net debt/(cash)              | 0.0         | (0.3)       | 0.0         | 1.2         | 1.4         |
| Lease liability              | 0.1         | 0.1         | 0.2         | 0.2         | 0.3         |
| Other liabilities            | 34.5        | 38.9        | 42.3        | 46.2        | 50.0        |
| Shareholder's funds          | 4.0         | 5.4         | 6.2         | 5.5         | 5.8         |
| Minority interests           | -           | -           | -           | -           | -           |
| <b>Total funding sources</b> | <b>38.6</b> | <b>44.0</b> | <b>48.7</b> | <b>53.1</b> | <b>57.5</b> |

\* Forsyth Barr target prices reflect valuation rolled forward at cost of equity less the next 12-months dividend

### Spot valuation (NZ\$)

|                            |      |
|----------------------------|------|
| SaaS peers comparable      | 0.28 |
| DCF                        | 0.39 |
| 12-month forward total LTV | 0.49 |

### DCF valuation summary (NZ\$m)

|                                    |     |
|------------------------------------|-----|
| Total firm value                   | 58  |
| (Net debt)/cash                    | 1   |
| Less: Capitalised operating leases | (2) |
| Value of equity                    | 57  |

| Valuation Ratios              | 2024A | 2025A | 2026E | 2027E | 2028E |
|-------------------------------|-------|-------|-------|-------|-------|
| EV/Sales (x)                  | 4.8   | 4.6   | 4.3   | 3.7   | 2.9   |
| EV/EBITDA (x)                 | 31.9  | 28.4  | 30.7  | n/a   | 36.0  |
| EV/EBIT (x)                   | 73.3  | 68.5  | >100x | n/a   | n/a   |
| PE (x)                        | >100x | >100x | >100x | n/a   | n/a   |
| Price/NTA (x)                 | 28.0  | 21.6  | 27.6  | >100x | n/a   |
| Free cash flow yield (%)      | -1.1  | 10.7  | 7.8   | 3.7   | 7.8   |
| Adj. free cash flow yield (%) | -1.1  | 10.7  | 7.8   | 3.7   | 7.8   |
| Net dividend yield (%)        | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   |
| Gross dividend yield (%)      | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   |

| Capital Structure         | 2024A | 2025A | 2026E | 2027E | 2028E |
|---------------------------|-------|-------|-------|-------|-------|
| Interest cover EBIT (x)   | 6.1   | 13.4  | 3.7   | n/a   | n/a   |
| Interest cover EBITDA (x) | 14.0  | 32.4  | 20.3  | n/a   | 3.3   |
| Net debt/ND+E (%)         | 1.2   | -6.3  | 0.5   | 19.4  | 20.6  |
| Net debt/EBITDA (x)       | 0.0   | n/a   | 0.0   | n/a   | 1.3   |

| Key Ratios                   | 2024A | 2025A | 2026E  | 2027E | 2028E |
|------------------------------|-------|-------|--------|-------|-------|
| Return on assets (%)         | 1.3   | 1.3   | 0.5    | -3.3  | -0.9  |
| Return on equity (%)         | 38.3  | 14.5  | 2.1    | -29.1 | -11.9 |
| Return on funds employed (%) | 28.5  | 13.0  | 1.5    | -14.2 | -5.8  |
| EBITDA margin (%)            | 14.9  | 15.5  | 13.5   | -3.9  | 8.0   |
| EBIT margin (%)              | 6.5   | 6.4   | 2.5    | -17.1 | -4.0  |
| Capex to sales (%)           | 15.3  | 18.5  | 21.6   | 16.9  | 14.1  |
| Capex to depreciation (%)    | -592  | -750  | -1,092 | -578  | -514  |
| Imputation (%)               | 0     | 0     | 0      | 0     | 0     |
| Pay-out ratio (%)            | 0     | 0     | 0      | 0     | 0     |

| Operating Performance         | 2024A        | 2025A        | 2026E        | 2027E         | 2028E         |
|-------------------------------|--------------|--------------|--------------|---------------|---------------|
| Processing fees               | 5.4          | 6.3          | 7.3          | 8.9           | 11.5          |
| Interest on customer funds    | 2.2          | 2.3          | 1.7          | 1.6           | 1.7           |
| <b>SaaS recurring revenue</b> | <b>7.6</b>   | <b>8.7</b>   | <b>9.0</b>   | <b>10.4</b>   | <b>13.2</b>   |
| Beginning customers (#)       | 6,875        | 7,368        | 8,204        | 8,936         | 10,857        |
| New customers (#)             | 1,502        | 1,755        | 1,755        | 3,036         | 3,698         |
| Customers churned (#)         | (1,009)      | (919)        | (1,023)      | (1,115)       | (1,354)       |
| <b>Ending customers (#)</b>   | <b>7,368</b> | <b>8,204</b> | <b>8,936</b> | <b>10,857</b> | <b>13,201</b> |

|                           |      |       |      |       |       |
|---------------------------|------|-------|------|-------|-------|
| Net customer growth (%)   | 7.2% | 11.3% | 8.9% | 21.5% | 21.6% |
| Average monthly churn (%) | 1.2% | 1.0%  | 1.0% | 1.0%  | 1.0%  |

### Per customer metrics:

|                          |        |        |        |        |        |
|--------------------------|--------|--------|--------|--------|--------|
| ARPU (NZ\$ p/m)          | 88.6   | 92.6   | 87.7   | 88.6   | 92.2   |
| Cost to serve (NZ\$ p/m) | (21.0) | (19.0) | (18.4) | (18.6) | (18.8) |
| Lifetime years           | 7.1    | 8.4    | 8.4    | 8.4    | 8.4    |
| Lifetime value (NZ\$)    | 5,890  | 6,747  | 6,997  | 7,076  | 7,421  |
| Lifetime value: CAC      | 11.5   | 11.6   | 9.6    | 6.3    | 7.8    |

## Capital Raise—Key Information

PYS is seeking to raise NZ\$4.0m via a NZ\$3.0m placement to institutional and other investors, and a NZ\$1.0m Share Purchase Plan (SPP) available to New Zealand-resident shareholders and new investors. The issue price has been set at NZ\$0.26 per share, representing a -7% discount to the closing price on 12 December 2025 and a -12% discount to the 30-day VWAP of NZ\$0.296 (from 31 October 2025). If fully subscribed, the raise will result in the issuance of ~15.4m new ordinary shares, representing an incremental ~+11% increase on the current ~145m shares on issue. Proceeds will be used to: (1) fund sales, marketing, and customer support capabilities; (2) support ongoing development of the Gen 2.0 payroll platform ahead of its planned Australia launch in February 2026; (3) maintain a prudent cash buffer and avoid the need for bank funding; and (4) provide capacity for small bolt-on acquisitions to expand the customer base. The company also noted a broadened share register and enhanced liquidity as key goals of the equity raise. We include details from the equity raising presentation in Figures 1 and 2 below.

**Figure 1. Offer details**

|                                 |  |
|---------------------------------|--|
| <b>Offer size and structure</b> | <ul style="list-style-type: none"> <li>\$4.0 million capital raising, comprising <ul style="list-style-type: none"> <li>\$3.0 million Placement</li> <li>\$1.0 million Share Purchase Plan (SPP)</li> </ul> </li> </ul>  |
| <b>Placement Offer Price</b>    | <ul style="list-style-type: none"> <li>The Placement Offer Price will be \$0.26 per share</li> <li>The Placement Offer Price represents a discount of: <ul style="list-style-type: none"> <li>7.1% to the last close of \$0.28 per share on Friday, 12 December 2025</li> <li>12.1% to the 30-day VWAP of \$0.296 per share starting on Friday, 31 October 2025</li> </ul> </li> </ul>   |
| <b>SPP details</b>              | <ul style="list-style-type: none"> <li>PaySauce is offering an SPP of newly issued ordinary shares (with the ability to scale or accept over subscriptions at the Board's discretion) up to a maximum of \$50,000 per applicant</li> <li>The SPP will be available to existing shareholders and non-shareholders. However, in the case of scaling existing shareholders will have priority</li> <li>The SPP will be priced at the Placement Offer Price</li> </ul> |
| <b>Ranking</b>                  | <ul style="list-style-type: none"> <li>The new shares to be issued under both the Placement and SPP will on allotment rank equally in all respects with PaySauce's existing ordinary shares</li> </ul>   |
| <b>Financial advisers</b>       | <ul style="list-style-type: none"> <li>Cameron Partners Limited is acting as lead manager for the Offer</li> <li>Neither the Placement nor the SPP are underwritten</li> </ul>   |

Source: Company \*Equity raising presentation slide 26

**Figure 2. Offer timetable**

|   |                             |
|---|-----------------------------|
| <b>Placement</b>  |                             |
| Placement conducted under trading halt                                | Monday, 15 December 2025    |
| Announce completion of placement and trading halt lifted on NZX       | Wednesday, 17 December 2025 |
| Settlement, allotment and trading of placement shares on NZX commence | Friday, 19 December 2025    |
| <b>SPP</b>  |                             |
| Record date   | Monday, 15 December 2025    |
| SPP opens and documentation sent to eligible shareholders             | Wednesday, 17 December 2025 |
| SPP closes  | 5pm, Friday 23 January 2026 |
| SPP settlement, shares allotted and commencement of trading           | Friday, 30 January 2026     |

Source: Company \*Equity raising presentation slide 27

## Unlocking the next leg of growth

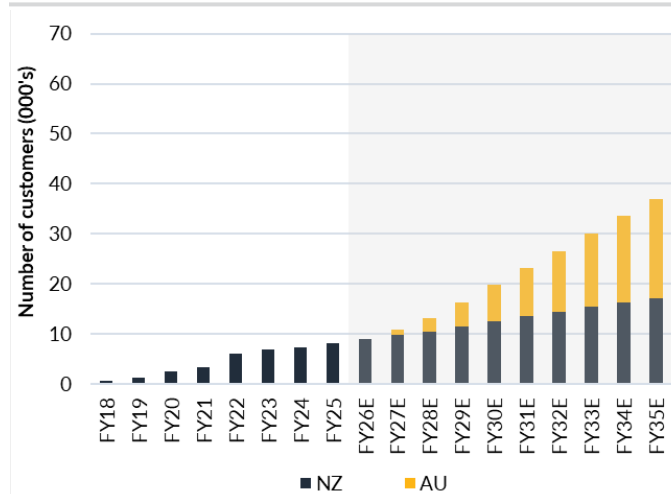
The company's equity raising presentation provided further detail on its Australia market launch strategy. With several live pay runs already processed on the new Gen 2.0 payroll platform, the official market launch remains scheduled for February 2026. PYS aims to replicate its successful NZ strategy, initially targeting the ~4.4k Australian dairy farms covered by the Fair Work Pastoral Award. The company then plans to expand into the trades and construction, hospitality, and professional services sectors, with the Gen 2.0 stack enabling configuration of industry-specific awards beyond the Pastoral Award. PYS is targeting an A\$85 (~NZ\$97 at prevailing FX rates) per month ARPU at launch, in line with our expectations for NZ\$90–NZ\$100 and comparing with FY25 NZ ARPU of NZ\$92.59. We conservatively forecast no Australian customer additions in FY26, given the mid-February 2026 launch and March balance date, with customer numbers reaching ~1.1k by FY27 and growing to ~20k by FY35. Our forecasts remain unchanged while we wait for the completion of the equity raise before incorporating it into our assumptions. We anticipate higher sales and marketing, and development investment once confirmed. Finally, we view the announced move of CEO Asantha Wijeyeratne to Melbourne, Australia, as a constructive step, providing additional on-the-ground capability to reduce go-to-market risk and support adoption.

Figure 3. Australia expansion timeline



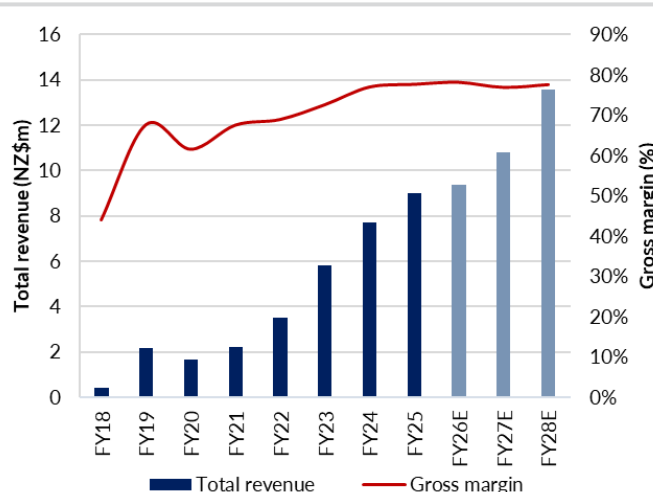
Source: Company \*Equity raising presentation slide 19

Figure 4. Our base case assumes an initial ~1.1k Australian customer additions in FY27 ...



Source: Company, Forsyth Barr analysis

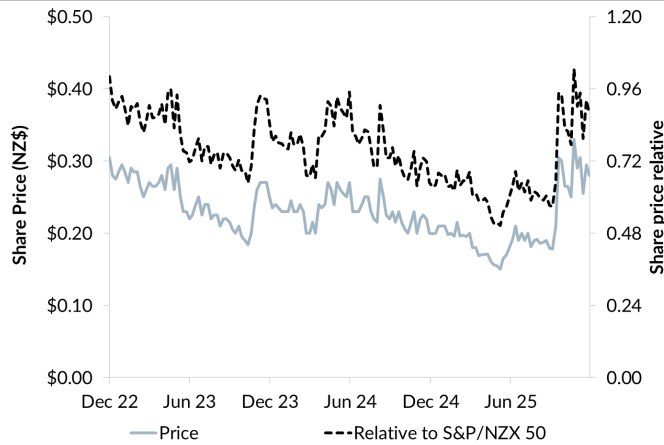
Figure 5. ... providing a meaningful opportunity for growth going forward



Source: Company, Forsyth Barr analysis

## Additional data

**Figure 6. Share price performance**



**Figure 7. Substantial shareholders**

| Shareholder                   | Latest Holding |
|-------------------------------|----------------|
| Asantha Wijeyeratne           | 24.8%          |
| Perpetual Trust Barnes Family | 14.8%          |
| Troy Tarrant                  | 11.3%          |

Source: NZX, Forsyth Barr analysis, NOTE: based on SPH notices only

**Figure 8. International valuation comparisons using consensus data (one and two year forward)**

| Company                       | Code    | Price      | Mkt Cap<br>(m) | PE    |       | EV/EBITDA |       | EV/EBIT |       | Cash Yld |
|-------------------------------|---------|------------|----------------|-------|-------|-----------|-------|---------|-------|----------|
|                               |         |            |                | 1yr   | 2yr   | 1yr       | 2yr   | 1yr     | 2yr   |          |
| Paysauce                      | PYS NZ  | NZ\$0.28   | NZ\$40         | n/a   | n/a   | >75x      | 44.3x | <0x     | <0x   | 0.0%     |
| Xero                          | XRO AT  | A\$113.18  | A\$19,225      | >75x  | 60.8x | 24.9x     | 19.1x | 52.2x   | 36.0x | 0.0%     |
| Automatic Data Processing Inc | ADP US  | US\$266.10 | US\$107,624    | 23.4x | 21.4x | 15.8x     | 14.8x | 17.4x   | 16.1x | 2.4%     |
| Paychex Inc                   | PAYX US | US\$115.45 | US\$41,550     | 20.3x | 19.1x | 14.2x     | 13.3x | 15.9x   | 14.8x | 3.9%     |
| Paylocity Holding             | PCTY US | US\$150.89 | US\$8,206      | 19.3x | 17.2x | 12.4x     | 11.1x | 14.9x   | 13.1x | 0.0%     |
| Dayforce Inc                  | DAY US  | US\$69.26  | US\$11,084     | 27.2x | 23.3x | 17.0x     | 14.7x | 20.1x   | 16.6x | 0.0%     |
| Paycom Software               | PAYC US | US\$166.61 | US\$9,375      | 16.6x | 14.8x | 9.5x      | 8.6x  | 12.1x   | 10.8x | 1.0%     |

Source: Forsyth Barr analysis, Bloomberg, NOTE: all multiples based on Bloomberg consensus estimates, EV = market cap+net debt+lease liabilities+min interests-investments

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