

# PaySauce

## Redefining Micro-SME Payroll Experiences

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PaySauce (PYS) is a specialist SaaS provider of payroll and adjacent tools purpose-built for micro employers (micro-SMEs). The global payroll software market is substantial, and while competition is fierce, PYS's micro-SME focus, automation of complex sector payroll rules, and mobile-first offering position it to capture share in a niche overlooked by major providers. PYS is focused on: (1) international expansion, starting with its Australian pilot; and (2) diversification beyond agriculture into the trades, retail, and hospitality. We see these drivers contributing to our base-case recurring revenue CAGR of +16% over the next three years, with a strong history of growth, the complexity of Australian payroll legislation, and positive industry feedback underpinning our confidence. Our blended spot valuation is NZ\$0.39 per share.



NZX code	PYS	Financials: Mar/	25A	26E	27E	28E	Valuation (x)	25A	26E	27E	28E
Share price	NZ\$0.23	Rev (NZ\$m)	8.987	9.446	11.0	13.8	PE	n/a	n/a	n/a	n/a
Spot Valuation	NZ\$0.39	NPAT* (NZ\$m)	0.8	0.1	-1.3	-0.5	EV/EBIT	55.8	n/a	n/a	n/a
Risk rating	High	EPS* (NZc)	0.0	0.0	0.0	0.0	EV/EBITDA	23.1	24.2	n/a	23.8
Issued shares	144.2m	DPS (NZc)	0.0	0.0	0.0	0.0	Price / NTA	17.8	21.9	n/a	n/a
Market cap	NZ\$33.2m	Imputation (%)	0	0	0	0	Cash div yld (%)	0.0	0.0	0.0	0.0
Avg daily turnover	29.1k (NZ\$6k)	*Based on normalised profits						Gross div yld (%)	0.0	0.0	0.0

**The NZ base is profitable, dominates the NZ micro-SME agri space (40%+ share) and pushing for growth into other sectors**

PYS NZ was profitable in FY25, growing recurring revenues +14% year on year on customer numbers up +11%. Historically, growth has been driven by product innovations aimed at solving payroll complexities faced by micro-SMEs in underserved niches, such as the minimum wage top-up feature targeted at the agri segment—where PYS now holds 40%+ market share. With growth moderating in recent years, PYS must expand beyond its agri roots (~65%–75% of customers) to grow past its current ~8% share of NZ micro-SMEs.

**Australian market entry begins, as the first gateway to fuller international growth**

PYS's Australian entry is the key near-term growth driver. Its Victoria pilot is underway, having processed its first payrun, with a broader launch proposed for the February 2026 Australian Dairy Conference. Australia's ~689k micro-SMEs offer a ~7x larger TAM than NZ, but we set modest base-case launch expectations (~1,100 customers by FY27). A lean go-to-market strategy, serviced from NZ, should make execution risks manageable. Any NZ operating cashflows will be reinvested into Australia for the next few years.

**Valuation framework show strong support, with upside drivers**

Near-term upside rests on Australian traction, where outsized success could lift total customer lifetime value (total LTV) materially and strengthen PYS's M&A appeal. Longer term, sector and geographic diversification, ARPU uplifts, and Gen 2.0 platform rollout benefits provide opportunities, while a profitable NZ limits downside. At 0.47x total LTV, investors are paying little for PYS's potential.

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**Paysauce Limited (PYS)**

Market Data (NZ\$)					Spot valuation (NZ\$)	0.39									
Priced as at 01 Oct 2025					0.23	0.30									
52 week high / low					0.24 / 0.14	0.39									
Market capitalisation (NZ\$m)					33.2	0.49									
Key WACC assumptions					DCF valuation summary (NZ\$m)										
Risk free rate					Total firm value										
Equity beta					(Net debt)/cash										
WACC					1										
Terminal growth					Less: Capitalised operating leases										
					(2)										
					Value of equity										
					57										
Profit and Loss Account (NZ\$m)					Valuation Ratios	2024A	2025A	2026E	2027E	2028E					
Revenue					EV/Sales (x)	3.9	3.7	3.4	3.0	2.3					
<b>Normalised EBITDA</b>					EV/EBITDA (x)	25.5	23.1	24.2	n/a	23.8					
Depreciation and amortisation					EV/EBIT (x)	58.7	55.8	>100x	n/a	n/a					
<b>Normalised EBIT</b>					PE (x)	>100x	>100x	>100x	n/a	n/a					
Net interest					Price/NTA (x)	23.0	17.8	21.9	>100x	>100x					
Associate income					Free cash flow yield (%)	-1.3	13.1	9.7	5.1	10.1					
Tax					Adj. free cash flow yield (%)	-1.3	13.1	9.7	5.1	10.1					
Minority interests					Net dividend yield (%)	0.0	0.0	0.0	0.0	0.0					
<b>Normalised NPAT</b>					Gross dividend yield (%)	0.0	0.0	0.0	0.0	0.0					
Abnormals/other					<b>Capital Structure</b>	2024A	2025A	2026E	2027E	2028E					
<b>Reported NPAT</b>					Interest cover EBIT (x)	6.1	13.4	4.3	n/a	n/a					
Normalised EPS (cps)					Interest cover EBITDA (x)	14.0	32.4	20.8	n/a	3.8					
DPS (cps)					Net debt/ND+E (%)	1.2	-6.3	-0.3	17.6	17.6					
					Net debt/EBITDA (x)	0.0	n/a	n/a	n/a	0.9					
Growth Rates					Key Ratios	2024A	2025A	2026E	2027E	2028E					
Revenue (%)					Return on assets (%)	1.3	1.3	0.5	-2.9	-0.5					
EBITDA (%)					Return on equity (%)	38.3	14.5	2.5	-25.3	-8.6					
EBIT (%)					Return on funds employed (%)	28.5	13.0	1.8	-12.6	-4.3					
Normalised NPAT (%)					EBITDA margin (%)	14.9	15.5	13.7	-1.9	9.6					
Normalised EPS (%)					EBIT margin (%)	6.5	6.4	2.8	-14.8	-2.4					
Ordinary DPS (%)					Capex to sales (%)	15.3	18.5	21.1	17.4	14.6					
					Capex to depreciation (%)	-592	-750	-1,078	-601	-533					
Cash Flow (NZ\$m)					Imputation (%)	0	0	0	0	0					
EBITDA					Pay-out ratio (%)	0	0	0	0	0					
Working capital change					<b>Operating Performance</b>	2024A	2025A	2026E	2027E	2028E					
(1.1)					Processing fees	5.4	6.3	7.3	8.9	11.5					
Interest & tax paid					Interest on customer funds	2.2	2.3	1.8	1.8	1.9					
(1.1)					<b>SaaS recurring revenue</b>	7.6	8.7	9.1	10.6	13.4					
Other					Beginning customers (#)	6,875	7,368	8,204	8,936	10,857					
					New customers (#)	1,502	1,755	1,755	3,036	3,698					
Operating cash flow					Customers churned (#)	(1,009)	(919)	(1,023)	(1,115)	(1,354)					
Capital expenditure					Ending customers (#)	7,368	8,204	8,936	10,857	13,201					
(Acquisitions)/divestments															
Other															
(0.7)															
<b>Funding available/(required)</b>															
(1.0)															
Dividends paid															
Equity raised/(returned)															
(Increase)/decrease in net debt															
Balance Sheet (NZ\$m)					Net customer growth (%)	7.2%	11.3%	8.9%	21.5%	21.6%					
Working capital					Average monthly churn (%)	1.2%	1.0%	1.0%	1.0%	1.0%					
(0.2)					<b>Per customer metrics:</b>										
Fixed assets					ARPU (NZ\$/p/m)	88.6	92.6	88.6	90.1	93.6					
0.4					Cost to serve (NZ\$ p/m)	(21.0)	(19.0)	(18.4)	(18.6)	(18.8)					
Intangibles					Lifetime years	7.1	8.4	8.4	8.4	8.4					
2.4					Lifetime value (NZ\$)	5,890	6,747	7,087	7,227	7,556					
Right of use asset					Lifetime value: CAC	11.5	11.6	9.7	6.4	7.9					
Other assets															
36.1															
<b>Total funds employed</b>															
38.6															
Net debt/(cash)															
0.0															
Lease liability															
0.1															
Other liabilities															
34.5															
Shareholder's funds															
4.0															
Minority interests															
<b>Total funding sources</b>															
38.6															

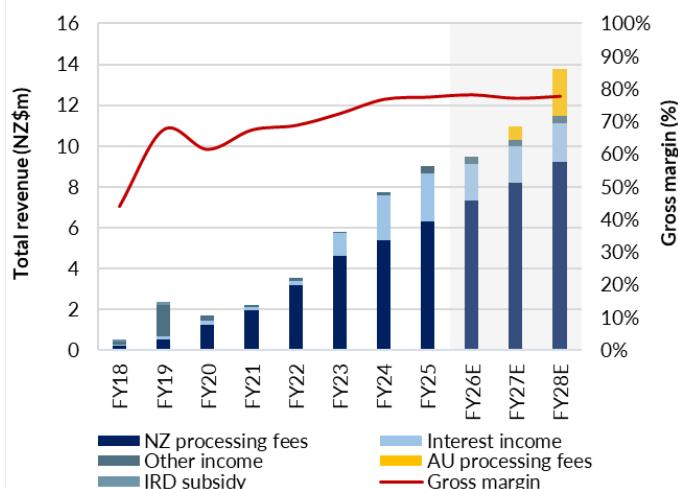
\* Forsyth Barr target prices reflect valuation rolled forward at cost of equity less the next 12-months dividend

## Executive summary

PaySauce (PYS) is a cloud-native, mobile-first SaaS platform provider of payroll and payroll adjacent tools purpose-built for micro-SMEs. Since its 2015 launch, PYS has built a defensible position by solving complex payroll and compliance pain points for micro-SMEs often facing complicated remuneration legislation—a niche underserved by the larger payroll and accounting incumbents—and saving micro-SMEs time and money. The company achieved breakeven in FY24 and delivered FY25 EBTDA (including interest earned on customer payroll float) of NZ\$1.4m (+27% on the prior year) on total recurring revenue of NZ\$8.7m (+14%). Looking ahead, if undisturbed by the majors, PYS has an opportunity to seize on two primary growth avenues: (1) international expansion via Australia initially; and (2) sector diversification beyond its agricultural stronghold (where we believe 65%–75% of its customers are, representing 40%+ agri share in NZ in the one-to-five employee segment). PYS's founder and CEO holds a 25% shareholding.

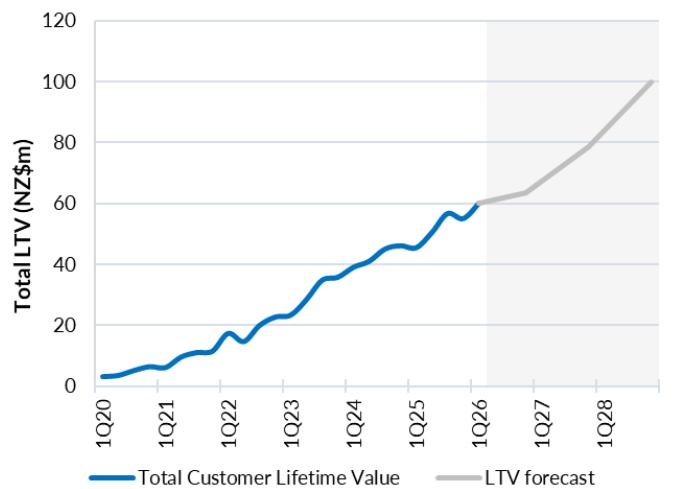
As PYS expands internationally, our base-case forecasts see a +16% three-year total revenue CAGR. This will see PYS continuing to grow gross margin (from 78% in FY24 to 85% in our terminal-year assumptions) as scale grows into Australia and AI self-service delivers efficiencies once these go live. We expect PYS to fully reinvest all cashflows into growth initiatives for at least the next three years, utilise its flexible ARR-backed banking facility, or raise capital during FY26 or FY27 to expedite Australian expansion either organically or via acquisition. Total LTV should lift materially in the coming years with: (1) sector diversification beyond agriculture; (2) a higher ARPU floor from the retirement of its 'Simple' offering; and (3) an expected pricing premium in Australia as international revenues contribute. We initiate coverage of PYS with a blended spot valuation of NZ\$0.39 per share, as PYS expands its share of micro-SMEs in NZ from 8% to ~14% and enters the much larger Australian market.

**Figure 1. PYS has achieved solid revenue and margin growth**



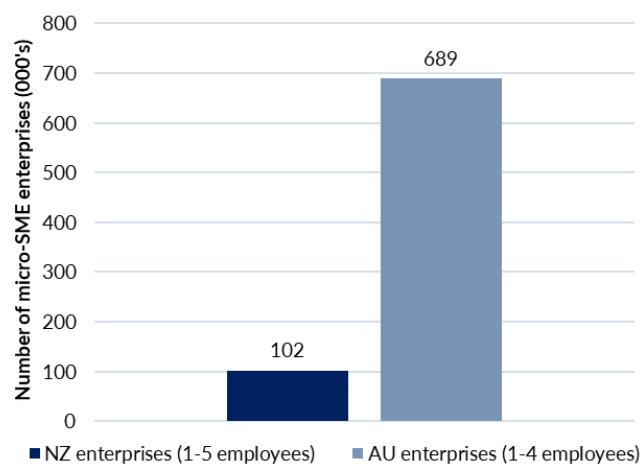
Source: Company, Forsyth Barr analysis

**Figure 3. PYS's total LTV has risen steadily; we expect AU market entry to drive future growth**



Source: Company, Forsyth Barr analysis

**Figure 2. Australia represents a large opportunity for expansion**



Source: Company, Forsyth Barr analysis

**Figure 4. PYS (~0.47x) is trading cheaply relative to 12-month forward total LTV and peers given its growth potential**



Source: Refinitiv, Company, Forsyth Barr analysis

## Strategies for growth

We see three key areas of focus for growing PYS:

1. **Australia, the first step internationally:** The initial Australian pay runs occurred successfully in September 2025 via a small dairy-focused pilot in Adelaide. A broader launch is expected at the Australian Dairy Conference in February 2026. Australia's ~689k micro-SMEs face similar payroll burdens to those in NZ, and we expect PYS's initial focus on the particularly complex Fair Work Pastoral Award to aid its entry. We expect Australian pricing to start at A\$90/month, a +8% premium to NZ ARPU. We believe acquisitive M&A growth in Australia could be a likely strategy to expedite scale. Once Australian traction is established, we expect management to pursue further international expansion, with planning for the next market to begin within 24 months. We view the UK as a logical next step, given its regulatory transparency, open banking environment, and attractive SME payroll dynamics.
2. **Sector expansion beyond the dairy core:** PYS built scale by dominating NZ's dairy payroll—servicing around half of employing dairy farms—but future growth hinges on sector diversification. The company now targets construction and other trades, hospitality, and retail, where micro-businesses face compliance challenges around hours, overtime, and wage rules. With industry partnerships, a mobile-first onboarding process, and lack of presence from incumbents in these niches, PYS is positioned well.
3. **Longer-term opportunities:** PYS views embedded licensing of its Gen 2.0 engine as a capital-light growth option longer term. Its API-first architecture within Gen 2.0 should enable third-party platform linkage—such as into accounting suites, banks, or SaaS providers—to embed payroll compliance natively. While not built into our forecasts, partnerships could help accelerate growth.

## Investment thesis in brief

We see several pillars underpinning our positive investment thesis of PYS:

- **Profitable NZ core with improving unit economics:** FY25 recurring revenue was NZ\$8.7m (+14% year on year), with gross profit of NZ\$6.7m (+15%). Gross margin lifted +1pp to 78% as cost-to-serve efficiencies scaled, reflecting PYS's lean operating model.
- **Channel support:** Our channel checks show strong backing from accountants and customers, especially within the dairy sector.
- **International expansion key to value uplift:** We see a compelling opportunity for PYS in Australia, given the country's complicated wage award settings, and likely further afield (UK, Canada, and countries across Asia). The initial Australian go-to-market should be lean, with NZ providing sales and service support initially, reducing market entry risk.
- **ARPU expansion continues:** Monthly ARPU rose from NZ\$52.1 in FY19 to NZ\$92.6 in FY25 (a +10% CAGR). We expect further ARPU growth, underpinned by the discontinuation of PYS's 'Simple' tier and migration to a two-tier structure ('Standard' and 'Premium'), its Australian market entry at a premium to NZ pricing, and inflation adjustments over time.
- **Gen 2.0 platform:** PYS's new payroll core, being used for its Australian launch and to be rolled back into NZ in FY27, is likely to see cost-to-serve fall over time, with better integration of AI and self-service features.
- **Valuation:** Our blended spot valuation is NZ\$0.39 per share, with upside potential from faster Australian success or UK market entry. PYS holds ~8% share in NZ's micro-SME payroll niche, and our base case conservatively forecasts growth to ~13.7% over time, plus ~2.4% share in Australia's micro-SME market. PYS trades at a relatively cheap 3.7x 12-month forward EV/Sales for its growth prospects, versus peers on 5.4x. We believe, following our analysis of its peer group, which has often traded at >1.0x 12-month forward total LTV (see Figure 4), PYS could trade at >NZ\$0.49, compared to the ~0.47x multiple it trades at now.

## Key risks

While we view PYS as offering strong valuation appeal, we highlight several risks:

- **Competitive intensity:** Threats from larger payroll incumbents and accounting suites (Xero, Intuit, MYOB) are significant. Their scale, brand, and bundling tactics could erode PYS's pricing power and niche advantage. Xero, with a commanding presence in NZ/AU accounting, already bundles payroll into broader plans, reducing pricing transparency.
- **Sector expansion:** Sector diversification stalls if PYS's workflows do not suit non-dairy verticals, capping TAM.
- **Offshore execution:** The Australian launch requires careful execution and cost control, especially with PYS holding just NZ\$0.3m in net cash at FY25. Missteps in the go-to-market strategy could be costly. PYS can use its flexible big-four bank ARR-backed funding line for its Australian market entry, along with NZ cashflows. Still, PYS may also raise equity during FY26 or FY27.
- **Loses the ability to capture interest on the NZ 'float':** A change in IRD/government settings could remove this ability in the future.
- **Regulatory complexity:** Changes in wage laws, tax settings, or compliance standards may demand rapid product adjustments, while simpler regulation could favour incumbent competitors, squeezing PYS's differentiation.
- **SME macro exposure:** PYS is exposed to economic fragility among SMEs, with cycles or weak confidence weighing on spending.
- **Key personnel:** CEO Asantha Wijeyeratne holds critical institutional knowledge/strategic oversight, as well as a 25% stake in PYS.
- **Cybersecurity and data protection:** Handling sensitive payroll and banking data exposes PYS to the risk of cyberattacks, hacking, or outages. A major breach could damage customer trust, trigger regulatory action, and cause financial and reputational harm.

## Section #1: Valuation and investment thesis

**Figure 5. Valuation and target price methodology**

NZ\$	
DCF (60%)	0.39
Peers multiple valuation (20%)	0.30
Customer lifetime value valuation (20%)	0.49
<b>Spot valuation (weighted)</b>	<b>0.39</b>

Source: Forsyth Barr analysis

**Figure 6. WACC inputs**

Risk free rate (Rf)	5.0%
Asset Beta	1.25
Equity Beta	1.25
Cost of equity (Ke)	13.2%
Debt premium	2.0%
Cost of debt (Kd)	7.0%
Terminal growth rate	2.5%
<b>Weighted average cost of capital</b>	<b>13.2%</b>

Source: Forsyth Barr analysis

### 1.1 DCF (spot valuation: NZ\$0.39 at 60% weight)

We utilise our base-case spot discounted cashflow (DCF) valuation of NZ\$0.39 within our blended valuation. This uses a WACC of 13.2% and terminal growth of 2.5%. As shown below, our base-case scenario assumes continued solid progress in NZ, moving from 8% to 13.7% share of NZ's micro-SME market over the next decade, and modest Australian market penetration (~20k customers by FY35), representing 2.4% of micro-SMEs. However, we assume no growth from other geographic regions.

#### a) Scenario analysis

PYS's upcoming entry into Australia (alongside other geographic markets over time) introduces a wide range of potential outcomes that a binary DCF model may not sufficiently capture. As such, we also calculate a scenario-weighted DCF as a one-off within this initiation, to contextualise value under varying assumptions around market penetration and customer growth. We exclude this scenario-weighted DCF from our blended valuation methodology. See Figures 7–16 for the key assumptions for our base, bear, and bull scenarios.

**Figure 7. Our spot DCFs under different scenarios**

Scenario	Spot DCF (NZ\$)
Bear	0.22
Base	0.39
Bull	0.66

Source: Forsyth Barr analysis

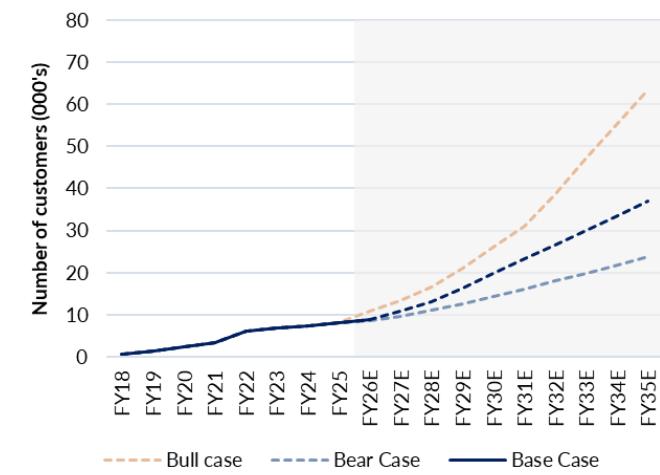
**Figure 8. Scenario customer assumptions**

Customer numbers (#)	FY25A	Bear	Base	Bull
Terminal NZ customers	8k	14k	17k	21k
Terminal Aus customers	0k	10k	20k	30k
Terminal UK customers	0k	0k	0k	13k
<b>Total terminal customers</b>	<b>8k</b>	<b>24k</b>	<b>37k</b>	<b>64k</b>

Source: Company, Forsyth Barr analysis

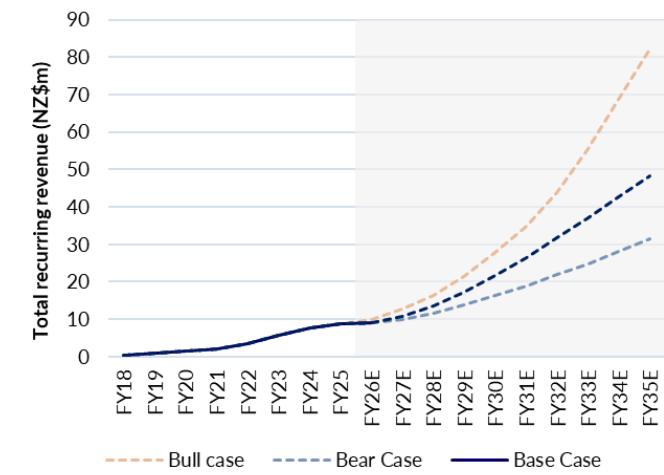
Risk-reward is asymmetric to the upside (bear case -4% against the current share price versus the bull case +187%). Below, we summarise the outcomes of our base, bear, and bull scenarios. See Section 4 for more detail.

**Figure 9. Scenario Analysis—Total customer count**



Source: Company, Forsyth Barr analysis

**Figure 10. Scenario Analysis—Total recurring revenue**



Source: Company, Forsyth Barr analysis

## b) Scenario analysis by case (in brief)

### Base case: *Moderate Australian uptake*

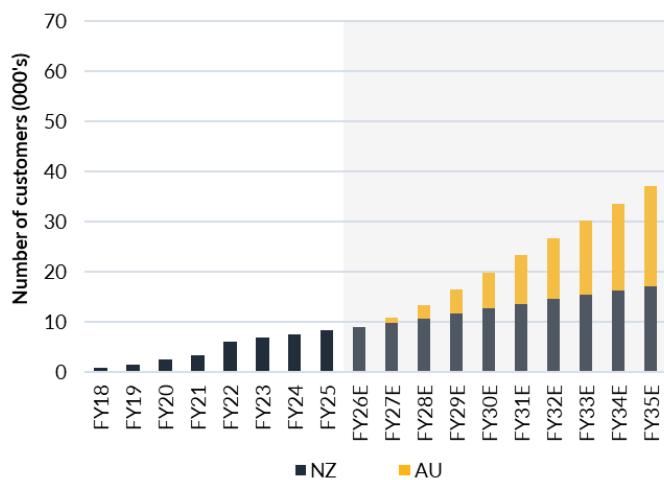
Our base case assumes a continuation of robust NZ growth. We forecast PYS's market share growing to ~14% over the next decade, from ~8% at FY25, representing a 10-year customer CAGR of +8%. This is modest in comparison with the company's historical track record, having achieved an impressive +41% customer count CAGR between FY18 and FY25, from 0.7% to 8% market share over this time. In addition, we assume modest processing ARPU growth in NZ of +3% annually, compared to +10% annual growth historically. Reflecting a lower interest rate environment, we forecast a fall in interest ARPU from NZ\$25/month at FY25 to NZ\$16/month by FY27. Our forecasts see PYS reaching NZ recurring revenue of ~NZ\$21.7m by FY35, from NZ\$8.7m at FY25.

We model a modest market entry into Australia, assuming the first customers come online in FY27, reflecting a commercial launch in February 2026 (PYS's FY26 ends in March 2026), reaching ~1,100 fourteen months later by year-end FY27. Our forecasts see PYS achieve a robust FY27–FY35 customer CAGR of +44% to reach 20k customers in our terminal year, representing a market share of 2.4%. We assume processing ARPU of NZ\$100 (~A\$90) on entry, with modest +2% annual ARPU growth. Solid customer growth and higher ARPU see Australian recurring revenue outgrow NZ to reach NZ\$26.7m by FY35. We forecast elevated customer acquisition costs (CAC) of NZ\$2,000 on entry, reflecting spend on trade shows and industry partnerships, moderating to ~NZ\$860 by FY30 and settling at ~NZ\$800 in our terminal year.

We assume no customer growth from other geographic regions.

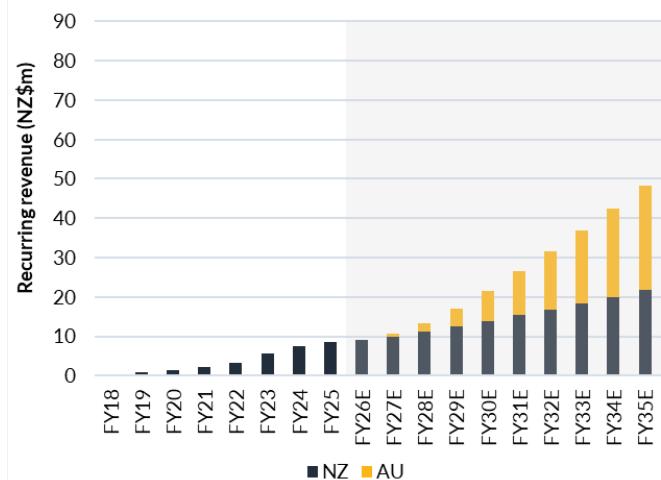
All in all, robust customer and ARPU growth across both NZ and Australia see our **terminal-year EBTDA** in our base case at **NZ\$23.2m in FY35 on recurring revenues of NZ\$48.4m**.

**Figure 11. Base case—stacked customer count**



Source: Company, Forsyth Barr analysis

**Figure 12. Base case—stacked recurring revenue outcome**



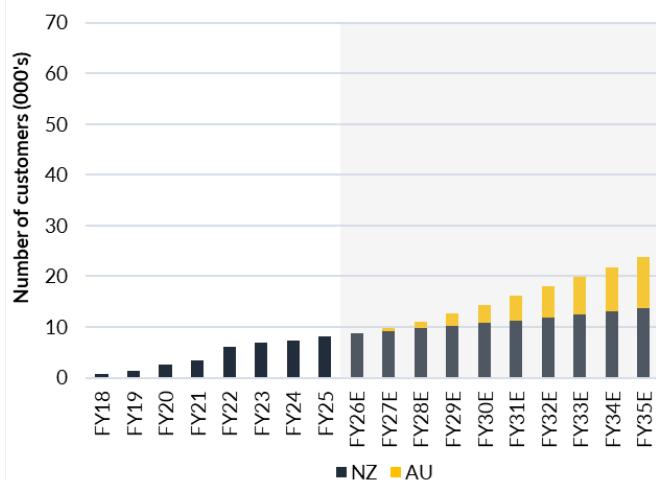
Source: Company, Forsyth Barr analysis

### Bear case: *Limited Australian uptake*

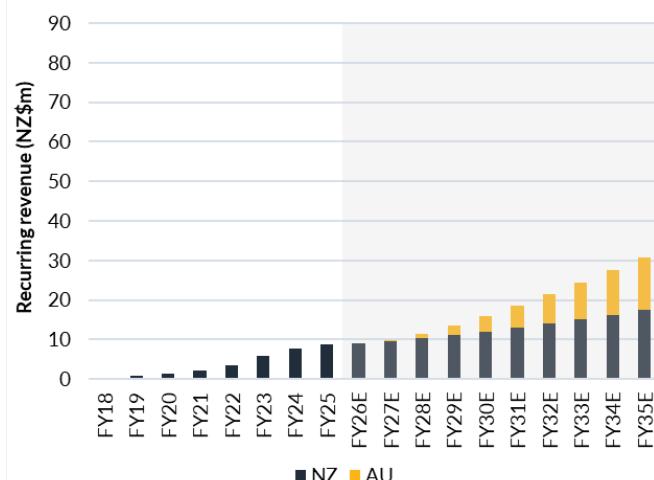
Our bear case incorporates a shallower customer growth trajectory in both NZ and Australia. We model a 10-year NZ customer CAGR of +5%, with PYS reaching ~11% market share by FY35. This scenario simulates limited uptake of PYS software across targeted non-agricultural verticals in NZ. Under this scenario, NZ recurring revenue reaches NZ\$17.5m by FY35.

Our bear case assumes a slower entry into the Australian market, reaching just ~540 customers by the end of FY27, ~3,600 customers by FY30, and ~10k by FY35. This represents a terminal-year market share of ~1.2%, translating to Australian recurring revenue of ~NZ\$13.3m in FY35.

Our ARPU and CAC assumptions remain unchanged across both Australia and NZ. As with our base case, we assume no customer growth from other geographic regions. Terminal-year EBTDA in our bear case is NZ\$13.2m on recurring revenues of NZ\$30.8m.

**Figure 13. Bear case—stacked customer count**


Source: Company, Forsyth Barr analysis

**Figure 14. Bear case—stacked revenue outcome**


Source: Company, Forsyth Barr analysis

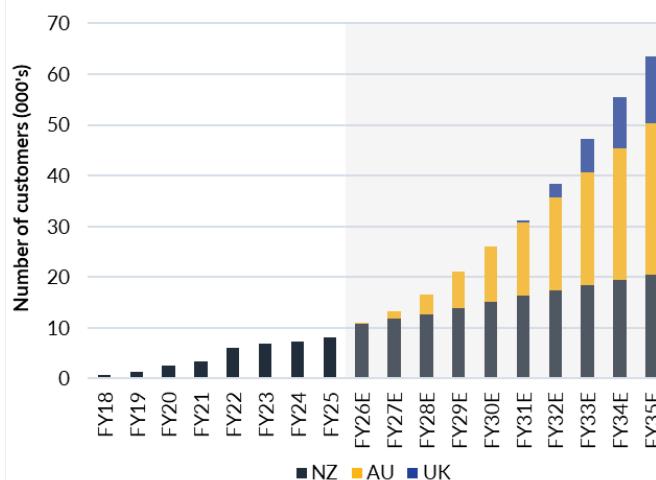
#### Bull case: Solid Australian adoption and UK market entry

Our bull case incorporates stronger NZ growth, reflecting better-than-expected diversification beyond the agriculture segment. Our bull case sees PYS achieve a +10% 10-year customer CAGR to reach a 16.5% terminal market share (~21k customers), with NZ recurring revenue of NZ\$26.0m. We maintain the same ARPU and CAC assumptions for NZ as our base case.

We assume a steeper customer count growth trajectory in Australia, reaching ~1,600 customers by the end of FY27, ~11k customers by FY30, and ~30k by FY35. This represents a terminal-year market share of 3.6% and Australian recurring revenue of +NZ\$40.0m in FY35.

We assume UK market entry in FY31, reaching 400 customers in the first year and ~13k customers by FY35. This represents a terminal-year market share of ~1.3% and UK recurring revenue of +NZ\$16.8m.

Our terminal-year EBTDA under the bull case scenario is NZ\$40.3m on recurring revenues of NZ\$82.9m.

**Figure 15. Bull case—stacked customer count**


Source: Company, Forsyth Barr analysis

**Figure 16. Bull case—stacked revenue outcome**


Source: Company, Forsyth Barr analysis

## 1.2 Peers multiple valuation (spot valuation: NZ\$0.30 @ 20% weight)

Our peers' multiple valuation of NZ\$0.30 is based on a 12-month forward EV/sales multiple of ~4.6x, from 3.7x now, after applying a -15% discount to the median multiple of our peer set of global payroll and human capital management (HCM) software providers. The applied discount reflects PYS's lack of scale and business diversification relative to its mature peers, partially offset by its superior growth outlook. Given the inherent challenges in benchmarking a sub-scale, early-stage business against larger established peers, we apply a modest weighting of 20% to the peer-multiple methodology within our blended valuation framework.

### Our peer set consists of global payroll and human capital management (HCM) software providers

Given a limited subset of pure-play payroll providers, our peer group consists of integrated human capital management (HCM) software providers. These companies (see Figure 17) deliver payroll solutions alongside broader HR functions such as recruitment, workforce management, and benefits administration. We estimate payroll accounts for at least 50% of revenue at all peers (ex Xero), which underpins a clear alignment with PYS's core business model and value drivers, despite their broader product offerings.

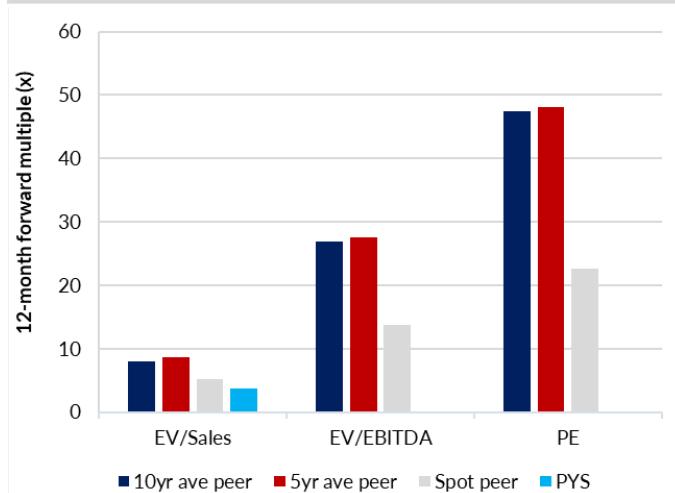
Earnings multiples within our peer group cluster relatively tightly, reflecting the homogeneous core economics of the payroll/HCM model (see Figure 19). While we apply an EV/sales multiple to PYS given its limited current profitability, we view the peer EV/EBITDA (~16.0x) and P/E (~24.5x) multiples as valuable reference points for PYS's long-term valuation trajectory as it scales and matures.

**Figure 17. Outlining our peer set (median 12-months forward EV/Sales of ~5.4x)**

Ticker	Company name	Mkt cap (NZ\$m)	12-month fwd EV/Sales	Description
ADPO.O	Automatic Data Processing Inc	\$205,252	5.4x	ADP is a leading provider of human capital management and payroll services, headquartered in New Jersey, USA. It operates globally, with a strong presence across North America, Europe, and Latin America.
PAYX.O	Paychex Inc	\$80,022	7.4x	Paychex delivers payroll, HR, and benefits outsourcing solutions, serving primarily SMEs. The company is based in Rochester, New York, and operates mainly within the US.
PCTY.O	Paylocity Holding Corp	\$15,533	5.0x	PCTY provides cloud-based payroll and HCM software targeted at medium-sized organizations. It is headquartered in Schaumburg, Illinois, and primarily operates in the US.
DAY	Dayforce Inc	\$18,804	5.4x	Dayforce (formerly Ceridian HCM) offers cloud-based HCM solutions through its Dayforce platform. Headquartered in Toronto, Canada, it serves clients in North America, Europe, and APAC.
PAYC.K	Paycom Software Inc	\$21,249	5.4x	Paycor provides HCM software tailored for SMEs. Based in Cincinnati, Ohio, its operations are focused predominantly on the US market.
XROAX	Xero Ltd	\$29,651	10.0x	Xero provides cloud-based accounting software designed for SMEs. Its key markets include Australia, NZ, the UK, and North America.
<b>Median</b>			<b>5.4x</b>	

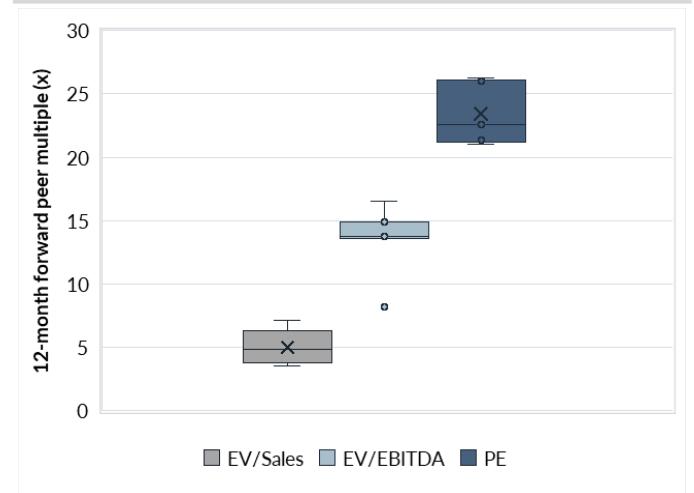
Source: Workspace, Various sources, Forsyth Barr analysis

**Figure 18. Peer multiples have been volatile historically. Peers now trade on a 12-month forward EV/sales of ~5.4x**



Source: Workspace, Forsyth Barr analysis

**Figure 19. Multiples for our peer set are relatively homogeneous**



Source: Workspace, Forsyth Barr analysis, Note: excludes XROAX

Figure 20. PYS currently trades at a ~30% discount to peers ...



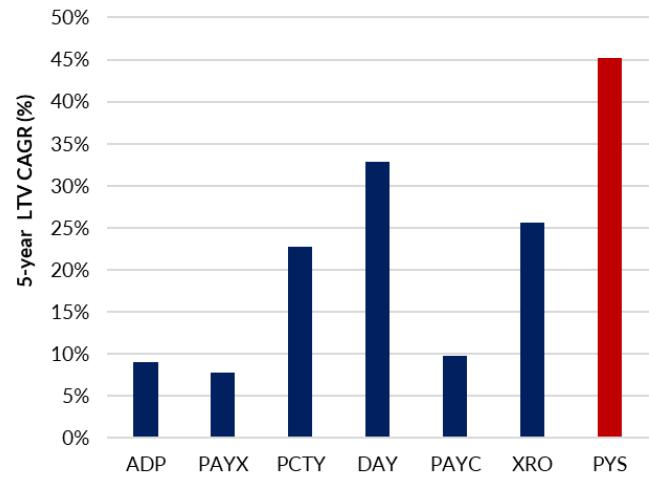
Source: Workspace, Forsyth Barr analysis, Peers: ADP, PAYX, PCTY, DAY, XRO, & PAYC

Figure 22. PYS trades below its short-term average EV/Sales ...



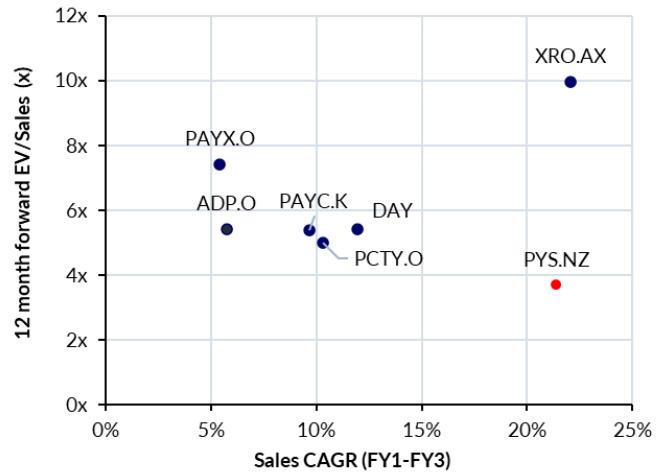
Source: Workspace, Forsyth Barr analysis

Figure 24. ... while total LTV growth has outperformed, it has grown off a relatively low base ...



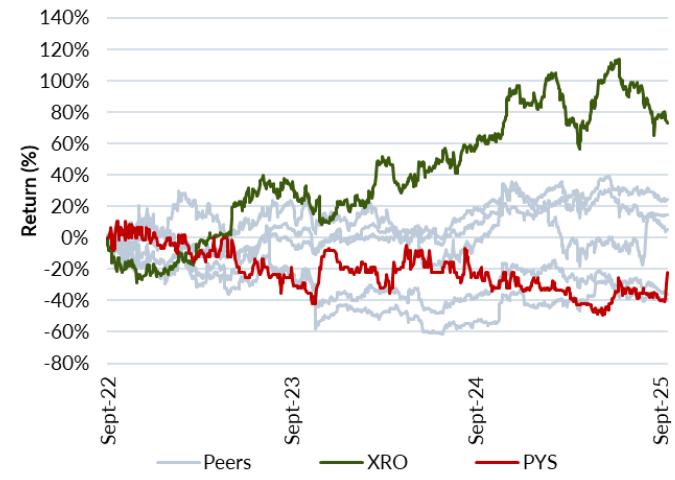
Source: Workspace, Forsyth Barr analysis

Figure 21. ... however, medium-term growth forecasts significantly exceed those of its peers



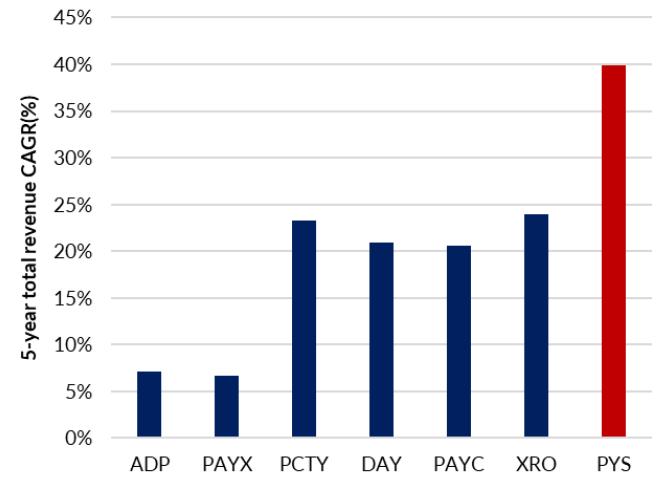
Source: Workspace, Forsyth Barr analysis

Figure 23. ... having underperformed most of its peers...



Source: Workspace, Forsyth Barr analysis, Peers: ADP, PAYX, PCTY, DAY, XRO, & PAYC

Figure 25. ... and revenue growth has meaningfully exceeded peers

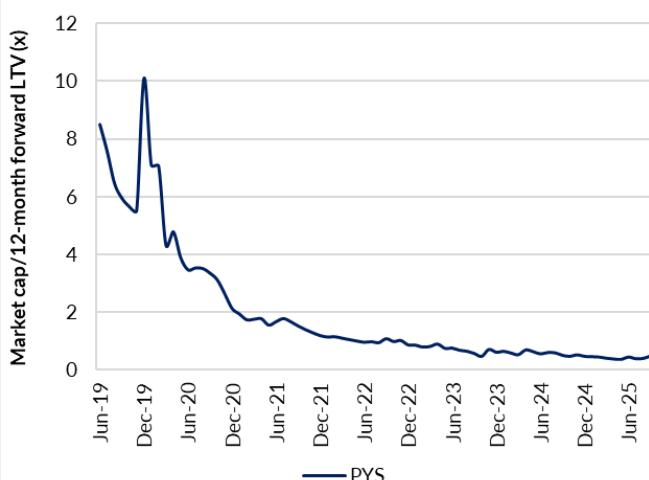


Source: Workspace, Forsyth Barr analysis

### 1.3 Customer lifetime value provides valuation support (valuation: NZ\$0.49 @ 20% weight)

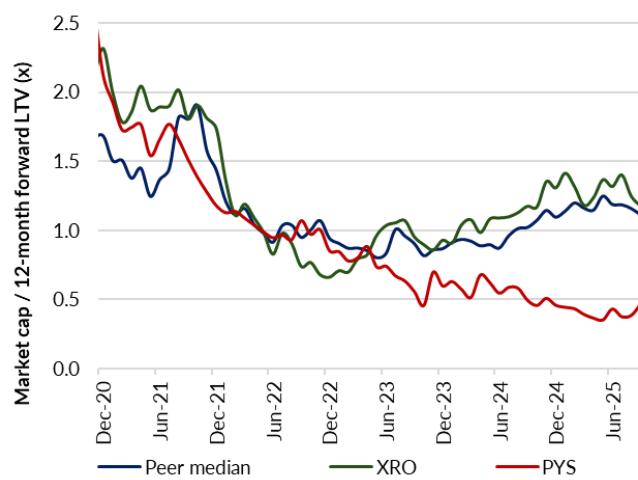
Despite total LTV not being discounted back into today's dollar terms, we apply a modest 20% weight to our blended spot valuation. The most recent 1Q26 total LTV of ~NZ\$60m, compared to a market cap of ~NZ\$33m, provides solid valuation support for PYS. Total LTV measures the cumulative expected gross profit of existing customers, taking into account: (1) ARPU; (2) average cost to serve; and (3) churn. PYS currently trades near historic lows on a 12-month forward total LTV basis (current multiple of ~0.47x, using the latest 1Q26 total LTV), despite improving unit economics and significant growth potential as it enters the Australian market. As a reference point, Xero (XRO) currently trades at ~1.18x 12-month forward total LTV, with ~1x historically providing support (see Figure 27). Our valuation is based on a 1x multiple of our estimated 12-month forward total LTV, equating to NZ\$0.49 (+114% upside).

**Figure 26. PYS trades near historic lows on a market cap to 12-month forward total LTV multiple (~0.47x)**



Source: Company, Workspace, Forsyth Barr analysis

**Figure 27. Peers currently trade on a 12-month forward total LTV multiple of ~1.11x, with XRO on ~1.18x**

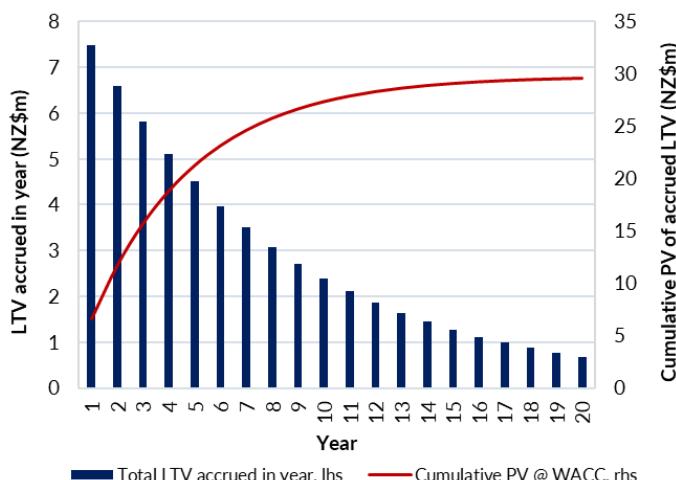


Source: Company, Workspace, Forsyth Barr analysis, Peers: ADP, PAYX, PCTY, DAY, XRO, & PAYC

#### At less than 0.5x total LTV, investors appear to be paying little for PYS's impressive growth potential

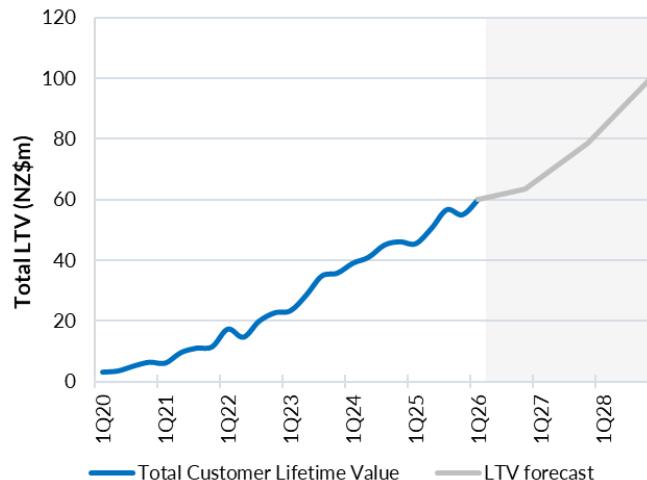
In theory, total LTV represents the residual earnings stream from existing customers if PYS were to cease all other operations outside of customer support. This construct has two key limitations: (1) in practice, not all overheads can be stripped out; and (2) LTV ignores the time value of money. That said, at 0.47x 12-month forward total LTV, investors appear to be paying very little for future growth and improved unit economics, as we estimate the discounted LTV at NZ\$0.21 per share (roughly matching the current share price). However, total LTV grew by +NZ\$9.5m per year over the past six years (CAGR of +63%). While growth has moderated recently, we expect it to reaccelerate as PYS enters the Australian market, providing support for inclusion in our blended valuation methodology.

**Figure 28. Total LTV has a present value of ~NZ\$30m or ~21c per share**



Source: Company, Forsyth Barr analysis

**Figure 29. Total customer lifetime value growth has been very strong; investors are paying little for continued growth**



Source: Company, Forsyth Barr analysis

## Section #2: Channel checks show solid customer support

In this section, we highlight comments from our channel checks with: (1) several direct clients; and (2) accounting partners across the country. These should be read as close representations rather than verbatim quotes. Overall, feedback was positive, with PYS's products and services generally well regarded, though with areas for improvement. Respondents noted that PYS is helping to address industry pain points and saves both time and money.

### Direct customer comments:

- 'It's doing what we used to do so much better that I'm stoked with the amount of time it saves us.'
- 'I was paying probably timewise around \$200 to \$300 a week in regards to the time it was taking to compile timesheets, make that pay, individual pay and send them out and then file it [with IRD], and now that's down to like \$47 a month plus \$5.25 per employee on PaySauce wages and that takes me no more than 20 minutes now.'
- 'The advantage for [staff] is actually just being able to easily see their hours and pay and, as you say, annual leave and sick leave, etc.'
- 'Cloud-based for us was quite essential, COVID showed us having a product that was [only a desktop] was a pain in the a\*se.'
- 'I was aware of Xero [payroll], we looked at that, but there were a few little snags and we're small to medium' despite 'aligning ourselves with a Xero platform' for accounting.'
- 'The beauty of PaySauce is not only can we collectively do our payroll system super quick now, but also individually each member can log in and see their own pay system and we have the option of paying PAYE as we go as well, which can automatically take that.'
- 'We have different hourly charge-out rates for plumbing, gas fitting, and drain laying, and we will pay staff at different rates according to their responsibilities as well. It's on a scale the whole time' and 'it's easy to go in and change the profile [within PaySauce] on each individual staff member so they're getting paid correctly.'
- 'We've got a new accountant now and they've seen PaySauce, and they're really pleased with it.'
- 'I'm pretty happy with it as a clip-on if you like, but my accountant's running on Xero as well. She's pretty aware of it.'
- 'I think Xero have been very slow off the mark with payroll.' and 'I guess if you look at the big picture, 70% of NZ's businesses are SME.'
- 'Rostering and payroll on it, it's pretty easy'
- 'If a staff member's doing various hours, they can log in almost like a clock-in, clock-out system'
- 'With regard to price, I think it would be about the same'
- 'I used to spend the morning going through all the rosters and timesheets, I'd say 2 hours, instead it now takes me about 15 minutes.'
- 'To be honest, I love the product. I like how easy it is to use.'
- 'One staff problem we have is that people have to restart the app or log in again'
- 'We probably don't know how to fully run the system'
- 'I guess our biggest issues have been around allocating the right coding, it's how we want to track and account for the hours, and it seems a bit of an issue when you try and start someone new and attribute the right cost centres. It might be the biggest bug and it almost takes one or two pay runs to work through it.'
- 'When people log leave, I don't know if the right notifications come through. As a person approving [leave] have to go in and search, rather than getting a Joe Smith's [leave] request. Plus, if we miss the request we have to ring PaySauce and get them to change it on the back end'

### Australian pilot—customer testimonial:

- 'We were previously using three different programs for payroll and it took time. We're talking maybe an hour and a half at a time, taking time away from our family.'
- 'PaySauce is going to be fantastic... it's a one-stop shop with one-click payroll that does our staff pays, PAYG, super payments, and makes sure that we're compliant [with the Pastoral Award]. It's just going to be so simple.'

The testimonial video presented at PYS 2025 ASM can be watched [here](#).

Accountant channel comments:

- 'PaySauce are very in depth with reports. They can give you a report on how many hours they've worked in a week or year.'
- 'Only issue I've really had is with service, usually at the beginning of a busy time,' but 'they have as much service staff on as they can, and I know the staff work through to 9 and 10 o'clock, there to help out people and get things done, so they're really committed.' Plus, 'for the likes of bureaus, they've got a direct line for us.'
- 'They do the whole lot, just from your phone anywhere. It pays your wages, it pays your employees, it pays your PAYE. You don't have to file it. Just everything's done.'
- From another: 'They've got where they pay right through, so it starts with the timesheets, it pays the employees, pays the IRD, and does everything.' And from another: 'When I explained to clients that all they're going to do is check the timesheets and then just push a few buttons and it's done, yeah. It's simple and straightforward, it's not hard to do.'
- 'If I have anything that we're not happy with, we can contact them and they can look at revamping things in the background if other people are saying about it as well' and 'I found them very good.'
- 'Dairy is more complicated, it's a different way of looking at things.' and 'The dairy roster keeps changing, changes at different parts of the year. So you have to be very flexible.' and 'Word of mouth means a lot and they're great in the dairy industry.'
- Another, when asked if Xero could push out PaySauce from dairy: 'No, I personally don't think so. Xero's focus is not in NZ anymore... they're really focused on the core [accounting] product.'
- 'We don't want to have to worry about pay any more, nor [filing] to the IRD. That's why PaySauce is a great client solution.'
- 'They're competing really in our minds with Xero, and with Xero being the main product where people do their finances and stuff like that, it's a lot cheaper just to use [Xero payroll].'
- To pay people, 'in Xero, you either have to pay directly from internet banking or download a CSV file and upload it that way, whereas once you've pressed the button in PaySauce, they do all that sort of stuff for you,' and 'you're saving time.'
- 'Xero, it's not very user-friendly [payroll]... you've still got to download a file and then import it, and I can't find another way.'
- 'We wouldn't push any of our farmers onto Xero payroll, and the reason is, agri is definitely a lot more complex.'
- 'Since 2020, when we started with PaySauce, I haven't actually seen any weaknesses.'
- 'Customers have been caught by doing manual payroll and not calculating things correctly, so that's where PaySauce helps.'
- 'So we have Xero for accounting and we do all our GSTs and our drafting and things like that in Xero, and we use PaySauce separately.' 'Probably close to 90% on PaySauce.'
- 'We're a Xero practice and so everything [accounting] will get filed in Xero, and [PaySauce] payroll just sits alongside that.'
- 'It's just the price point' as the only customer pain point, but 'I'm not even sure that's a downside, I think they're probably priced pretty competitively in the market.'
- 'Probably three key things [for having three-quarters of our customers on PaySauce]... (1) the end-user experience is really good. And they've got probably the best help tools around because they also have videos and step-by-step guides to do everything. So that's really key. (2) We enjoy really good support from them. It's very prompt unless it's crazy first of April payroll changes. But we have a dedicated account manager. We also have partner support at the head-office level, and then we can also just go through to the general help desk as well. So that's really important. (3) What I look for is the leave management side of life, and the annual leave is very reliable, to within 2-3 cents of what a manual calculation would come out to, and so for me that is really important.'
- 'Most people don't seem to have any problem using the app, especially if they want timesheets in the app.'
- On price: 'They're very much of a muchness. I did analysis on nine different payroll systems in October last year.'
- 'I'm totally behind them having got rid of their very low-tier product, because it wouldn't be making them any money.'
- 'They're one of probably only about three that support charitable organisations.'
- 'And pricing-wise, I think they're actually good value.'
- 'What I didn't anticipate [as the accountant] was that there was a 16% time saving just by switching over to PaySauce.' 'I didn't appreciate what the time saving was going to be, so that was a really nice bonus for us. It means that we can spend client time.'
- 'They've got a very simple rostering system, but it doesn't talk to payroll.'
- 'PaySauce makes all of those options easy, payday filing is never an issue. And clients have a choice to have bank links and payments automated—to the staff and to IRD, or just to IRD, or just to the staff. So they've got good options.'
- 'It's starting to become important to have the timesheets electronic.'
- 'We're sitting in this real no man's land around what changes are going to come through and when they're going to come through to the Holidays Act, but I think they're going to be well positioned to deal with it.'

## Section #3: PaySauce



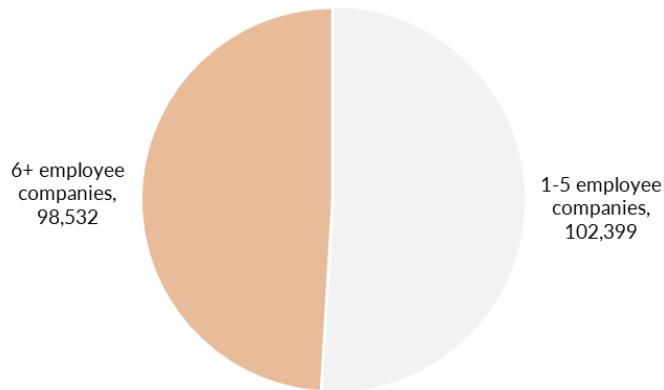
### a) Overview of PaySauce and the opportunity

PYS is an NZ-based fintech SaaS provider of payroll and payroll-adjacent tools (such as rostering, timesheets, and integrated payments) purpose-built for micro-SMEs, automating complex sector payroll awards and facilitating the management of hours and employee rosters. Founded in 2015 and headquartered in Petone, near Wellington, PYS has established itself as a niche platform with a mobile/SaaS-first approach. The company serves ~8,400 clients (at 1Q26), representing an estimated 8% of all NZ's micro-SMEs (one to five employees), and processes payroll for tens of thousands of employees each pay cycle (see Figure 31). As in most international markets, NZ micro-SMEs outnumber larger companies with six or more employees (see Figure 30), offering a significant opportunity for PYS.

PYS's growth has been driven by micro-SME demand to replace manual payroll processes and save employers time. Many micro-SMEs spend a significant amount of time on business management tasks and seek products that help reduce cost, save time, and improve accuracy of outputs. This demand is underpinned by complexity—SMEs increasingly navigate intricate labour laws, tax compliance frameworks, and reporting requirements. Automated digital payroll solutions have therefore become essential tools for small businesses without dedicated payroll and HR functions, mitigating compliance risks and reducing time-intensive manual processes. This is particularly relevant for sectors such as agriculture, trades, and hospitality, where many staff work at or close to the minimum wage. Employee empowerment and self-service (for hours and leave) are increasingly vital aspects of modern payroll systems, as employees now expect real-time access to pay information, leave balances, and tax documents.

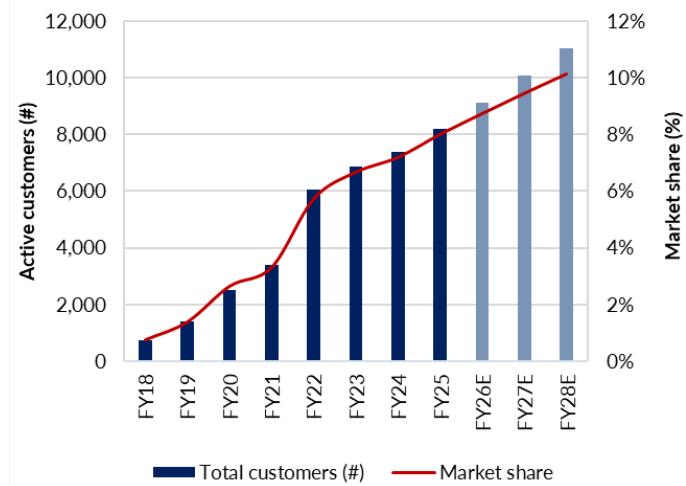
PYS delivers these solutions via its intuitive, mobile-first interface for both employees and employers.

**Figure 30. NZ micro-SMEs are as numerous as companies with six plus staff**



Source: Stats NZ, Forsyth Barr analysis

**Figure 31. PYS's estimated NZ micro-SME market share has grown strongly under our base case**



Source: Stats NZ, Forsyth Barr analysis

### b) M&A - a pathway for future growth

We foresee PYS undertaking further bolt-on acquisitions in the coming years, as it did with its 31 May 2021 acquisition of SmoothPay (with its 'goPayroll' offering). PYS issued ~1.4m shares at NZ\$0.265 per share (NZ\$375k total consideration), adding an established customer book across mostly NZ but also 13 Pacific Island countries, and its codebase. Looking ahead, we see scope for similar tuck-ins in Australia—regional bureaus or niche award specialists—to accelerate customer acquisition and deepen award coverage. Any deals are likely to be small, executable with a mix of cash (raised via placements) and scrip, and likely immediately helpful to scale economics by spreading fixed R&D and support over a larger base.

### c) Product offering

PYS's platform is a mobile-first, cloud-native payroll solution designed specifically for compliance-heavy micro-business environments. It enables business owners to manage payroll efficiently, from anywhere, at any time.

Key features include:

- **Automated payroll calculations:** Calculates wages, overtime, and entitlements with rules-aware logic, handling PAYE, KiwiSaver, holiday pay, and other deductions.
- **Banking integration:** Enables secure, direct payroll payments through major bank integrations, reducing manual processing.
- **Automated payroll tax filing:** Files returns directly to the relevant authority for PAYE to NZ's Inland Revenue (IRD) and PAYG withholding reported via Single Touch Payroll (STP) to the Australian Tax Office (ATO), reducing admin and ensuring timely compliance.
- **Mobile timesheets and rostering:** Lets employees track and file hours and managers schedule staff in-app, improving accuracy and saving time. The PYS app is free via the App Store and Google Play, making it compatible with Apple and Android devices, allowing both employees and employers to manage payroll on the go.
- **Automated general ledger entries:** Posts payroll journals directly into accounting systems, enhancing financial control and audit accuracy.
- **Labour cost insights:** Provides real-time wage and cost reporting to inform staffing and budgeting decisions.
- **PayNow early wage access:** Offers earned-wage access in partnership with an external funder, giving employees flexibility without resorting to payday lenders that often charge exorbitant interest rates and fees.

Figure 32. Key to its offering is PYS's mobile-first platform



Source: Company

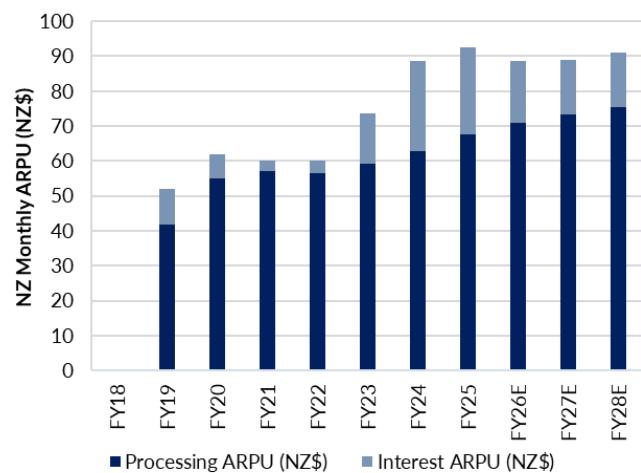
#### d) The revenue model

PYS generates revenue through a combination of: (1) processing fees; and (2) interest earned on NZ customer funds held temporarily (the float). Processing fees form the bulk of revenue and are charged as a fixed monthly subscription per employer, plus a per-employee or per-pay-run charge. In addition, in NZ only, when payroll funds are collected before disbursement to employees and the IRD, PYS earns interest income on the float (for a short period between wage transfers to employees and for periods of up to 50 days on IRD funds). Interest earned on the float is closely linked to the NZ OCR, as these deposits are invested in low-risk, short-term bank instruments. This opportunity is not available in other markets and it remains possible this ability in NZ is blocked sometime in the future. This structure allows PYS to monetise both its core payroll processing service and the inherent timing of cash movements within its platform.

ARPU has increased meaningfully, particularly over the past five years. Monthly ARPU has grown from ~NZ\$52.1 in FY19 to NZ\$92.6 in FY26, a +10% CAGR, driven by a lift in processing fee ARPU to NZ\$67.7 (from NZ\$41.7 in FY19), with interest ARPU (NZ\$24.9 in FY25) aided by recent interest rate tailwinds. We expect this rising ARPU trend to continue reflecting: (1) the company's shift towards a two-tier pricing model (Standard and Premium) following the discontinuation of its entry-level Simple tier; (2) migrating lower-value existing customers onto higher-value subscription tiers; and (3) the Australian market entry at higher ARPUs. Base pricing for Standard and Premium is NZ\$42 and NZ\$63 per month respectively, significantly lifting the entry-level ARPU floor from the original NZ\$17/month Simple plan. Time will tell whether this increases the monthly churn that PYS experiences.

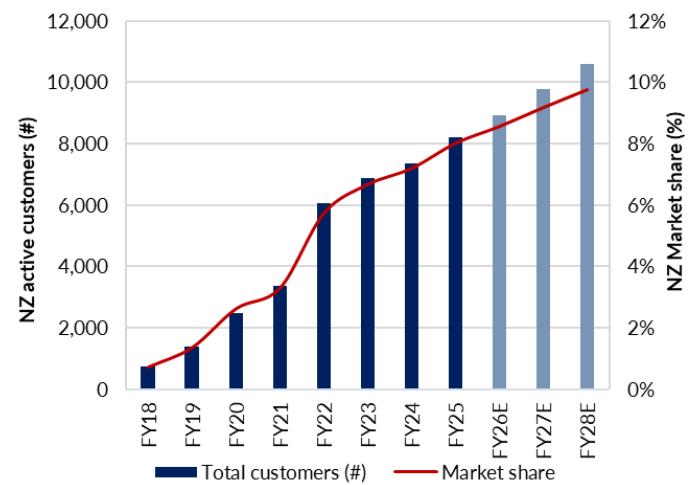
Customer growth has been consistent and material, with total customers rising to 8,204 by the end of FY25 (+11% year-on-year), including gross net new additions of +836 in FY25. We note that the company reported +178 net new additions in 1Q26 taking total customers to 8,382. Average monthly churn has trended down from 1.7% in FY19 to 1.0% in FY25, with attrition concentrated in very small, inactive, or ceased-trading businesses. The combination of steady net adds and contained churn underpins rising total LTV.

**Figure 33. PYS—NZ ARPU stack**



Source: Company, Forsyth Barr analysis

**Figure 34. PYS—NZ active customers and market share**



Source: Forsyth Barr analysis

**Figure 35. PYS—streamlined pricing supports ongoing ARPU uplifts**

#### Standard

**\$47.25**

per month + GST

\$42 base fee + \$5.25 per employee.

#### Premium

**\$69.25**

per month + GST

\$63 base fee + \$6.25 per employee

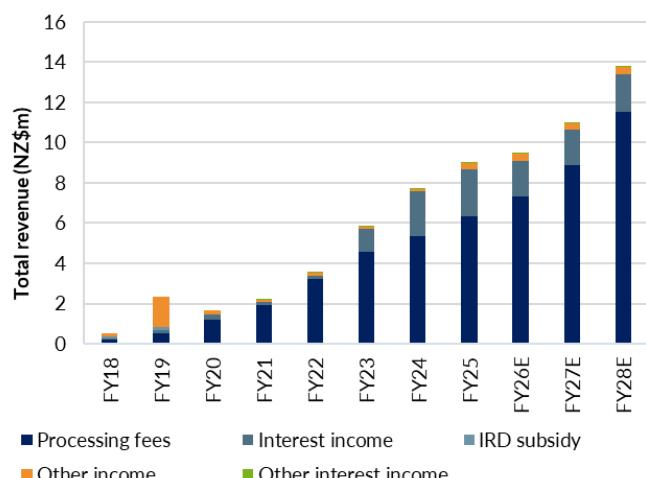
Source: Company

### e) Recent financial progress

PYS reported FY25 operating revenue of NZ\$8.7m, up +14% on the prior year, following several strong years of growth. Its FY25 gross profit was NZ\$6.7m, up +15%, and gross margin increased to 78% (see Figure 37) as cost-to-serve per customer fell. FY25 also marked the company's second consecutive year of net profit, reflecting its lean operations and self-funded growth model. In the near-term, we forecast NPAT of NZ\$0.1m in FY26 and a loss of -NZ\$1.8m in FY27 as PYS launches into Australia. NZ-generated cash flows and its big-four bank funding line will fund this. PYS may also raise new capital sometime during FY26 or FY27 to help fund a faster Australian expansion, expedite and enhance its product development, and further develop its AI capabilities. Over the next three to five years, we expect PYS to reinvest all of its earnings and cash flow into growth initiatives. PYS had NZ\$0.3m of unrestricted net cash on the balance sheet as of FY25.

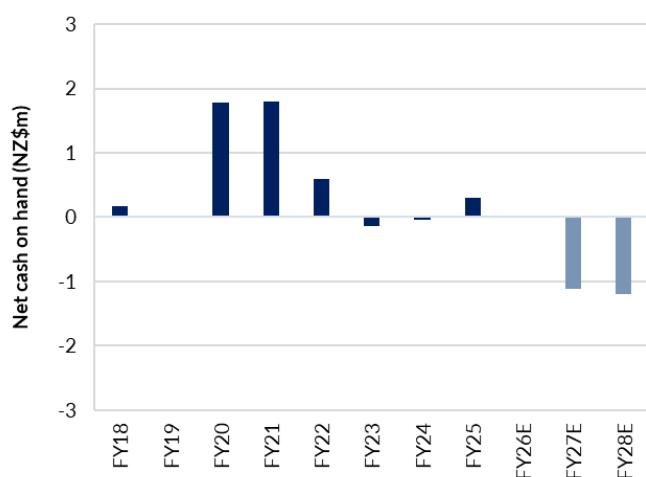
With NZ growth moderating—processing revenue up +18% in FY25 versus a +57% seven-year CAGR—PYS is intensifying its targeted outreach into adjacent segments including construction and other trades, hospitality, and retail. This is being done via industry partnerships, such as a partnership with the Master Plumbers association. Further, it is preparing for imminent entry into Australia, which we expect to reinvigorate customer acquisition and lift total LTV.

**Figure 36. PYS—Total revenue**



Source: Company, Forsyth Barr analysis

**Figure 38. PYS—Net cash on hand**



Source: Company, Forsyth Barr analysis

See Appendix 1: FY25 result highlights for more information.

**Figure 37. PYS—Gross profit and margin**



Source: Company, Forsyth Barr analysis

**Figure 39. PYS—Customer acquisition cost and cost to serve**



Source: Company, Forsyth Barr analysis

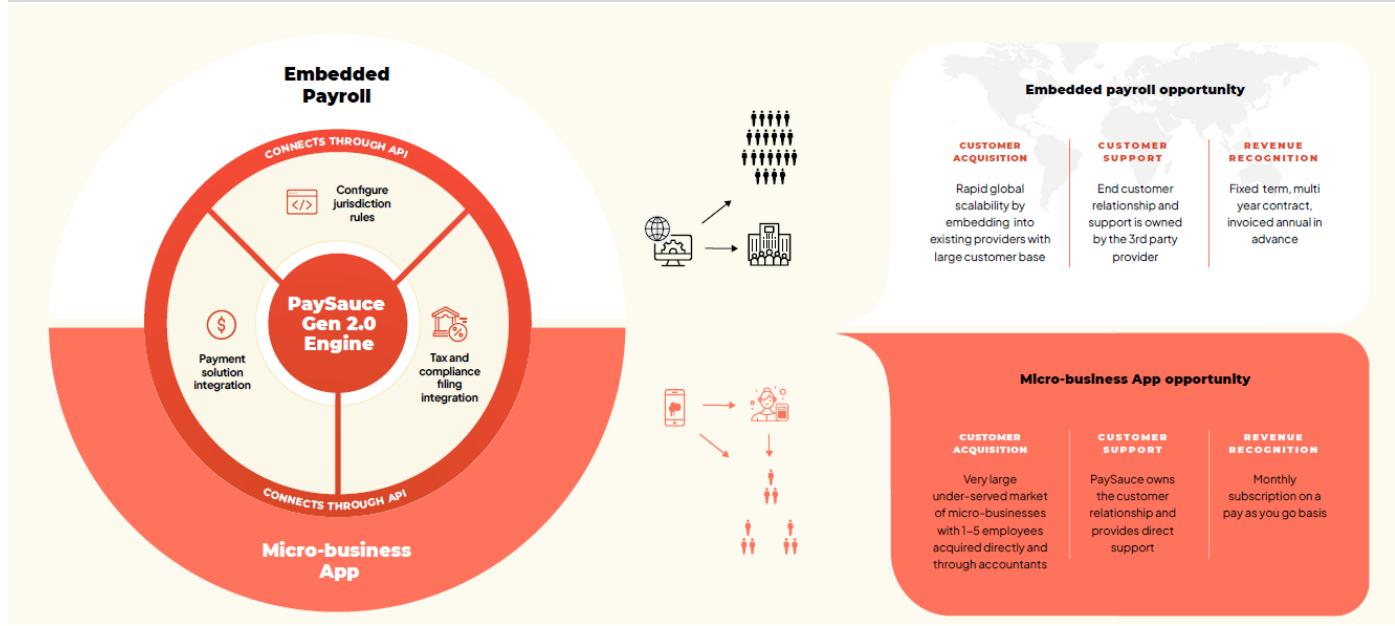
### f) The upcoming Gen 2.0 platform rollout

Gen 2.0 is PYS's second-generation rebuild of its rules engine behind its payroll core. In March 2024, the company successfully piloted its Gen 2.0 payroll engine, which will be used for its Australian market entry. We understand that sometime during FY27, NZ customers will be transferred to the new platform. The Gen 2.0 system rollout underpins the company's plan to lift ARPU via sector packs, lower cost-to-serve through self-service and chat-first support. Gen 2.0 is also the core enabler of PYS's go-to-market flexibility, allowing the company to enter new countries with low marginal engineering effort. Priority target markets such as the UK and selected Asian jurisdictions (e.g. Sri Lanka, the Philippines, India and/or Malaysia) should be able to be brought online with less effort, positioning the platform for a lower capex intensive expansion into cross-border professional employer organisation (PEO) or reseller models.

Key aspects to call out about Gen 2.0 payroll include:

- **Rules-based architecture:** Gen 2.0 moves away from traditional baked-in logic, replacing it with a configurable rules engine. This separation of core payroll processing from jurisdiction-specific compliance rules should allow easier adaptation across geographies and award structures.
- **Automation to scale efficiently:** For microbusinesses (typically one to five employees), Gen 2.0 pushes more of a self-service mobile experience that is expected to reduce the need for direct onboarding or phone-based support. This shift should enable more cost-efficient scaling by automating common questions (onboarding, payments, tax submissions) and escalating fewer high-complexity issues to human support. The architecture should help PYS serve the high-volume micro segment profitably and at lower incremental service cost. We see this as core to PYS growing gross margin (see Figure 37 above).
- **Designed for external integration and future enterprise use cases:** Gen 2.0 is built for flexibility. Over the long run, partners might include integrations for payroll, payments, and tax filing via APIs, opening an enterprise channel without heavy re-platforming. While not a current priority, an exploratory partner onboarding in 2024 (announced to the NZX on 2 July 2024) did not progress to a signed commercial launch, and management has deferred partner-led distribution until after the Australian rollout. The approach, however, still offers a future path to new customers via partnering in different geographic markets. We do not assume this occurs in our modelling. Gen 2.0 also enables future enterprise payroll opportunities. See Section 4.6 Monetisable adjacencies for more information.

Figure 40. The Gen 2.0 payroll engine



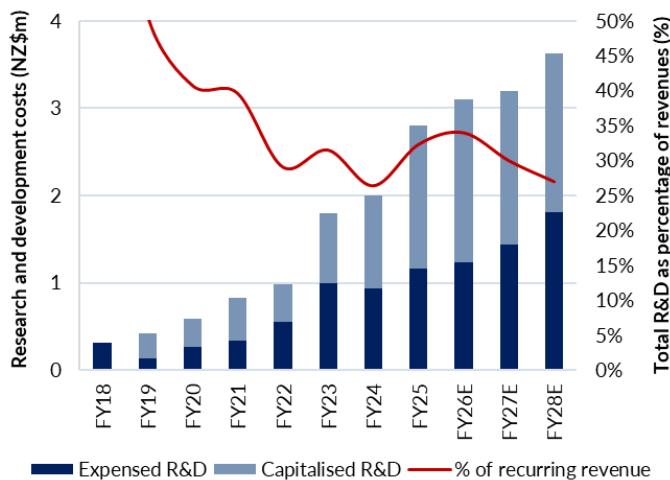
Source: company, Forsyth Barr analysis

See 'Appendix 2: Screen snapshots' for what the pilot layout for the Gen 2.0 platform looks like versus the current Gen 1.0 version. We understand there is still more design work to be undertaken over the trial period, before PYS get to the final version for release in early 2026.

### g) R&D spend and the OPEX stack

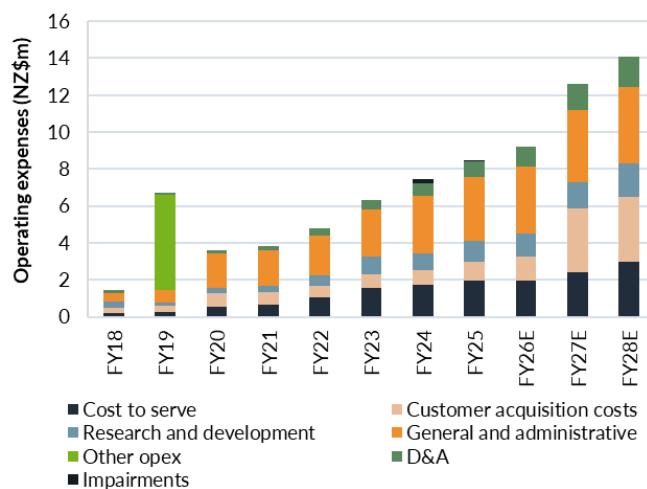
PYS has been investing heavily in its product and user experience (UX), with cumulative investment totalling NZ\$10m over the past eight years. R&D expenses have represented around a quarter of total expenses during this time. In FY25, it invested NZ\$2.9m in total R&D, representing 33% of recurring revenue, with NZ\$1.2m expensed and NZ\$1.6m capitalised, and NZ\$0.1m impaired (see Figure 41). Over time, PYS has expensed and capitalised roughly half of total R&D each year.

Figure 41. PYS—R&D stack



Source: Company, Forsyth Barr analysis

Figure 42. PYS—Opex stack



Source: Company, Forsyth Barr analysis

We understand PYS's R&D agenda has centred on two recent priorities:

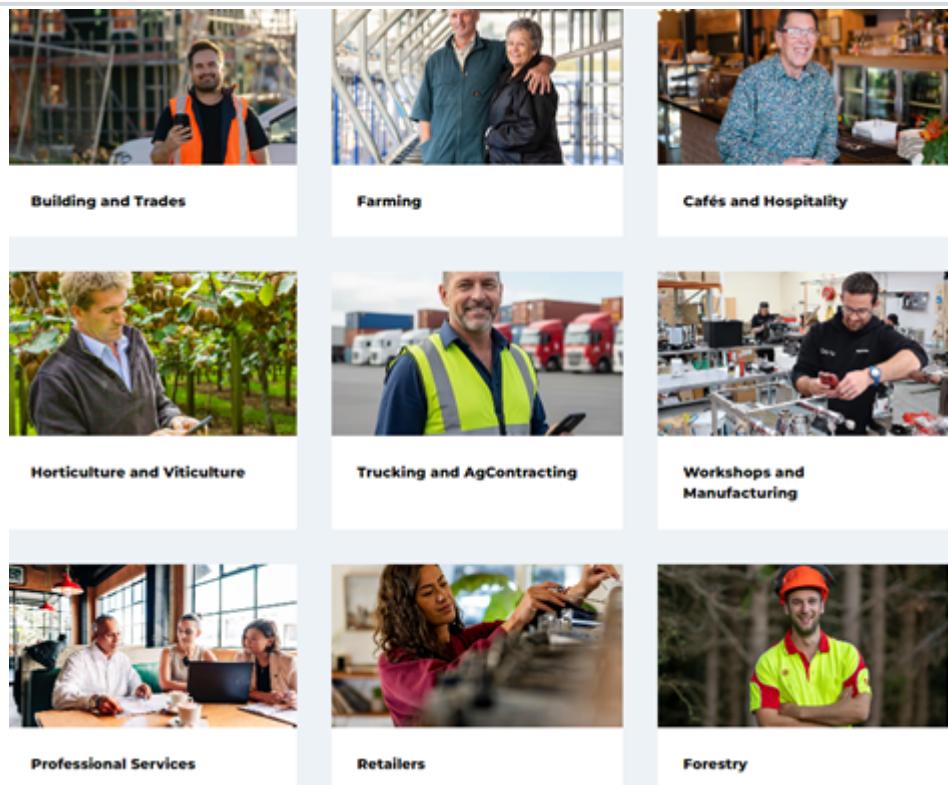
- 1. Developing its Gen 2.0 rules engine:** Core to R&D spend has been the development of PYS's new Gen 2.0 platform, which will first be used for its entry into Australia. We understand the platform will introduce tighter customer initiation and reconciliation controls. Near-term priorities are oriented towards the Australian entry—initial Pastoral Award build, pilot execution, and a new UX interface for micro-SMEs—before rolling the unified experience back into NZ, likely during FY27. The first live pay runs have already occurred in Australia under the company's current Adelaide pilot. We believe management intends to roll the modernised Australian-developed experience back into NZ sometime in FY27.
- 2. Scaling cloud infrastructure:** PYS's FY25 uplift focused on strengthening security and consolidating its cloud infrastructure. Multi-factor authentication (MFA) was rolled out across user roles, AWS migration was completed for PaySauce and goPayroll workloads, and bank payment integrations were hardened with tighter initiation and reconciliation controls. Consolidating onto a single AWS stack removes legacy hosting splits, simplifies monitoring, and provides a consistent baseline for security, scale, and performance. The AWS foundation supports repeatable, jurisdiction-specific deployments for Gen 2.0, with compliance plumbing for each country layered on top (for Australia, this includes Single Touch Payroll and superannuation gateways). Running a single stack also helps contain cost-to-serve as scale increases, with hosting, observability, and payment integrations managed once and reused rather than maintained per geography.

We envisage these programmes will directly support unit economics improvements (see Section i) Unit economics) by compressing cost-to-serve per customer and accelerating expansion into new sectors (localisation of industry awards) and geographic markets.

#### h) Sector exposures

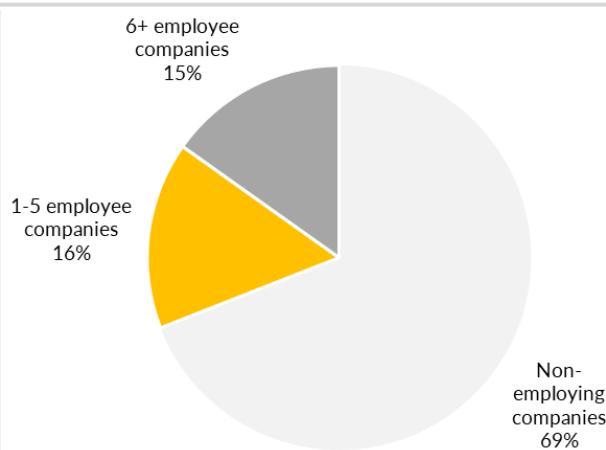
PYS initially gained scale by targeting NZ's dairy sector. We estimate around 65% to 75% of PYS's customers are in the agriculture sector. This would imply that PYS has taken a 40%+ share of all one to five employee micro-SMEs in the NZ agriculture sector. As growth in the NZ agri sector slows, PYS has deliberately pivoted toward sector diversification. In FY25, management highlighted a growing focus on gaining traction in trades and construction, underpinned by targeted campaigns and formal partnerships with segment associations, such as a Master Plumbers tie-up. The company is also engaging industries including hospitality and retail, with active internal validation and evaluation work underway on industry-specific remuneration structures. PYS's compliance-led, mobile-first platform is well suited to these challenges, and recent integration work with time-and-attendance solutions has strengthened its fit across a broader range of micro-SME verticals.

**Figure 43. Sector exposures**



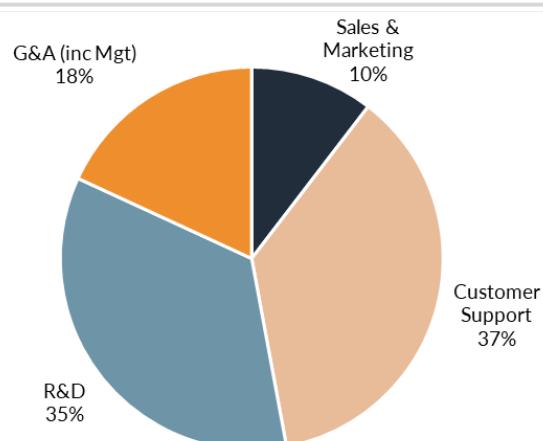
Source: Company, Forsyth Barr analysis

**Figure 44. In NZ, micro-SME employers (one to five staff) are as numerous as larger employer SMEs (six plus).**



Source: Stats NZ, Forsyth Barr analysis

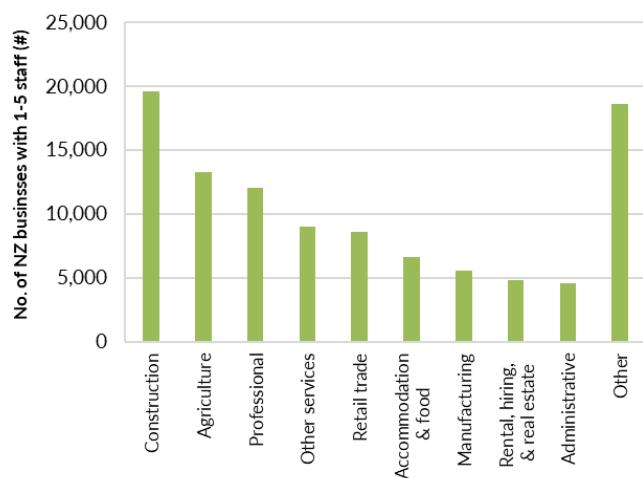
**Figure 45. Beyond agriculture: large micro-SME pools exist in construction, hospitality and retail**



Source: Stats NZ, Forsyth Barr analysis

Recognising the limits of its core dairy/agri segment, PYS is pivoting towards verticals such as (1) construction, (2) hospitality, and (3) trades—sectors characterised by complex compliance requirements, fragmented competitors, and limited digital payroll adoption. This diversification is critical not only to expand its total addressable market but also to mitigate risks associated with concentrated exposure to agriculture. Management has signalled clearly that its focus is shifting to these new segments.

**Figure 46. NZ businesses with one to five staff are concentrated in the construction, agriculture, and professional services industries**



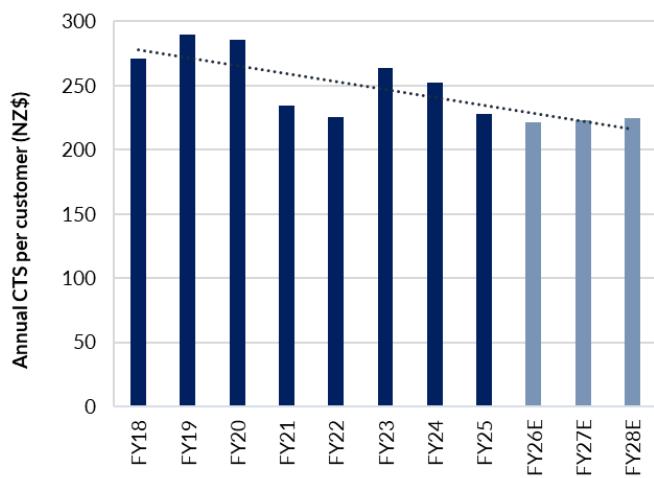
Source: Stats NZ, Forsyth Barr analysis

### i) Unit economics

PYS's FY25 results displayed improving unit economics, with increased scale flowing through to solid operational leverage. We provide more detail on several key operating metrics:

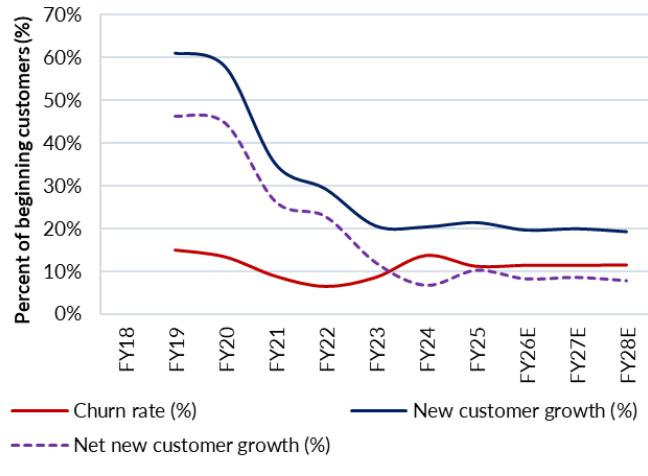
- **Cost-to-serve (CTS) per customer:** CTS is one of PYS's key operating metrics, representing its cost to support and run the platform (customer support, cloud hosting, product maintenance, and bank transaction fees). CTS per customer, being the total CTS divided by active customers at period end, has been trending down slowly. This has seen monthly CTS per customer fall from ~NZ\$23 in FY19 to ~NZ\$19 in FY25. We expect a near-term bump through the Australian pilot and public launch, then a resumed glide path lower as AI-assisted workflows mature and the Gen 2.0 UX rolls back into NZ (estimated FY27), potentially reducing query load.
- **Gross margin:** Gross margin as a percentage has risen from 68% in FY19 to 78% in FY25 as CTS per customer has declined. We expect further uplifts toward our 85% terminal-year assumption.

**Figure 48. PYS—Cost to serve per customer**



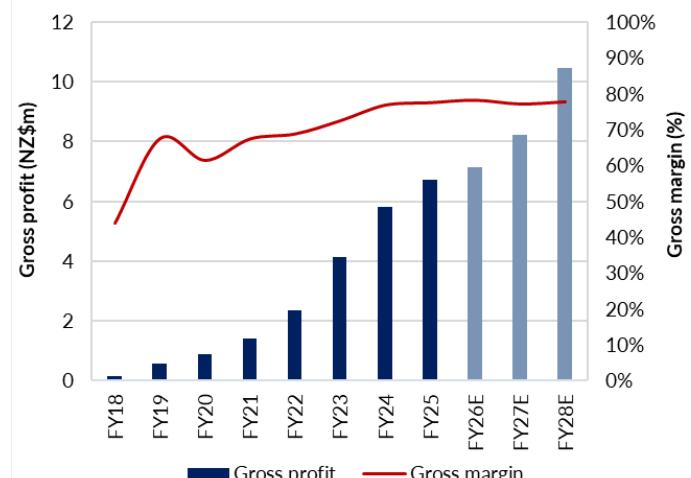
Source: Company, Forsyth Barr analysis

**Figure 47. We see entry into new verticals as a key driver of high single-digit net customer growth in NZ**



Source: Company data, Forsyth Barr analysis

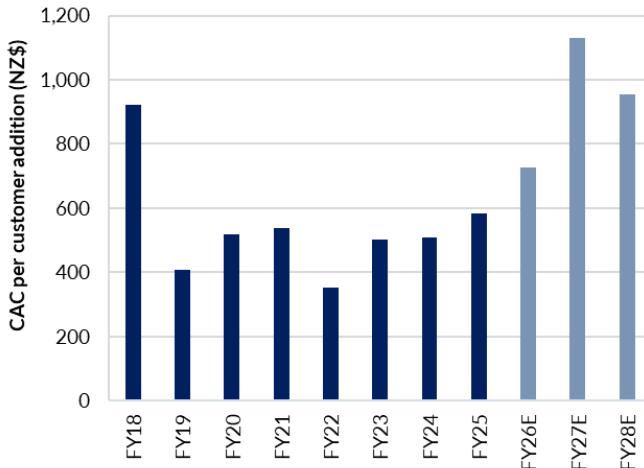
**Figure 49. PYS—Gross profit and margin**



Source: Company, Forsyth Barr analysis

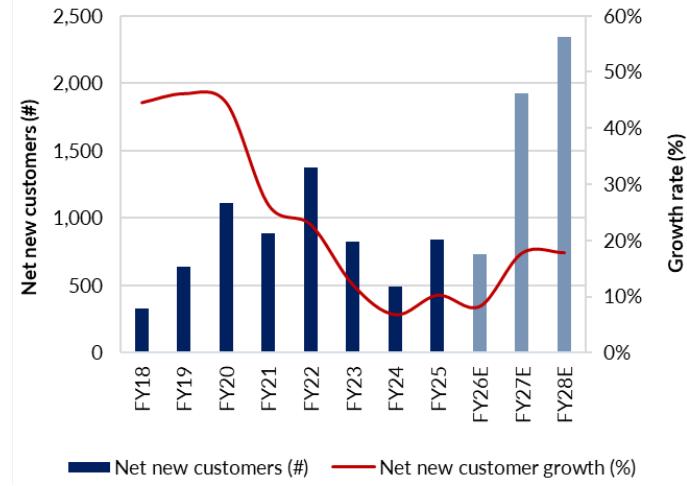
- **Customer acquisition costs (CAC) per addition:** This is another key operating metric. It represents the total customer acquisition cost (CAC) divided by new customers added in the period (sales and marketing staff costs plus digital marketing, events, and sponsorship). This variable has grown gradually over time in NZ, but we expect to see a substantial lift in FY26–FY28 on the back of the Australian market launch (see Figure 50).
- **Net new customers.** Net adds accelerated to a peak in FY22 (+1.4k organically), softened through FY24 (+0.5k) with slower gross adds and higher churn, then recovered in FY25 (+0.8k). We model +0.7k to +3.5k net adds p.a. from FY26 as sector expansion continues and Australia begins to contribute (see Figure 51).

**Figure 50. PYS—Customer acquisition costs per addition**



Source: Company, Forsyth Barr analysis

**Figure 51. PYS—total net new customers**



Source: Company, Forsyth Barr analysis

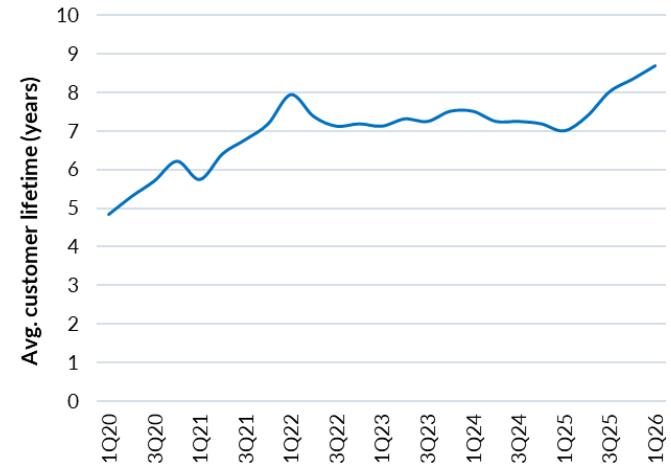
- **Churn.** While volatile and influenced by recent economic cycles and COVID, average monthly churn has trended down from 1.7% in FY19 to 1.0% in FY25, with attrition most likely concentrated in company closures or firms becoming inactive (see Figure 52). Payroll software is generally considered sticky, owing primarily to high switching costs.

**Figure 52. Monthly churn has decreased steadily to <1%**



Source: Company, Forsyth Barr analysis

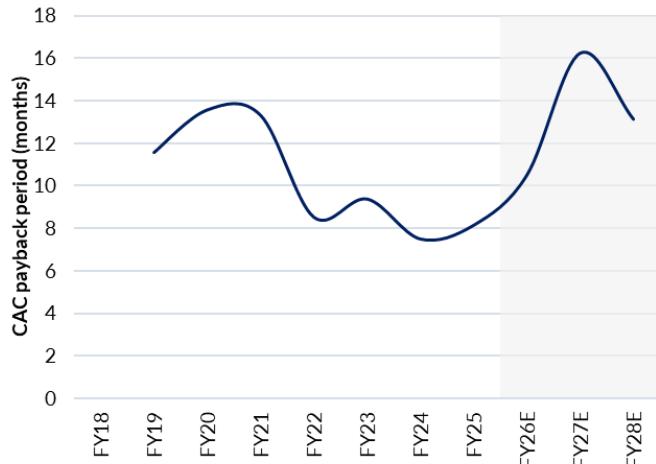
**Figure 53. PYS now has an average customer lifetime >8 years**



Source: Company, Forsyth Barr analysis

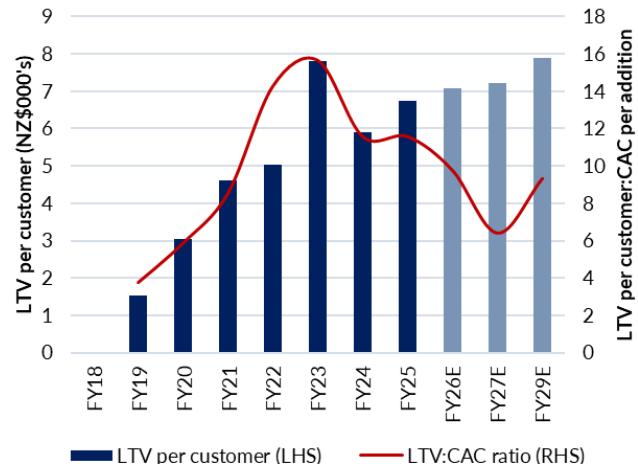
- **Payback periods and leverage.** We assess CAC payback using  $ARPU \times \text{gross margin \%}$  versus CAC per addition. CAC payback periods have decreased since listing, albeit not in a straight line, falling from 11.6 months in FY19 to 8.1 months in FY25. This improvement has been driven primarily by an increase in gross margin, cumulatively lifting +10pp to 78% from FY19 to FY25, and a robust +10% monthly ARPU CAGR over the same period, reaching NZ\$92.6 by FY25. This positive growth has underpinned an increase in total LTV to NZ\$55.3m (+28% year-on-year) as at FY25.

**Figure 54. CAC payback periods have been trending down; but we anticipate a near-term bump due to Australian expansion**



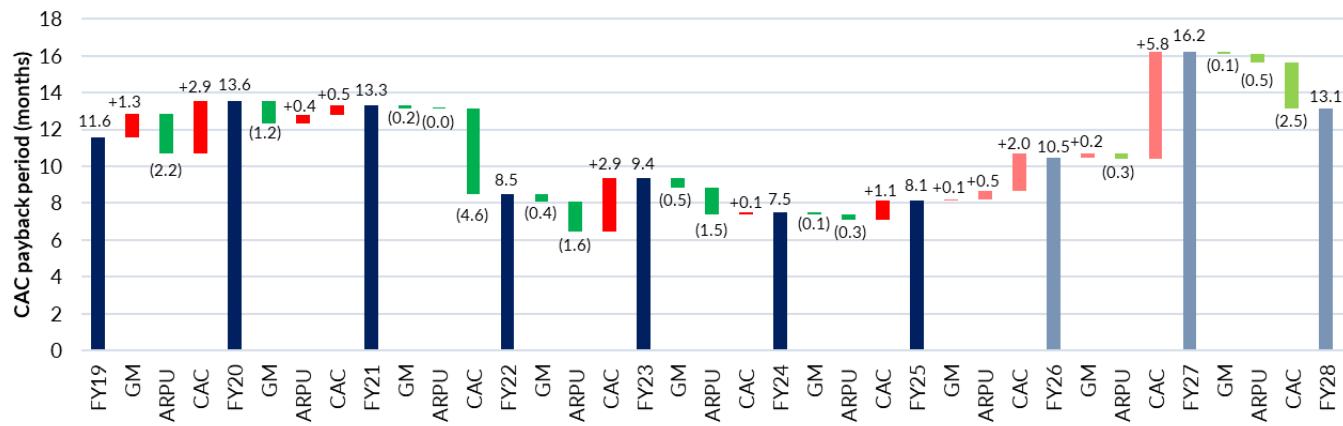
Source: Company, Forsyth Barr analysis

**Figure 55. Lifetime value per customer should lift meaningfully as growth initiatives gain pace**



Source: Company, Forsyth Barr analysis

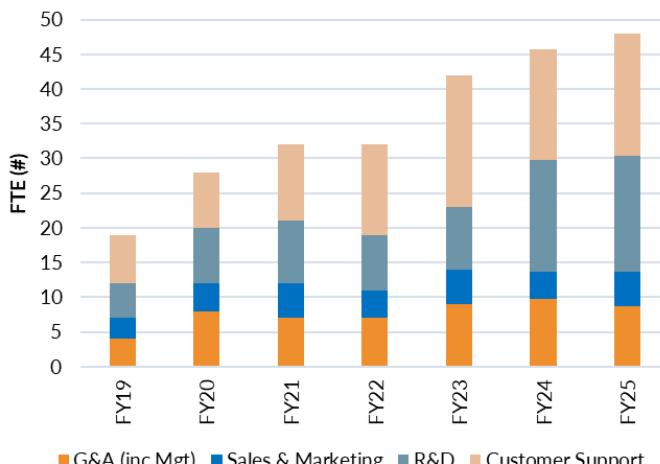
**Figure 56. Steady ARPU growth and gross margin expansion have been the key drivers of a decrease in CAC payback periods**



Source: Company, Forsyth Barr analysis

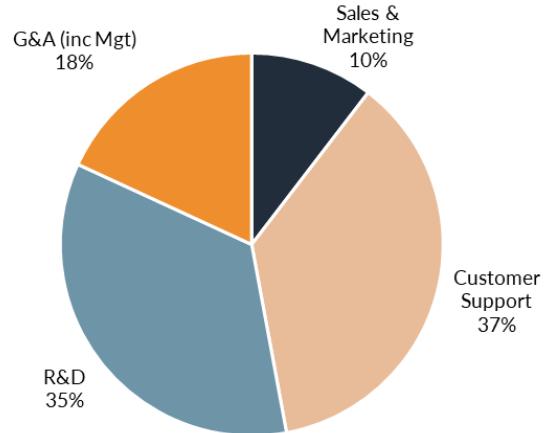
- Opex and resourcing:** PaySauce has grown its full-time equivalent (FTE) staff from 19 in FY19 to 48 in FY25, representing a +17% CAGR over that period, albeit growth slowed to +10% in FY24 and +4% in FY25. Over time, the largest area of headcount growth has been in customer support and R&D (see Figure 57), while sales and marketing and G&A cumulative headcounts have been essentially flat since 2022. See Figure 58 for a visual mix of staff by area of operations as of FY25.

**Figure 57. PYS—Full time equivalent staff (FTE) count (#)**



Source: Company, Forsyth Barr analysis

**Figure 58. PYS—Staff by area of operations (FY25)**



Source: Company, Forsyth Barr analysis

### j) International ambitions

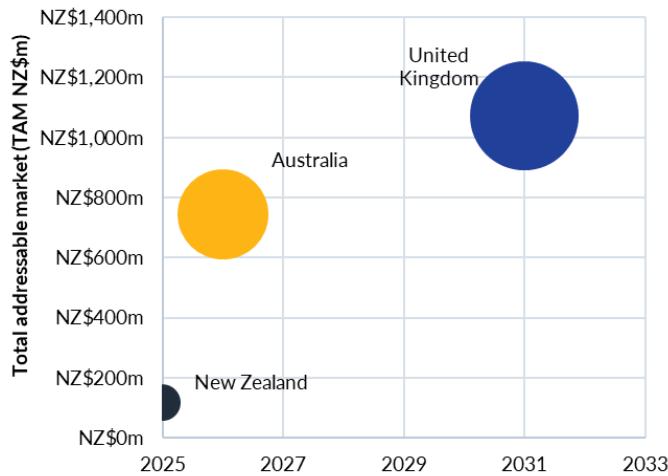
The 2020 acquisition of SmoothPay (the company behind the goPayroll product) added ~1,300 customers and a modest foothold across 14 Asia-Pacific markets. Critically, it provided the springboard for unifying all jurisdictions on the Gen 2.0 engine.

Australia is first on the international front, with the company already processing the first live pay runs in early September 2025 via a small pastoral pilot customer in Victoria/Gippsland. We understand that a broader launch is planned for the 2026 Australian Dairy Conference, to be held from 11 to 13 February 2026 in Melbourne. We estimate that PYS will cover most of the complexities of the Australian Pastoral Award, addressing around 90% coverage of its nuances on day one. We also understand that the Australian Payroll Association is already auditing calculations, and SuperChoice is providing STP/superannuation gateways, monitoring the pilot study closely. The ATO requires live lodgements, hence PYS's decision to go with a very small pilot that it can manage more easily. Initial Australian pricing is expected to be around A\$90/month, a +8% currency-adjusted premium (assuming NZD/AUD ~0.9) versus NZ monthly ARPU at NZ\$92.6/month in FY25. We expect the go-to-market strategy to be lean, with service and support provided out of NZ and the first use of chat-first support within Gen 2.0. We see a good opportunity for PYS in Australia, given the complexities of BOOT testing, industry specific Fair Work Award legislation, and payday super compliance for one to five employee firms.

We expect PYS to begin evaluating a third country some 18–24 months after demonstrating traction in Australia. We consider the UK the next logical market, as it offers mature HMRC integration (RTI/PAYE), open banking rails, and a similar long tail of underserved micro-SMEs. If our expectations hold, with ~12 months of build/localisation, this implies a go-live around FY31 for its third market entry. We build entry into the UK in our bull case scenario; see Bull case: Solid Australian adoption and UK market entry as part of Section 1.

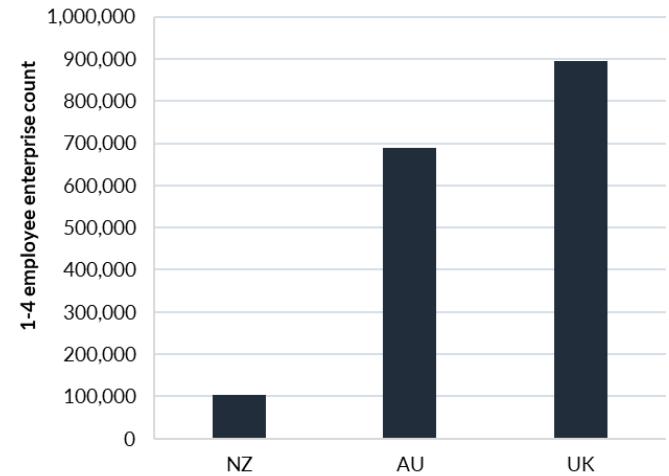
Longer term, PYS may also explore Asian markets, particularly in countries with fragmented payroll systems and large informal sectors such as the Philippines, Sri Lanka, India and/or Malaysia.

**Figure 59. Our TAM analysis shows significant opportunities in Australia and the UK, with our market entry timing estimate**



Source: Forsyth Barr analysis

**Figure 60. Estimated number of micro-SMEs across NZ, Australia, and UK markets**



Source: Forsyth Barr analysis

### k) Competition and pricing pressure?

The SME payroll landscape includes large accounting platforms (e.g. Xero and Intuit) that bundle payroll and benefit from brand, distribution, and scale. Figures 61 and 62 disaggregate base fees and per-employee charges for Xero compared with PYS to show how bundled payroll may appear cheaper, even when like-for-like capability is not apparent. With ongoing R&D, the global majors may be able to narrow specialist advantages over time, particularly where buyers value a single vendor, one bill, or a familiar ecosystem. The strategic risk is anchored in customers' willingness to pay: once payroll is bundled, standalone providers must justify the extra cost through product delivery, time savings, ease of use, and support.

Xero's recent plan changes lift base prices while positioning payroll as included. In NZ, its Grow, Comprehensive, and Ultimate packages increased by +NZ\$8 to +NZ\$12 per month from 1 September 2025. Its per-employee payroll fees of roughly NZ\$4 (Grow/ Comprehensive) and NZ\$1 (Ultimate) applied only when payroll is used. In Australia, plans rose by +A\$5 to +A\$15 per month and include payroll and automated superannuation, with a A\$5 per-employee fee. Against PYS's base pricing of NZ\$42 (Standard) and NZ\$63 (Premium) plus per-employee charges (from NZ\$5.25 to NZ\$6.25), bundling can compress perceived price headroom even if like-for-like capability is not equivalent.

PYS's management view is that the competitive fight is about solutions rather than sticker price. Micro-SMEs still face award interpretation, BOOT checks, time capture, payment initiation, and filing compliance—many of which bundled suites address via separate tools (e.g. Deputy/Tanda) and banking-file uploads, with support that smaller firms often find time-consuming and complex. Feedback from our channel checks indicates that Xero's current payroll offering is widely disliked (albeit we acknowledge our sample is somewhat biased due to all being PYS customers) and often displaced by third-party apps. This friction creates room for an adjacent payroll offering that PYS intends to fill.

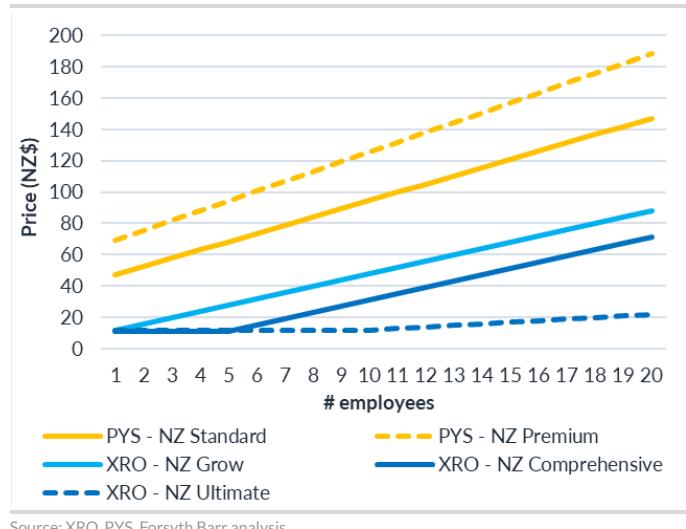
Customer behaviour, once bundling is widely understood as included, will be key to watch. Any discernible uptick in churn in NZ, or slowing new customer momentum, will signal some success for XRO. If bundled suites improve award engines, mobile capture, and direct payment rails, pressure will rise for PYS. Conversely, tighter BOOT automation, payday super assurance, and sector-specific packs should help defend value.

**Figure 61. Recent plan changes and payroll cost/employee**

Plan	Prior	New	Monthly	Monthly	Included	Per staff
	monthly	monthly	price	price	staff (#)	charge
	price (\$ local)	price (\$ local)	uplift (\$ local)	uplift (%)		(\$/month)
XRO - NZ Grow	75	83	8	11%	1	4
XRO - NZ Comprehensive	99	110	11	11%	5	4
XRO - NZ Ultimate	113	125	12	11%	10	1
XRO - AU Grow	70	75	5	7%	-	5
XRO - AU Comprehensive	90	100	10	11%	-	5
XRO - AU Ultimate-10	115	130	15	13%	-	5
PYS - NZ Standard	40	42	2	5%	-	5.25
PYS - NZ Premium	60	63	3	5%	-	6.25

Source: XRO, PYS, Forsyth Barr analysis

**Figure 62. XRO versus PYS pricing plans on # of NZ employees**



## Section #4: Global micro-SME payroll market overview

### 4.1 The global opportunity

The payroll software sector, traditionally focused on large corporations, presents a substantial opportunity in serving the needs of micro-SMEs—businesses with five or fewer employees. Micro-SMEs account for a sizeable proportion of enterprises in most markets, typically ~90%, although around four-fifths of these are non-employing. We estimate that 15%–20% of enterprises in most markets are one to five employee micro-SMEs. Many of these businesses are hampered by manual processes or basic tools that heighten the risk of compliance breaches, errors, and payroll delays for staff at or close to minimum wage. Enterprise providers underserve these companies by not addressing micro-SME-specific issues with straightforward solutions.

The latest World Bank estimates put the global stock of formally registered limited liability companies in the order of ~650 million (as measured across 76 jurisdictions). We estimate that this could place the lower bound of the global micro-SME count (one to five employee enterprises) around ~100 million. These micro-SMEs include family-run ventures and start-ups and are typically skewed toward industries such as services, construction and trades, and hospitality and retail. Assuming a ~10% average enterprise birth rate (typical of many developed markets) would yield gross global new micro-SME incorporations of ~10 million annually, creating a substantial pipeline of new entrants in the one to five employee segment.

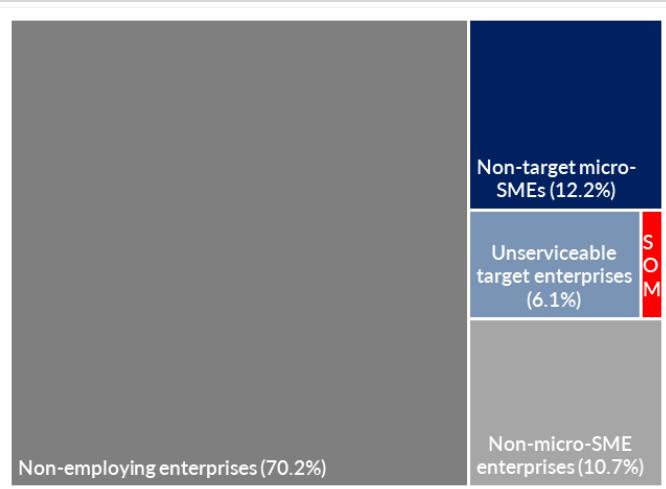
Micro-SME payroll demands centre on intuitive, mobile-centric, low-cost tools for handling varied tax, wage, and filing needs, bypassing enterprise-level complexity. Many still use manual methods and lack the expertise of specialist HR or payroll staff, leading to inefficiencies in payroll processing, particularly in labour-intensive sectors such as agriculture. These sectors often involve complexities such as seasonal staffing or sector-specific award rates that create complexity and the demand for automation.

We investigate a structured approach for PYS to enter several global markets, prioritising English-speaking regions with similar regulatory frameworks to limit adaptation costs and risks. PYS's offering aligns well with a mobile-based form factor with modular features that scale as businesses grow, potentially enhanced by HR elements such as leave tracking. We estimate that the total addressable market (TAM) for micro-SME payroll could be as large as US\$40bn annually. Our estimates suggest PYS could be operating in three targeted markets (NZ ► AU ► UK) by FY35, under our bull case scenario, representing a ~NZ\$1.9bn TAM and a significant opportunity to scale recurring revenue.

In this section, we:

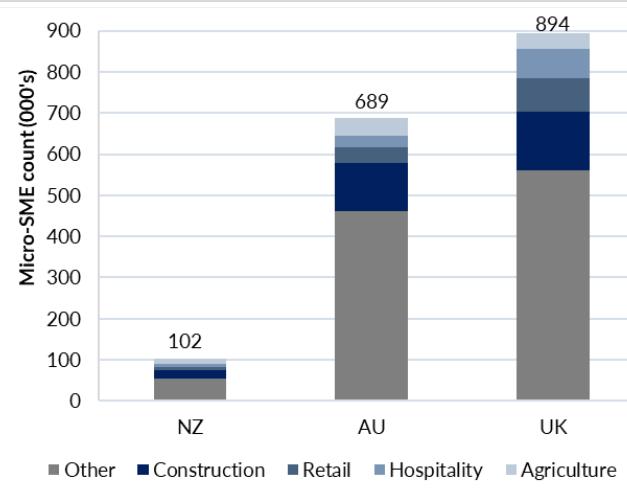
1. Estimate the global TAM and obtainable market for PYS in the micro-SME payroll niche (section 4.2).
2. Analyse the progress already made in NZ (section 4.3).
3. Take a deep dive into the Australian opportunity (section 4.4).
4. Touch on other frontier market opportunities (section 4.5).
5. Talk to possible long-term adjacencies (section 4.6).

**Figure 63. PYS's SOM captures ~0.8% of the total enterprise count in target geographies**



Source: Forsyth Barr analysis

**Figure 64. Target industries comprise a meaningful slice of the total micro-SME count in key geographies**

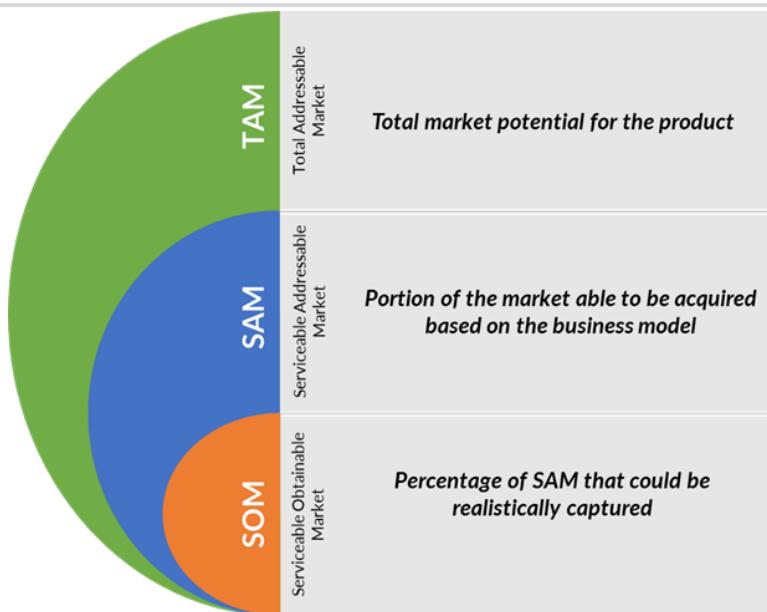


Source: Forsyth Barr analysis

## 4.2 While the TAM is huge, PYS operates in geographically constrained and niche segments

The addressable market for PYS is substantial. Payroll and HR services represent a multibillion-dollar global industry. For context, some estimates place the global payroll software market close to ~US\$100bn in size. PYS's focus on the micro and small business segment gives it a long growth runway within this space. In NZ alone, there are tens of thousands of SMEs still using outdated payroll tools or manual processes that could transition to cloud/mobile platforms. Australia offers an even larger pool—roughly 689k micro-SMEs—which PYS is beginning to target with its forthcoming expansion. Beyond Australasia, there is an opportunity for PYS to extend its cloud-based solution to adjacent English-speaking or Asian markets. We estimate PYS's current total addressable market (TAM) to be in the order of ~NZ\$1.9 billion. This TAM figure reflects the revenue potential if PYS were to penetrate all target markets and segments within its scope. Of course, not all of that is obtainable, but it underscores that PYS has a very large sandbox to grow into. Even capturing a few per cent of this TAM over time would translate into revenue many times PYS's current size. Overall, the market opportunity in front of PYS is expansive, and successful execution of its strategic plans could see the company scaling revenue at a high growth rate for many years to come.

**Figure 65. Our TAM/SAM and SOM Framework for assessing market potential**



Source: Forsyth Barr analysis

### a) Total Addressable Market (TAM)

We have used various measures to assess the TAM in several key target markets. Where information is limited or segment drivers are lacking, we have made relative assessments of industry potential, added significant risk factors, and pushed out entry to provide a more conservative assessment. In segments where we hold greater confidence in our methodology—for example, in NZ—the risk assessment is much lower, and the outcome is more likely.

TAM is the calculation of an improbable level of revenue achievable across all industry participants with full market penetration. As such, it creates a potential total market demand for the product, albeit one we consider unrealistically large. Our assessment of TAM may grossly underestimate the global market size for payroll software for micro-SMEs because we only assess a very small slice of markets as 'targeted' relative to the global opportunity (see Figure 69). However, it provides a reasonable TAM figure relevant to PYS.

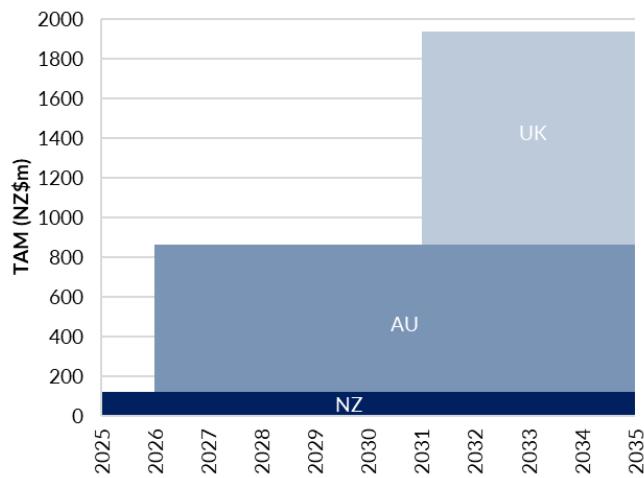
Our TAM calculation utilises global research and data, segmented by industry, and assumes staggered penetration by PYS. We conservatively assess TAM across three key target markets: NZ, Australia, and the UK. Our timeline assumes market entry into Australia in 2026 and the UK in 2031 under our bull case scenario. This aligns with PYS's current Australian pilot programme, with full commercial launch anticipated in Feb 2026, and our assessment of subsequent third-market scoping. We assess TAM at ~NZ\$1.9bn, with ~56% of the opportunity in the UK, ~38% in Australia, and ~6% in NZ.

Flowing a TAM assessment into more realistic terms requires identifying the slice of serviceable addressable market (SAM) within the TAM.

### b) Serviceable Addressable Market (SAM)

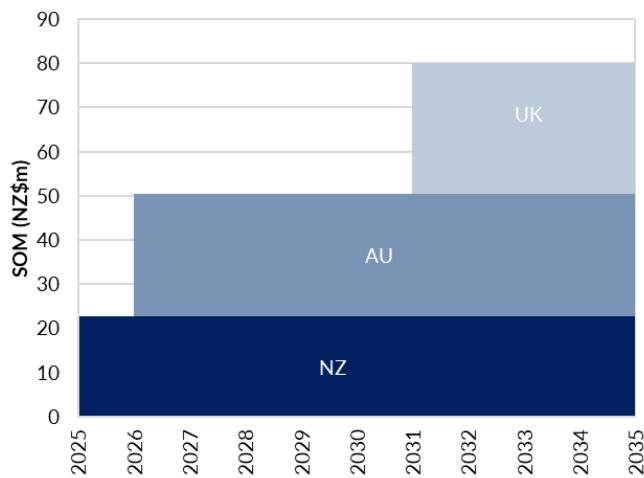
There are limitations to any business model, whether geographic limitations, local differences in use, or language barriers. Therefore, the serviceable addressable market (SAM) is more helpful in assessing businesses to estimate objectively the portion of the market they could acquire in the most optimistic outcomes. Our assessment of SAM accounts for PYS's strategic focus on micro-SMEs in specific sectors. As such, we narrow our SAM to focus on key target industries, including agriculture, construction and other trades, and hospitality and retail. We assess the SAM at ~NZ\$700m.

**Figure 66. PYS—Total Addressable Market (TAM) and market entry timing estimates (with the UK under our bull base)**



Source: Various, Forsyth Barr analysis

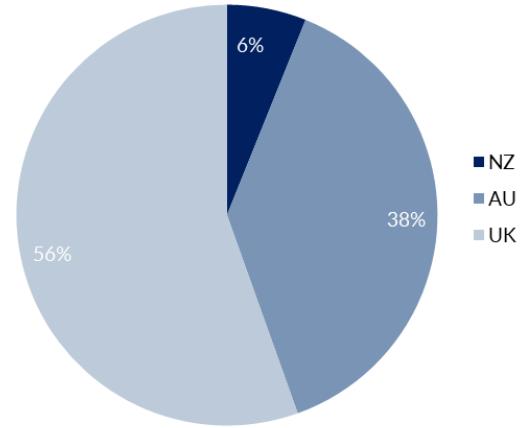
**Figure 68. PYS—Serviceable Obtainable Market (SOM) and market entry timing estimates (with the UK under our bull base)**



Source: Various, Forsyth Barr analysis

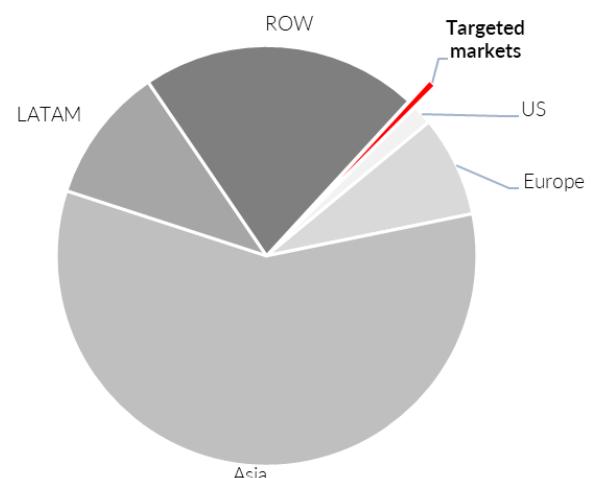
The third stage of assessing the market size is to calculate the obtainable portion of the SAM.

**Figure 67. PYS— Australia and UK represent significant additions to the company's TAM**



Source: Various, Forsyth Barr analysis

**Figure 69. Number of micro-SMEs in global and targeted NZ/AU/UK markets (2024)**



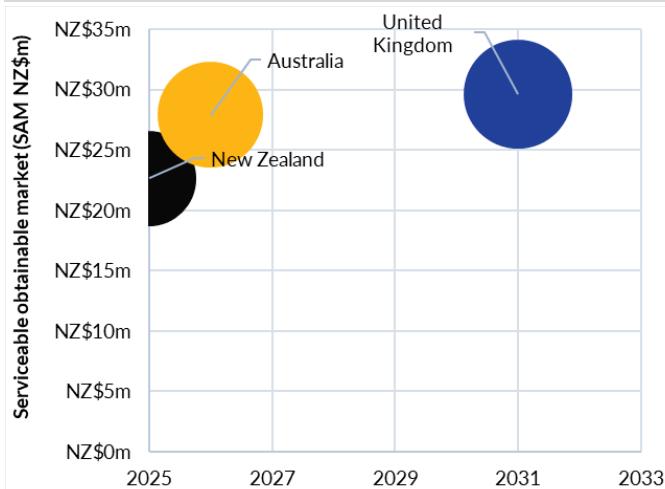
Source: Various, Forsyth Barr analysis

### c) Serviceable Obtainable Market (SOM)

Given market share limitations, it is unlikely that any business could practically capture 100% of a market. Additionally, since PYS cannot enter each market segment at once, competitors will likely adapt and replicate its service offering, making it more difficult to achieve high market shares in markets entered years later. Further, it is often difficult or impossible to convince all potential customers in a market—no matter how compelling the network effects and product benefits are—to use a company's service. Given this, an important additional measure is to calculate the serviceable obtainable market (SOM) to determine how many customers would realistically benefit from buying PYS's software. We have used our assessment of SAM to determine a level of achievability in our distinct-period revenue estimates. We currently estimate the **serviceable obtainable market (SOM)** for PYS to be ~NZ\$80m (see Figures 70–72), assuming conservative micro-SME market share estimates of ~19%, ~4%, and ~3% in New Zealand, Australia, and the UK respectively. This compares with FY25 recurring revenue of NZ\$8.7m and our distinct-period revenue assessment of NZ\$48m in 2035, providing scope for exceptional management execution.

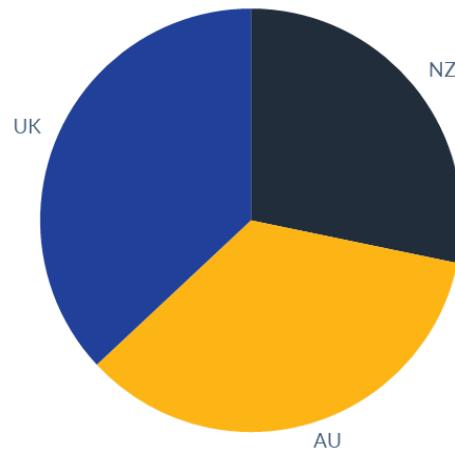
Given the scale of the SME market and the varied compliance and operational requirements across industries, the opportunity for payroll providers to expand the value-added services layer of their offerings is significant. We cover these opportunities in Section 4.5 Monetisable adjacencies, but do not include estimates in our TAM/SAM/SOM assessment.

**Figure 70. Seviceable Obtainable Market (SOM) NZ\$m)**



Source: Various country websites, Forsyth Barr analysis

**Figure 71. SOM across likely targeted market opportunities**



Source: Various country websites, Forsyth Barr analysis

**Figure 72. Our TAM/SAM and SOM Framework in action**

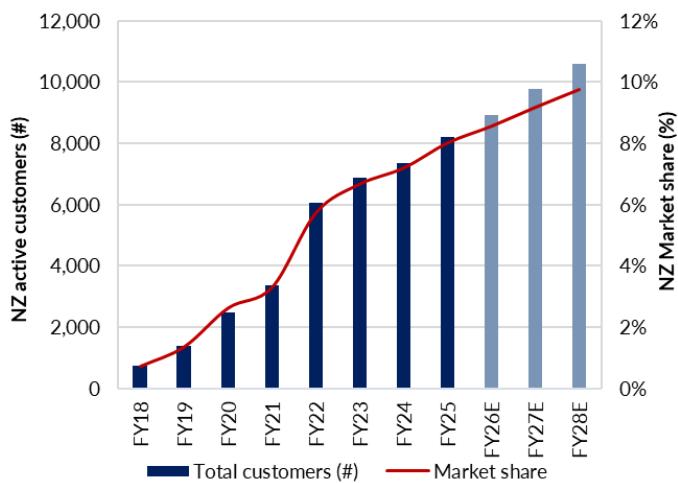


Source: Forsyth Barr analysis

### 4.3 NZ—The cash generative core, with further runway to grow

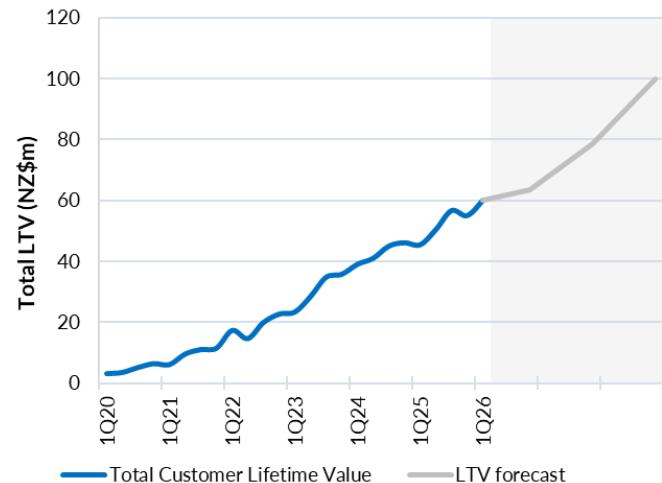
PYS has established itself as a key player in NZ's micro-SME payroll sector over the past decade. Around 8,400 micro-SME businesses now use its payroll software (as at 1Q26), representing ~8% of the 102k NZ enterprises with one to five employees. Market share has grown from 0.7% in FY18 to 8% in FY25, driven by a +37% CAGR in organic customer growth and the acquisition of 1,300 customers via SmoothPay in 2021. Total LTV was NZ\$60m at the end of 1Q26, up from just NZ\$2.1m in FY19. The NZ business is now self-sustaining, having been profitable and free-cash-flow positive in FY24 and FY25. Looking forward, we see a runway for continued robust growth, given PYS's relatively low penetration and historical customer acquisition trends. In our base case, we forecast a +10% recurring revenue CAGR from FY25 to FY35 for the NZ business, driven by ~+8% annual customer growth and a ~+3% ARPU CAGR.

**Figure 73. PYS has grown its market share of NZ enterprises with one to five employees from <2% to ~8% over six years**



Source: Company, Forsyth Barr analysis

**Figure 74. Total lifetime customer value for NZ customers is now close to NZ\$60m**

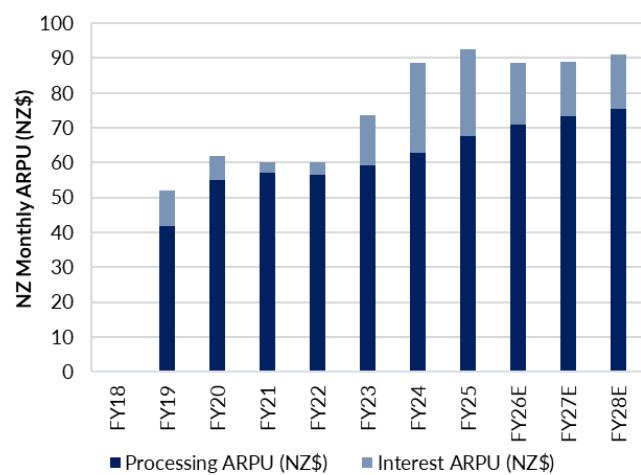


Source: Company, Forsyth Barr analysis

#### Interest rates to be a short term headwind for NZ ARPU

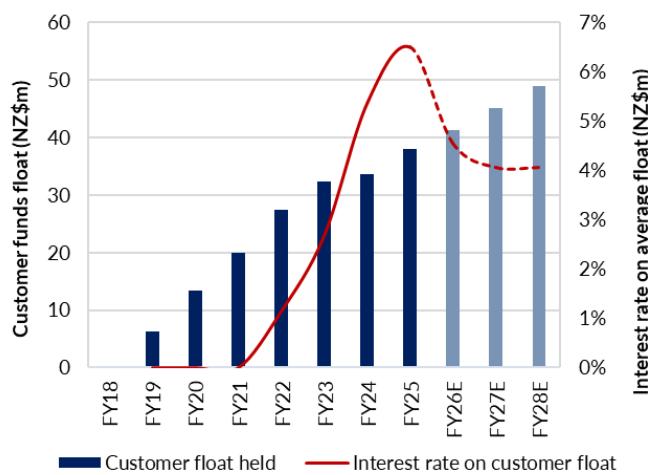
PYS's monthly ARPU has risen from NZ\$52.1 at the end of FY19 to NZ\$92.6 at the end of FY25. Compositionally, processing-fee ARPU has grown at a ~+8% CAGR, while ARPU from interest earned on customer funds held has increased sharply due to rising interest rates. We expect lower interest rates to compress NZ ARPU in FY26, with aggregate ARPU recovering to FY25 levels by around FY28 at a lower interest-rate baseline. In the long term, we forecast modest improvements (~+3% CAGR) in ARPU with further room for growth from: (1) pricing increases; (2) a mix shift towards more premium offerings; and (3) add-ons. We believe this represents a rational medium-term stance against increased competition from the majors.

**Figure 75. NZ ARPU growth has been strong, supported by a significant increase in interest revenue**



Source: Company, Forsyth Barr analysis

**Figure 76. Falling interest rates will lead to ARPU compression in the near term, albeit with processing continuing to grow**



Source: Company, Forsyth Barr analysis

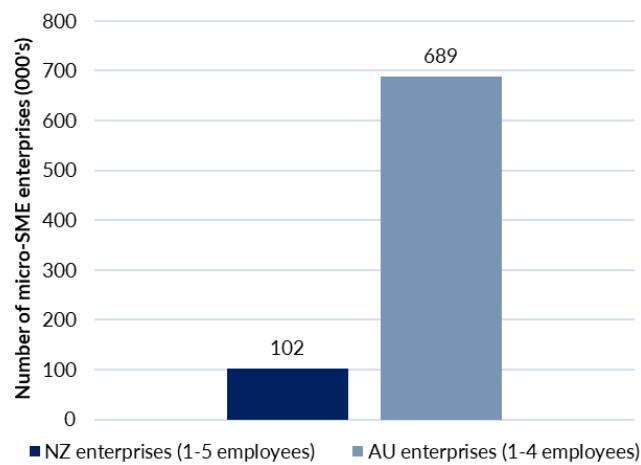
## 4.4 Australia—Pending market entry should reinvigorate growth

### a) Australian market overview

PYS's upcoming entry into Australia represents a key step in its growth strategy, significantly broadening its total addressable market and offering diversification. The Australian small-to-medium enterprise (SME) sector, specifically one to four employee micro-SMEs, comprised approximately 689k businesses as of 2025. This segment is somewhat underserved by existing payroll and HR technology providers, particularly in relation to complex compliance requirements surrounding wage awards, time tracking, and employee payments. The complexities and nuances of payroll compliance in Australia create significant friction for these micro-SMEs, driving potential demand for a purpose-built, end-to-end cloud-native solution such as PYS's Gen 2.0 payroll platform.

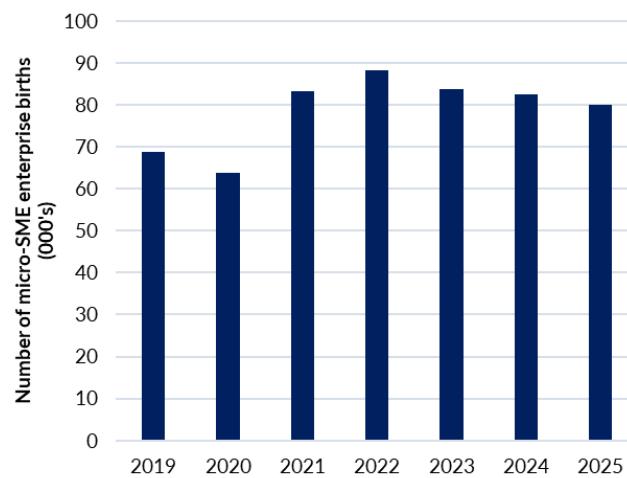
Each year, approximately 80k micro-SME enterprises are formed in Australia, representing a substantial annual pipeline of potential new customers. At PYS's 2025 ASM, management confirmed that the first Australian pay run had been processed in September 2025 under its dairy focused Adelaide pilot programme. The company is targeting an agri-first market entry strategy, aiming to replicate and leverage insights gained from its NZ success, particularly its strengths in penetrating compliance-intensive and highly fragmented micro-SME segments. Full public launch is planned for the February 2026 Australian Dairy Conference.

**Figure 77. The Australian micro-SME market dwarfs NZ's according to the lastest respective counts ...**



Source: Forsyth Barr analysis, Australian Bureau of Statistics, Stats NZ, \*latest respective counts

**Figure 78. ... and Australian annual new business formations represent a significant potential customer pipeline**



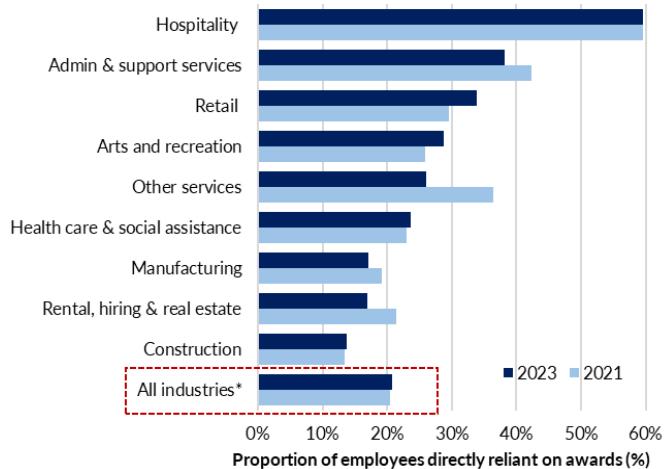
Source: Australian Bureau of Statistics, Stats NZ, Forsyth Barr analysis

### b) The complexities of Australian workplace regulation

The regulations governing Australian workplace relations are highly complex and challenging to navigate, particularly for SMEs with employees at or close to the minimum wage. Australian federal law outlines two layers that together form the minimum standards applicable to employees: (1) the National Employment Standards (NES), which stipulate the minimum standards applicable to all Australian employees; and (2) industry and occupation Fair Work Awards, which, supplementary to the NES, outline industry- and occupation-specific pay and conditions. A total of 123 unique industry and occupation modern awards are regulated and actively updated by the Fair Work Commission, with these awards directly setting the minimum pay and conditions for ~21% of all Australian employees (roughly ~2.6 million Australians) according to the latest 2023 statistics.

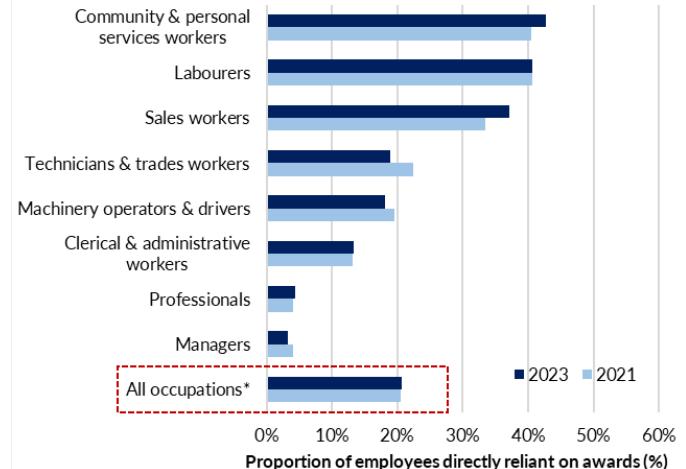
Employment terms set out within the various industry and occupation awards are often nuanced. Take, for example, the pastoral award, which sets out hourly rate, overtime, and special allowance requirements for employees within the pastoral industry. The award requires a minimum overtime rate of 1.5x an employee's ordinary hourly wage for overtime work on a Sunday spent feeding and watering, but a rate of 2.0x for all other Sunday overtime hours. Similar wrinkles exist across the various awards, creating a significant compliance burden during the payroll process, particularly for SMEs that often lack the legal expertise, time, and resources to interpret and apply complex rules. While, like New Zealand, Australia represents a competitive market with many payroll software providers, only a handful of incumbent providers offer native award interpretation. We view PYS's focused approach to solving industry awards for underserved segments that align with its successful New Zealand experience, and the layering of value-added features such as single-click automated payment and filing in an end-to-end solution, as a compelling strategy for Australian market expansion. Combined with a modern, mobile-first offering, we view PYS's value proposition as meaningful, particularly given the payroll compliance complexities faced by Australian firms.

**Figure 79. Most of the ~2.6m modern award-reliant employees in Australia are concentrated across a handful of industries ...**



Source: Fair Work Commission, Forsyth Barr analysis \*Excluding agriculture

**Figure 80. ... with retail and construction related occupations being among the highest concentrated (ex. agriculture)**



Source: Fair Work Commission, Forsyth Barr analysis \*Excluding agricultural occupations

**Figure 81. A sample of Fair Work Awards**

Award	Est. number of directly award-reliant* employees	Select examples
Pastoral Award [MA000035]	~200k employees	<ul style="list-style-type: none"> <li>Employees must be paid an allowance of A\$4.24 per day, in addition to their ordinary rate, for each day they are engaged in: (1) the jetting or spraying of sheep if they mix the poison or handle the nozzle; or (2) the swabbing of sheep for more than three days.</li> <li>For Sunday overtime hours spent feeding or watering stock, an employee's required overtime rate is 150% of the employee's ordinary hourly wage. For Sunday overtime hours spent on other tasks, the required overtime rate is 200% of the employee's ordinary hourly wage.</li> <li>A station cook who is required to work more than 5.5 days in any one week must be paid, in addition to the weekly wage, an amount of 3/22nds of the appropriate weekly rate for work on six full days.</li> </ul>
Building and Construction General On-site Award [MA000020]	~130k employees	<ul style="list-style-type: none"> <li>Where a concrete pour has already been commenced, if inclement weather conditions exist the work must be paid at the rate of 200% of the employee's ordinary hourly rate, calculated to the next hour.</li> <li>An employee, other than an employee in an Operator classification, who is required to work underground must be paid an additional allowance of A\$19.23 per week.</li> <li>Employees who are regularly required to compute or estimate quantities of materials in respect of the work performed by other employees must be paid an additional A\$6.55 per day or part thereof.</li> </ul>
General Retail Industry Award [MA000004]	~440k employees	<ul style="list-style-type: none"> <li>If a full-time employee is responsible for laundering any special clothing that is required to be worn by them, the employer must pay the employee a laundry allowance of A\$6.25 per week.</li> <li>If an employer requests an employee to use their own motor vehicle in performing their duties, the employer must pay the employee an allowance of A\$0.98 for each kilometre travelled.</li> <li>If a cold chamber in which the employee is required to work is below 0°C, the employer must pay the employee an additional allowance of A\$0.56 per hour while so employed.</li> </ul>
Hospitality Industry (General) Award [MA000009]	~570k employees	<ul style="list-style-type: none"> <li>An employer must pay a junior apprentice (other than those undertaking waiter apprenticeships) in their 1st, 2nd, 3rd, or 4th year the minimum rate of 55%, 65%, 80%, or 95% of the standard minimum weekly rate respectively.</li> <li>An employer must pay a junior waiting apprentice the minimum rates of 70% and 85% of the minimum standard weekly rate in the 1st and 2nd six-month periods, respectively. An employer must then pay midway between the minimum rate prescribed for Food and Beverage Grade 2 staff and midway between the rate specified for the 3rd six-month period and the minimum standard weekly rate in the 3rd and 4th six-month periods respectively.</li> <li>In addition to the minimum hourly rate set out in the award, an employer must pay an employee who is engaged to drive a fork-lift an all-purpose allowance of A\$0.42 per hour.</li> </ul>

Source: Fair Work Commission, company data, Forsyth Barr analysis, \*Employees for whom pay rates are set directly in accordance with a Fair Work Award

### c) A deeper dive into Australian market dynamics

The Australian payroll solution market is highly fragmented. It consists of a large number of local and international players that offer a range of solutions, from software to outsourcing, for businesses of all sizes. We view the market as characterised by two general strategies: (1) catering to the average payroll solution user in a specific business-size bucket (small, medium, and large enterprises); or (2) providing tailored solutions for sector- or size-specific niches. While the former consists of a higher concentration of larger, often international, players with meaningful market share (e.g. Frontier's Chris21 and iChris, ADP, Micropay, Xero, and MYOB), the latter represents a competitive market distinguished by niche offerings and in-house (often manual) solutions. PYS sits squarely in the latter.

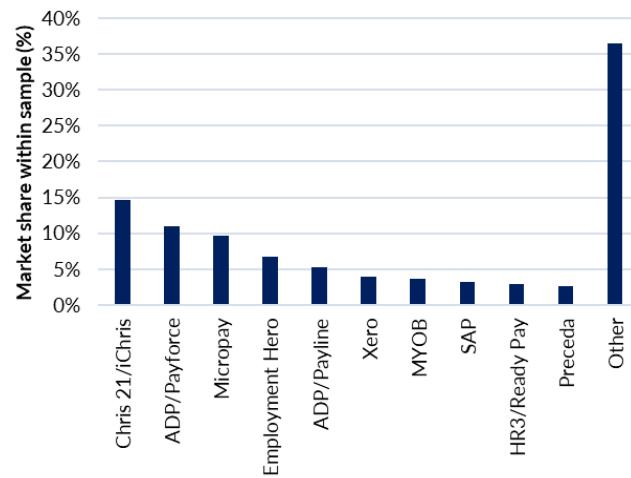
While the market is competitive and customers, particularly SME customers, are sticky, we view PYS's value proposition as attractive given: (1) Australian businesses report PYS's core focuses—award interpretation, monitoring/understanding legislation, and payroll technology—as key pain points; (2) incumbents with bundled payroll that dominate adjacent markets (e.g. Xero) appear far less dominant in payroll; (3) the number of payroll providers offering native award interpretation is limited; (4) few pure-play, end-to-end payroll-first solutions exist, with accounting, ERP, and HR being the core competencies of most competitors; and (5) inefficient manual or multi-app solutions remain common. The continuous evolution of the Australian employment relations landscape can be exceedingly difficult for micro-SMEs to keep up with. In Sept 2025, for example, a ruling by the Federal Court of Australia on the interpretation of the General Retail Industry Award further exacerbated pain points for many Australian firms. The ruling, which followed the improper payment of salaried employees by Woolworths and Coles, created further compliance burdens for retailers and highlighted the necessity for strict adherence across all industries. The ruling determined, among other things, that overpayment in one period must not be used to cover shortfalls in other periods - employers must pay the minimum entitlement in each period. While such events push industry associations to advocate for simplification—a risk for PYS—change would likely take time.

**Figure 82. Firms report PYS's key focuses as major pain points**



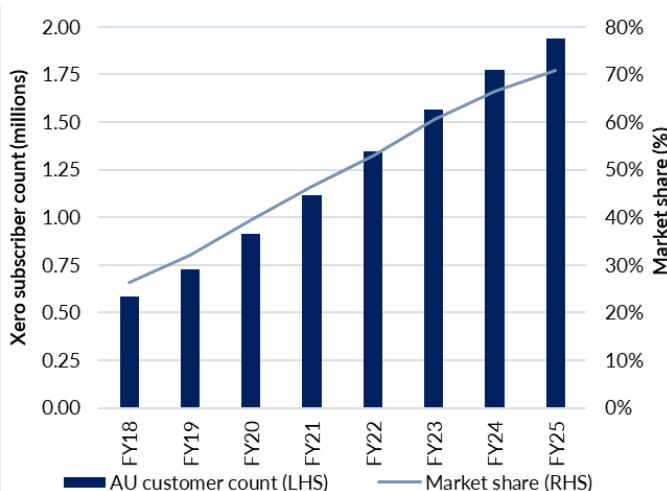
Source: Australian Payroll Association, Forsyth Barr analysis

**Figure 83. Industry reports indicate competitive dynamics**



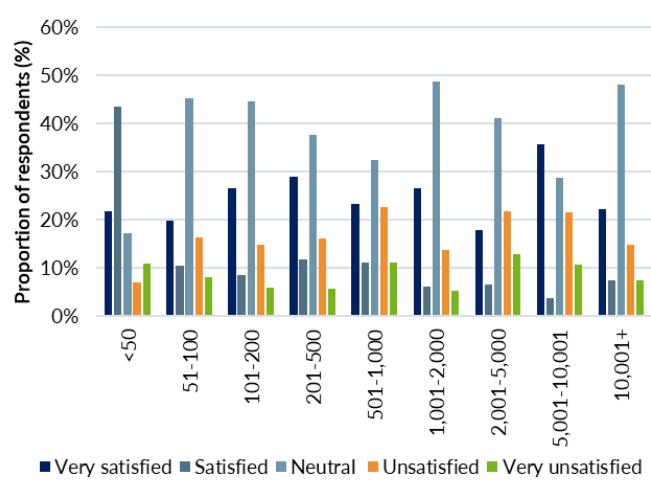
Source: Australian Payroll Association, Forsyth Barr analysis

**Figure 84. Share in adjacent markets doesn't translate to payroll**



Source: Company data, Forsyth Barr analysis

**Figure 85. Smaller businesses look to be stickier customers**



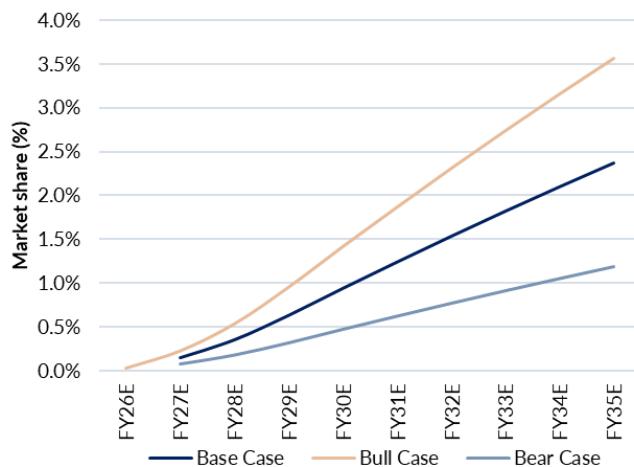
Source: Australian Payroll Association, Forsyth Barr analysis

#### d) Australian market entry

PYS plans to begin its Australian market entry through targeted segments, notably agriculture (dairy), closely mirroring segments successfully penetrated in NZ. The Australian dairy industry presents immediate opportunities for PYS, with compliance complexity and payroll processing burdens that strongly resemble the NZ experience. Australian farming enterprises currently rely heavily on manual, multi-software processes for compliance-driven payroll tasks, including calculating award rates, tracking weekly hours worked, and managing payroll audits. Management expects these complexities to play directly to the strengths of the Gen 2.0 payroll engine, which has been purpose-built to handle multi-jurisdictional rules and compliance logic from the ground up. Under its Adelaide pilot programme, the company has processed its first Australian pay runs. Public launch is planned for February 2026.

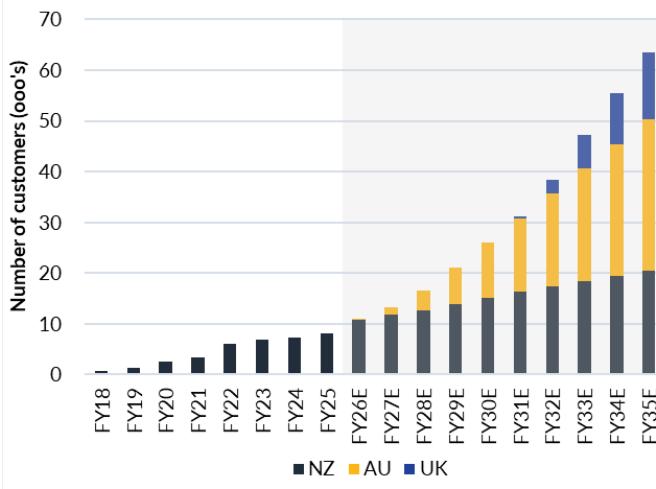
We model market entry across three scenarios: Base, Bull, and Bear. Our base case sees PYS onboarding around ~1,100 Australian customers in FY27, or ~0.2% of the total micro-SME payroll segment. By FY35, we project PYS grows its Australian market share to ~2.4%, implying a robust compound annual growth rate (CAGR) of ~+44% in customer numbers. These growth forecasts assume PYS captures ~3% of annual company formations (new 'births') by FY28, subsequently increasing this market share steadily as brand recognition and reputation build. Management views this target as achievable given the lack of focused payroll providers specifically addressing micro-SMEs, combined with a clear competitive edge in its tailored, mobile-first platform. We flex our base-case assumptions by assessing scenarios where: (1) stronger-than-expected growth sees PYS capture ~3.6% of the Australian micro-SME market by FY35, with PYS expanding into the UK in FY31 following the success seen in Australia (bull case); and (2) weaker-than-expected Australian growth sees market share reach ~1.2% by FY35, with no other market entry (bear case).

**Figure 86. We model market share under three scenarios; a Bull case, Base case, and Bear case**



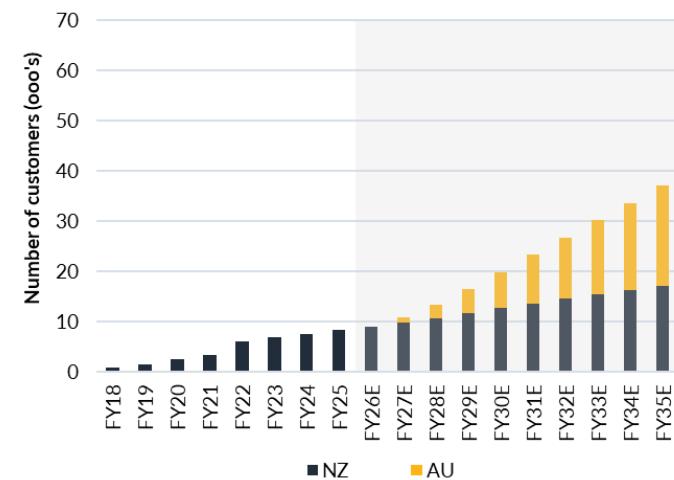
Source: Company data, Australian Bureau of Statistics, Forsyth Barr analysis

**Figure 88. ... while our Bull case assumes growth ~30k AU customers by FY35 (with UK market entry in FY31) ...**



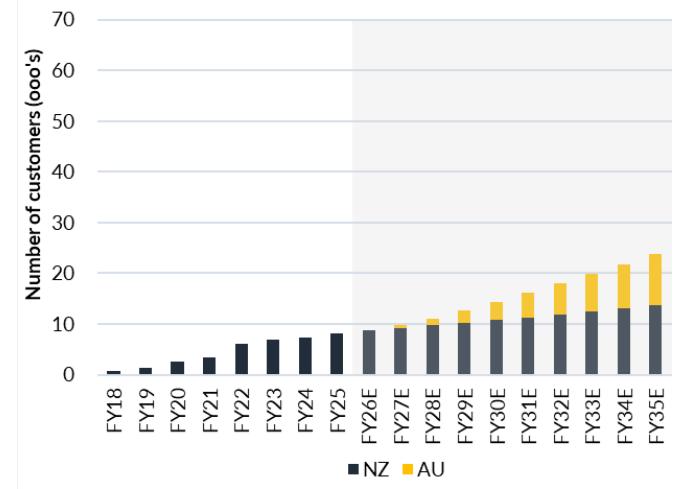
Source: Company data, Australian Bureau of Statistics, UK Government, Forsyth Barr analysis

**Figure 87. Our base case assumes a ~+44% FY27-FY35 customer CAGR in Australia reaching ~20k AU customers ...**



Source: Company data, Australian Bureau of Statistics, Forsyth Barr analysis

**Figure 89. ... and our bear assumes slower growth to ~10k AU customers by FY35**



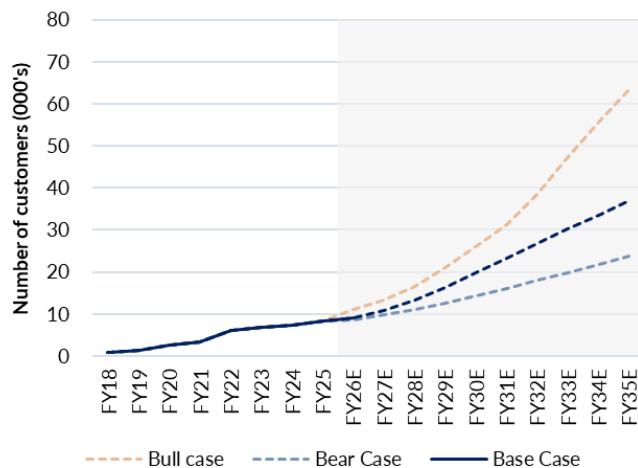
Source: Company data, Australian Bureau of Statistics, Forsyth Barr analysis

### e) Australian long-term positioning

Although unit economics will likely be challenging at launch, we anticipate improvement as PYS scales. We see two key pressures upon market entry: (1) a need for careful price management to minimise price objections and emphasise product value; and (2) elevated initial marketing spend, particularly on industry conferences and partnerships. While these factors will likely lift customer acquisition costs (CAC) and temper pricing upon entry, we anticipate an easing as the company establishes a foothold in the market. Management's focus on balancing growth ambitions with prudent capital allocation and liquidity management should support these dynamics over time.

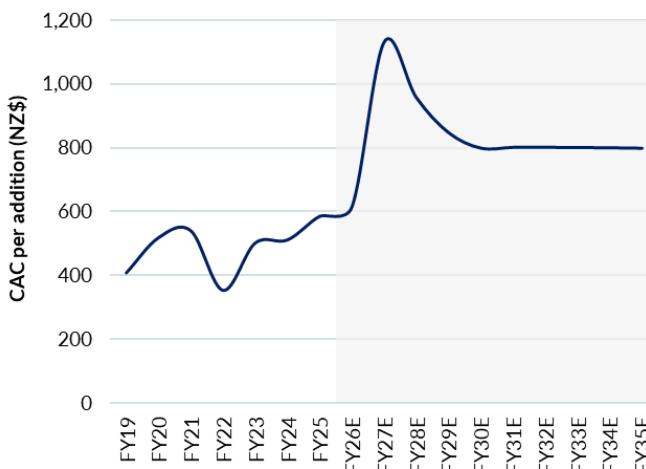
Despite a need for careful price management, conversations with pilot customers have been constructive. Pilot customers have expressed willingness to pay NZ\$90–NZ\$100/month, indicating pricing headroom of up to +8% over NZ ARPU. Over time, we see ARPU rising steadily, surpassing NZ\$120 by FY35, reflecting uptake of value-added features and services and annual price increases. On entry, initial CAC per new customer is anticipated to be around NZ\$2,000 in FY27. We expect a decline thereafter: scale effects, refined onboarding processes, and improved marketing efficiency through industry partnerships and word-of-mouth referrals should reduce CAC payback periods over time. We anticipate the company's mobile-first, highly automated Gen 2.0 engine will improve unit economics further in the future. Gen 2.0 is expected to substantially reduce customer-support costs while at the same time enabling faster localisation and adaptation of payroll rules to adjacent awards such as those in hospitality and retail. In combination, we forecast Australian lifetime value per customer reaching ~NZ\$10,200 by FY35 (from ~NZ\$7,800 in FY27). While execution risks exist, particularly around local compliance, customer acquisition, and scaling complexities, management's cautious and focused approach positions PYS well to capitalise on the significant opportunity within Australia's micro-SME payroll landscape.

**Figure 90. AU market entry adds meaningful customer growth...**



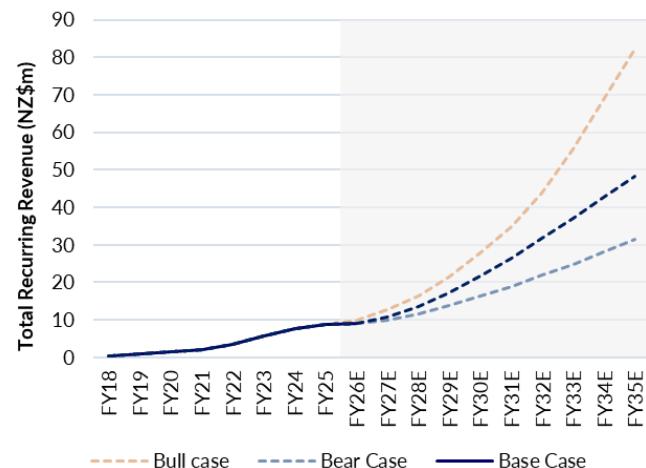
Source: Company data, Forsyth Barr analysis

**Figure 92. We expect CAC per addition to decline over time ...**



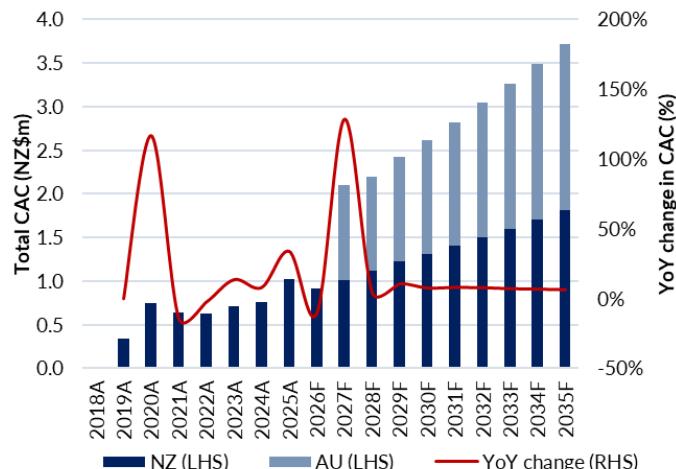
Source: Company data, Forsyth Barr analysis

**Figure 91. ... which alongside higher ARPU could boost revenue**



Source: Company data, Forsyth Barr analysis

**Figure 93. ... making unit economics increasingly attractive**



Source: Company data, Forsyth Barr analysis

## 4.5 Frontier markets—longer-term opportunities from FY30 onwards

While NZ and Australia remain the near-term focus, PYS's Gen 2.0 architecture positions the company to extend into frontier markets over the longer term. We cover the UK and Canada in more detail below. We view these as highly adjacent markets with familiar characteristics. Countries across Asia also present significant opportunities, with payroll provision often fragmented, compliance poorly enforced, and large amounts of informal employment. Markets such as the Philippines, Sri Lanka, India, and Malaysia illustrate the structural gap—micro-SMEs dominate, yet legacy systems and manual processes remain widespread. PYS's mobile-first, compliance-led model is well suited to these environments, offering a low-cost entry path as scale and localisation capabilities mature.

### a) The UK market (in our bull case)

The United Kingdom presents a compelling long-term expansion opportunity, potentially within the next five to seven years. The UK's SME landscape is vast, with ~5.5m private-sector businesses as of FY25—approximately 95% are micro-enterprises, with ~894k businesses falling into the one- to five-employee bracket. This puts the UK addressable market above the scale of both NZ and Australia. The UK payroll sector is mature but complex, featuring rigorous compliance standards, detailed reporting, and evolving labour laws. Post-Brexit adjustments and frequent changes to minimum-wage rules have further increased the compliance load for small firms. Current payroll offerings are fragmented—split between large HR software vendors, traditional payroll bureaux, and integrated accounting tools like Sage and Xero. Yet few providers offer a truly mobile-first, compliance-driven payroll solution designed exclusively for micro-businesses, leaving a notable service gap that PYS is well positioned to address.

The country's regulatory trajectory—marked by changes to national insurance, pension auto-enrolment, and statutory leave—has steadily increased obligations for SMEs. These burdens weigh most heavily on micro-employers with limited admin capacity. A solution like PaySauce's Gen 2.0 engine, tailored for jurisdiction-specific compliance and built with automation at its core, can offer immediate productivity and cost benefits to these businesses.

Figure 94. The UK's micro-SME market is significant ...

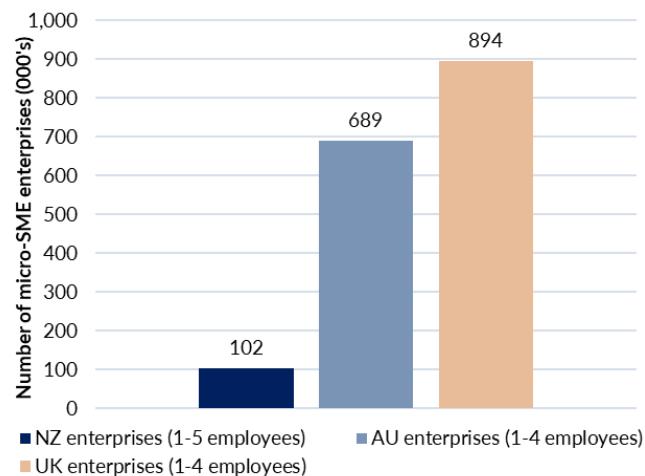
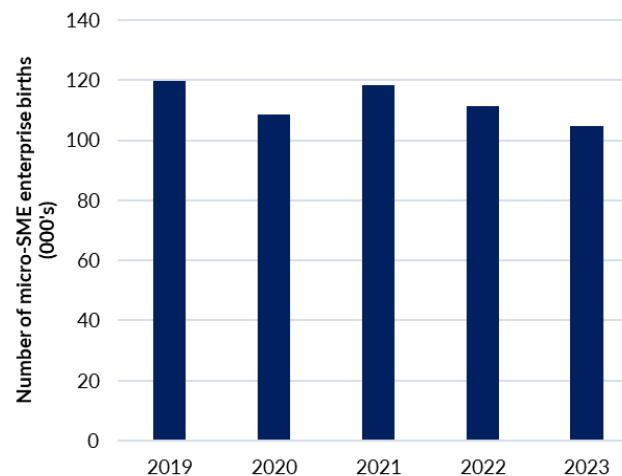


Figure 95. ... offering ~100k+ annual enterprise births



Source: Australian Bureau of Statistics, Stats NZ, Gov UK, Forsyth Barr analysis

\*latest respective counts,

Source: Office for National Statistics, Gov UK, Forsyth Barr analysis,

\*estimated

Mirroring its NZ success and planned Australian approach, PYS would likely target UK micro-businesses in complex, labour-heavy sectors. Early segments might include trades, hospitality, retail, and agriculture—industries with high turnover and a reliance on flexible workforces. These groups are increasingly composed of contractors and part-time staff, complicating payroll management and increasing the value of an automated, rules-based solution. Strategic entry would likely begin with regional pilots supported by partnerships with accountants, industry associations, and chambers of commerce to build trust and gain visibility.

We reflect the potential of UK market entry via a bull-case scenario within our scenario analysis. Our bull case assumes UK market entry in FY31 with modest market-share growth from ~0.3% at FY32 to ~1.3%, or ~13k customers, by FY35. While we would expect ARPU in the UK to exceed NZ and Australia, given the complexity of payroll obligations and the maturity of the service market, we assume a conservative ARPU of NZ\$100 upon entry, reflecting the likely need for a measured price-management approach. We then forecast modest ARPU uplift to ~NZ\$120 by FY35, driven by uptake of value-added features and services, and annual price increases. Our bull case, on these conservative assumptions, sees UK market entry delivering a material revenue uplift of +NZ\$17m by FY35.

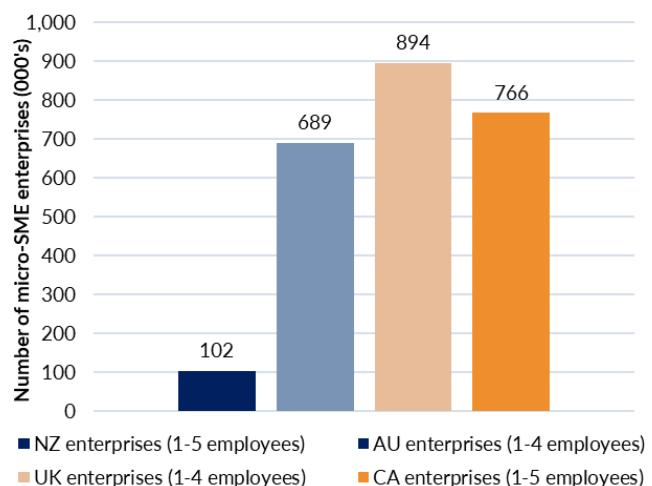
However, successful expansion into Australia must first be achieved prior to any further expansion, with Australia's success serving as a key validation step, providing learnings and operational grounding.

#### b) Canadian market (not in our numbers)

Canada represents an attractive medium-term expansion option, potentially after UK market entry. As of mid-2024, Canada had ~1.4m employer businesses, with ~75% of these having fewer than 10 employees and over half having fewer than four. The one- to five-employee micro-SME segment—the best fit with PYS's customer profile—consists of 766k businesses, larger than both NZ and Australia. Though not yet factored into forecasts, this provides a compelling scale opportunity.

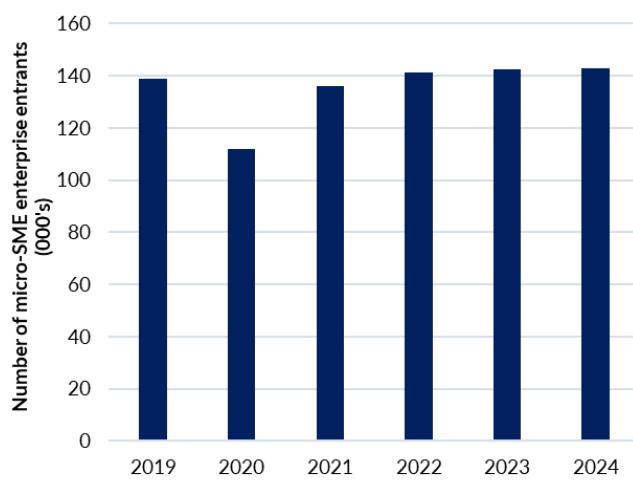
Canada's payroll market is mature but highly complex, with overlapping federal-provincial regimes and intricate tax and employment law. SMEs must navigate rules around CPP/QPP pensions, EI contributions, varied provincial income-tax rates, overtime thresholds, holiday entitlements, and health taxes. Many current solutions are either enterprise-grade systems (e.g. ADP, Ceridian) or generic accounting add-ons (e.g. Intuit), which lack specialisation for the smallest firms. Compliance burdens are disproportionately high for one- to five-employee firms, which spend up to twice as much per staff member on administration as five- to 19-employee businesses. Frequent changes—such as new leave types, provincial wage increases, and T4/ROE reporting—mean a rules-based, automated payroll tool like PYS could offer meaningful time and cost savings to small firms.

**Figure 96. Canada represents another opportunity of significant size ...**



Source: Australian Bureau of Statistics, Stats NZ, Gov UK, Statistics Canada, \*latest respective count, Forsyth Barr analysis

**Figure 97. ... with a significant pipeline of ~140k micro-SME entrants annually**



Source: Statistics Canada, Forsyth Barr analysis, \*estimated

In Canada, PYS would likely mirror its NZ and Australian playbook: a phased, vertical-led market entry. Target sectors may include trades, hospitality, retail, and farming—compliance-heavy industries with high turnover and a concentration of one- to five-employee firms. These sectors already show pain points with manual processes and complexity in tip income, seasonal staff, and contractor payments. The trend toward mixed workforces post-pandemic—blending traditional staff and contractors—adds further complexity for Canadian SMEs. With time-tracking, mobile payroll, and support for variable worker types, PYS's product is well suited to address these needs. PYS could localise quickly using its Gen 2.0 engine, and early traction would likely come from province-specific execution—starting with English-speaking regions such as BC or Ontario. Partnerships with accounting firms, chambers of commerce, or SME advisers will be essential to penetrate early channels and establish credibility. PYS's success with sector partnerships in NZ (e.g. agriculture) supports the viability of this entry model.

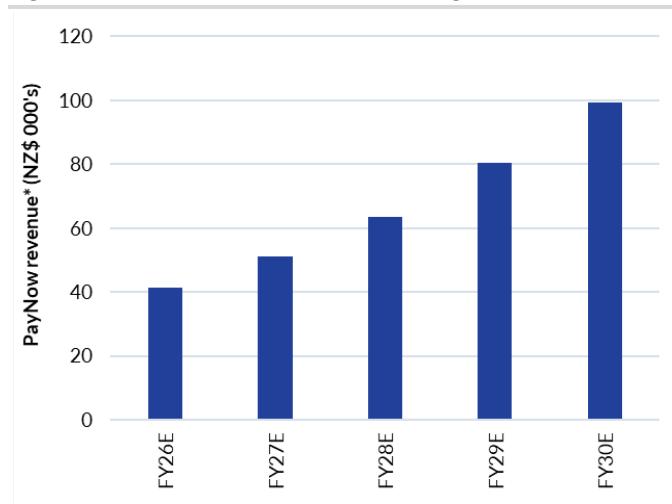
Although Canada is not yet included in our valuation, it presents a scalable opportunity for later-stage growth and revenue diversification. ARPU for payroll solutions in Canada appears to be higher than in Australasia, with small firms often spending several hundred dollars per year on payroll alone. Capturing just 1%–2% of the ~766k micro-businesses would yield 8k–15k customers—potentially transformative scale for PYS. Gen 2.0's architecture allows for bilingual interfaces, multi-jurisdiction compliance, and rapid adaptation to Canadian rules, lowering technical barriers to entry.

## 4.6 Monetisable adjacencies

### a) Monetisation of 'PayNow'

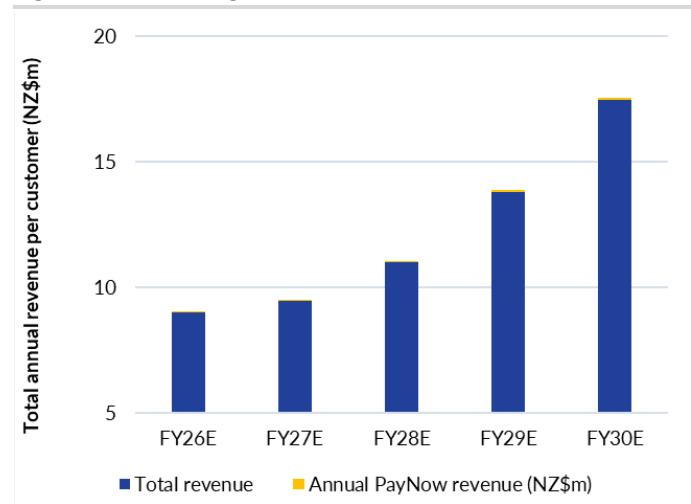
PayNow is an earned-wage access feature that lets employees draw a portion of already earned wages before payday, with repayment automatically deducted from the next pay run. PayNow is a feature of PYS's current live suite, but not yet its Gen 2.0 payroll engine. We understand that it is enabled by default, with employer opt-out as an option. With the company yet to monetise the feature, we view PayNow as a retention tool rather than a revenue line, and therefore exclude it from our forecasts. PYS has suggested that when utilised, the average advance is ~NZ\$235, creating ~NZ\$2.5m in annual volume, implying ~10k annual advances over PYS's ~8k-customer base. We see four viable options for monetisation: (1) a flat per-advance fee (say NZ\$3.50 to NZ\$5.00) paid by the employee; (2) an employer-funded benefit (charged per employee per month) offering zero-fee advances; (3) a percentage-of-advance fee (say capped somewhere in the 1%-3% range); or (4) a revenue-sharing partnership with a specialist provider of capital. While PYS would need to ensure the offering stays aligned with New Zealand's Credit Contracts and Consumer Finance Act (CCCFA) and Australia's National Consumer Credit Protection (NCCP) regime and ASIC guidance, we see this as a tangible, albeit small, low-credit-risk opportunity. We believe a flat per-advance fee structure would likely be optimal to maximise margin capture, and estimate that the implementation of a NZ\$3.50 per-advance fee would generate a revenue uplift of ~+0.5% on our base case revenues.

**Figure 98. The PayNow opportunity is tangible but small ...**



Source: Company data, Forsyth Barr analysis, \*assuming base case customer growth

**Figure 99 ... resulting in a ~+0.5% uplift to our estimates**



Source: Company Data, Forsyth Barr analysis

### b) Introduction of an HR module

During our channel-check calls, the absence of a basic HR module was identified as a gap versus competitors Employment Hero and Smartly. The immediate need is not 'enterprise HR' but a micro-SME-fit Human Resource Information System (HRIS) that plugs directly into payroll. This could allow for staff onboarding and e-signing of employment agreements and variations, as well as serving as centralised document storage (policies, certifications/permits, APCs in medical). Others in the market have used this as a record of pay changes, with simple performance notes/reviews, leave requests/approvals, and light rostering that posts directly to payroll (rates, allowances, overtime rules) without rekeying. Done well, this may reduce support tickets (because the platform would then become the single source of truth) and likely increase stickiness.

We envisage a potential two-tier add-on: **Starter HR** (contracts, e-sign, document vault, basic employee records) and **HR+** (adds roster→payroll flow, certification tracking/alerts, performance templates), with vertical packs (e.g. medical, construction, hospitality) pre-templated to sector compliance. Keeping it mobile first appears critical: employees self-serve contracts, leave, and timesheets, and view certifications; managers approve from the app; and the rules engine applies awards/allowances automatically. Both modules suit PYS's already cloud-based platform.

Commercially, competitors typically price HR features as per-employee add-ons. For PYS's micro-SME base, a conservative NZ\$1-NZ\$3 per employee per month implies roughly NZ\$5-NZ\$30 per customer per month at a three-to-five employee estimate. At a 35%-50% attach rate, this equates to a blended ARPU uplift of +NZ\$1-NZ\$9/month, a +1% to +10% uplift versus PYS's FY25 ARPU of NZ\$86. Beyond revenue, tighter roster→payroll workflows and self-service HR reduce cost-to-serve by cutting manual adjustments and 'how-do-I' queries.

### c) Embedding—long-term optionality

Embedded finance integrates payments, payroll, lending, and related banking services directly inside non-financial software via APIs. For payroll, this means straight-through onboarding, timesheets, pay calculations, salary disbursement, tax/super filing, and (optionally) earned-wage access delivered within an HRIS, accounting platform, or sector app. Embedded models can lift conversion and retention (fewer hand-offs), open new distribution through partners (banks, accounting suites, sector platforms), and create incremental fee streams (per-employee/per-pay fees, platform fees, or revenue-share on payments/financing). The enabling stack is mature—public cloud, modern APIs, secure identity/KYC—and aligns with rules-engine payroll architecture. Management has consciously deprioritised embedded/white-label partnerships to focus on the execution of Australia market entry. Enterprise sales for embedded deals are long cycle and require a different team, support model, and risk apparatus; thus, we exclude embedding from our forecasts.

What a future could look like:

- A payroll-as-a-service API for third-party platforms (accounting, agri/retail systems, marketplaces).
- Co-branded or white-label payroll modules distributed by partners (including potential migrations from ageing payroll engines).
- Optional earned-wage access delivered via a specialist funding partner rather than balance-sheet lending.

We see the satisfaction of four key milestones as necessary before embedding opportunities come into focus: (1) post-launch proof in Australia (reference customers in at least two awards); (2) achievement of stable, support-light operations (chat resolution rates trending up, call volume per customer trending down); (3) two or more credible inbound partners with aligned customer profiles; and (4) a resourcing plan for a small embedded squad without distracting the core roadmap. While embedded finance is a logical adjacency to a rules-based payroll engine that could provide capital-light, partner-led growth, it is not an FY25–FY27 priority. We treat the embedding opportunity as upside optionality.

### d) Premium compliance upsells

Regulatory change and award complexity create a clear path for near-core add-ons. We see scope for tiered compliance packs and operational modules to lift ARPU:

- **Award and sector packs.** Pre-configured award modules (e.g. Pastoral, Hospitality, Retail) with ongoing rule maintenance, BOOT logic, and templated pay conditions. Priced as monthly add-ons per business (and/or per active employee), matching how customers perceive value—set-and-forget compliance for their specific award.
- **BOOT checker and annual attestation.** Better Off Overall Test (BOOT—a Fair Work requirement that each employee is better off overall than the relevant modern award). An inline ‘green-light’ BOOT indicator each pay, plus an annual attestation pack (exportable evidence, variance flags, remediation calculator). This could be packaged as a premium feature on Standard/Premium plans or a standalone surcharge.
- **Payday Super/Single Touch Payroll (STP) filing assurance.** As Australia moves to more frequent super remittance, a filing-assurance add-on (per-employee, per-pay fee) can monetise higher frequency while bundling gateway, reconciliation, and exception handling.
- **Audit pack and record-keeping.** One-click exports (timesheets, classifications, pay rules, approvals, lodgements) with retention policies to de-risk audits and insurer queries. A logical bundle with the BOOT module.
- **Onboarding and migration concierge (one-off fees).** Fixed-price set-ups (award mapping, bank-file/test pay runs, opening balances) to improve time to value and reduce support drag during bursts of demand (e.g. conference-driven cohorts).

## Appendices

### Appendix 1: FY25 result highlights

PYS's FY25 result saw operating revenue rise +14% to NZ\$8.7m, underpinned by customer growth of +11% to 8,204 and a +18% lift in processing-fee income to NZ\$6.3m. In comparison, interest income increased +6% to NZ\$2.3m on a larger customer-funds float. Average monthly ARPU liften +5% to NZ\$92.6 with lower wholesale rates more than offset by processing-fee gains, but EBTDA improved to NZ\$1.4m (+NZ\$0.3m YoY). Free cash flow strengthened to NZ\$0.5m (+NZ\$0.21m YoY), with total LTV advancing +28% to NZ\$55.3m and ARR up +6% to NZ\$8.5m. Operationally, PYS highlighted improving service metrics (99% of calls responded to within an hour, 94% CSAT, NPS 50) and continued investment in the Gen 2.0 engine and scalability ahead of its Australian market entry.

**Figure 100. Results comparison**

	FY24	FY25	Change (%)
Processing fees	5.370	6.322	+18%
Interest income	2.200	2.329	+6%
IRD subsidy	0.000	0.000	n/a
<b>Recurring revenue</b>	<b>7.570</b>	<b>8.651</b>	<b>+14%</b>
Cost to serve	(1.747)	(1.938)	+11%
Gross margin	5.823	6.713	+15%
<b>Margin %</b>	<b>77%</b>	<b>78%</b>	<b>+1%</b>
Other interest income	0.015	0.009	-40%
Other revenue	0.131	0.336	+156%
Total other revenue	0.146	0.345	+136%
Customer acquisition costs	(0.766)	(1.025)	+34%
Research and development costs	(0.934)	(1.168)	+25%
G&A costs	(3.108)	(3.461)	+11%
Other expenses	0.000	0.000	n/a
Interest expense	(0.097)	(0.052)	-46%
<b>EBTDA</b>	<b>1.064</b>	<b>1.352</b>	<b>+27%</b>
Margin %	14%	16%	+11%
D&A	(0.646)	(0.817)	+26%
impairments	(0.228)	(0.075)	-67%
NPBT	0.190	0.460	+142%
Tax	1.042	0.221	-79%
<b>NPAT</b>	<b>1.232</b>	<b>0.681</b>	<b>-45%</b>

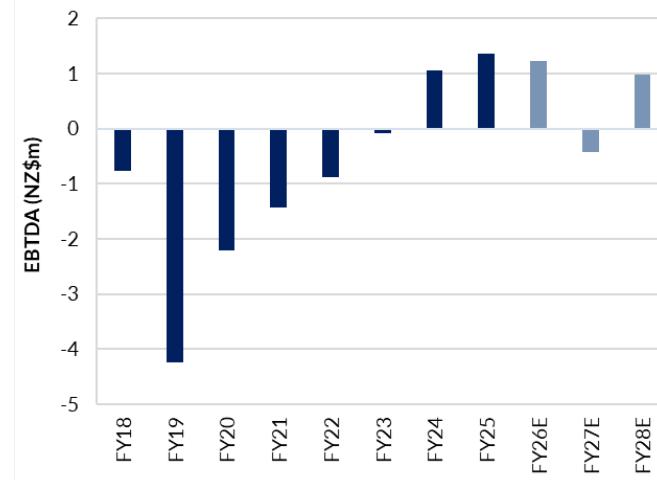
Source: Company, Forsyth Barr analysis

**Figure 101. PYS—Total revenue and gross margins**



Source: Company, Forsyth Barr analysis

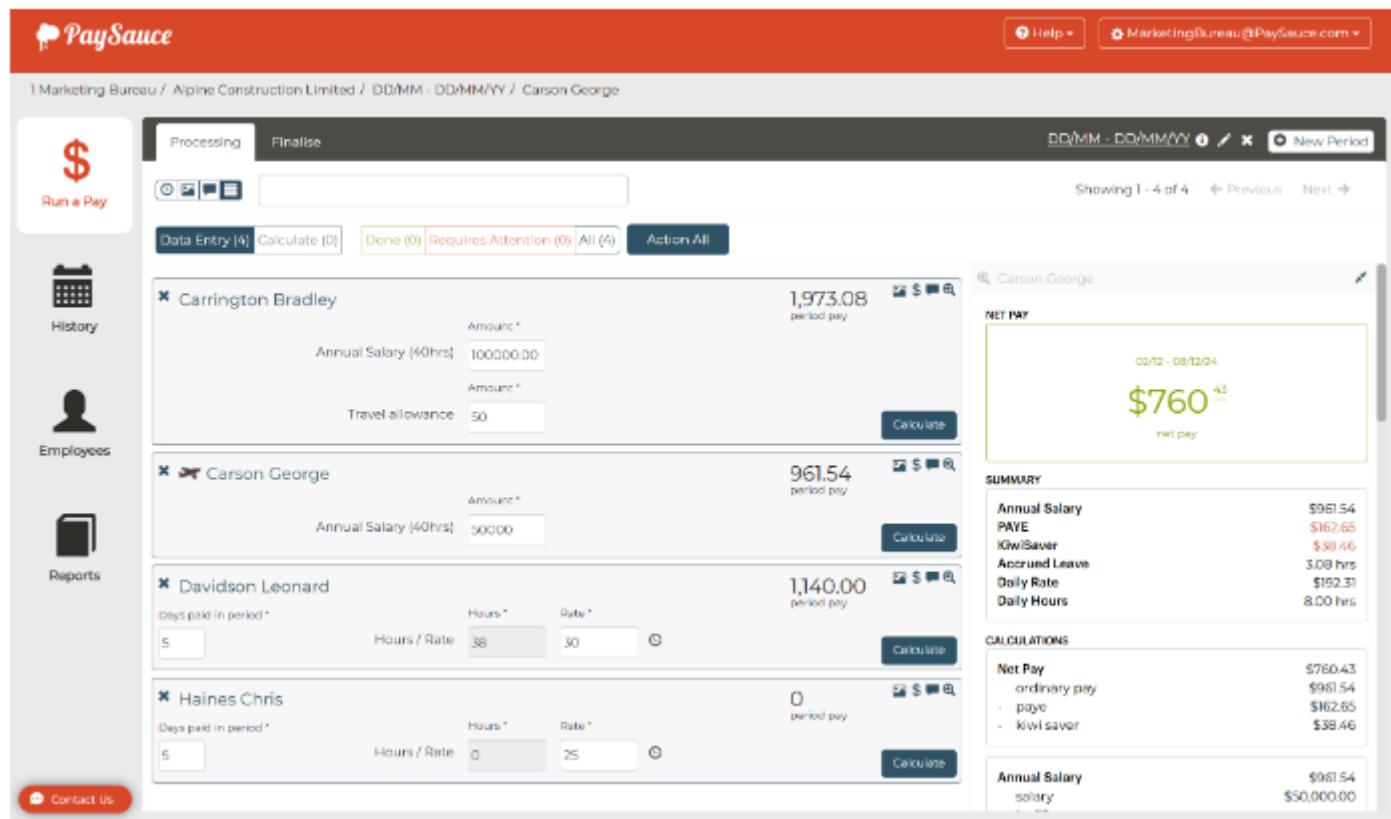
**Figure 102. PYS—EBTDA**



Source: Company, Forsyth Barr analysis

## Appendix 2: Screen snapshots

Figure 103. The current (Gen 1.0) payroll platform



Marketing Bureau / Alpine Construction Limited / DD/MM - DD/MM/YY / Carson George

Processing Finalise DD/MM - DD/MM/YY

Showing 1 - 4 of 4

**Carrington Bradley** 1,973.08

Amount\*  Annual Salary (40hrs)

Amount\*  Travel allowance

**Carson George** 961.54

Amount\*  Annual Salary (40hrs)

**Davidson Leonard** 1,140.00

Days paid in period\*  Hours\*  Rate\*

**Haines Chris** 0

Days paid in period\*  Hours\*  Rate\*

**Carson George** NET PAY

02/12 - 08/12/24 **\$760.43** net pay

**SUMMARY**

Annual Salary	\$961.54
PAYE	\$162.65
KiwiSaver	\$38.46
Accrued Leave	3.08 hrs
Daily Rate	\$192.31
Daily Hours	8.00 hrs

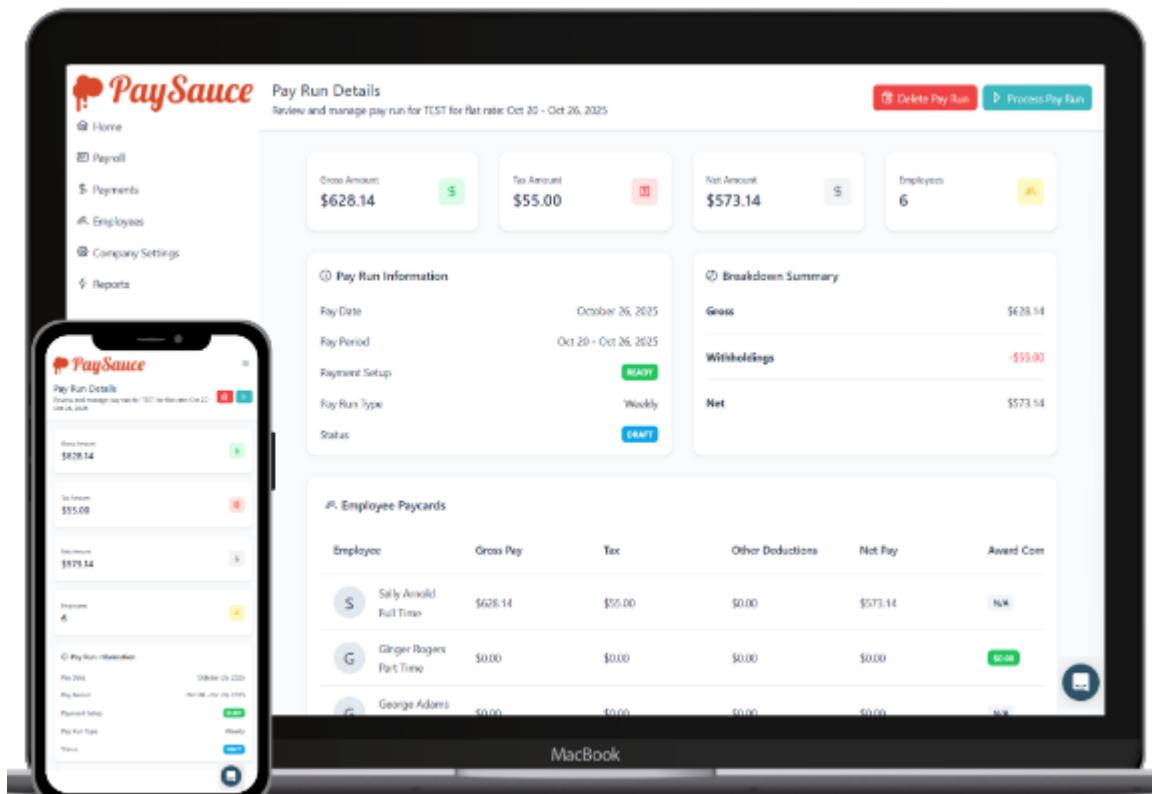
**CALCULATIONS**

Net Pay	\$760.43
- ordinary pay	\$961.54
- paye	\$162.65
- kiwi saver	\$38.46

**Annual Salary**  **salary**  \$961.54 \$50,000.00

Source: Company, Forsyth Barr analysis

Figure 104. Pilot layout for the new (Gen 2.0) platform



**Pay Run Details** Review and manage pay run for TEST for flat rate: Oct 20 - Oct 26, 2025

**Pay Run Information**

Pay Date	October 26, 2025
Pay Period	Oct 20 - Oct 26, 2025
Payment Setup	READY
Pay Run Type	Weekly
Status	PENDING

**Breakdown Summary**

Gross	\$628.14
Withholdings	-\$55.00
Net	\$573.14

**Employee Paycards**

Employee	Gross Pay	Tax	Other Deductions	Net Pay	Award Com
Sally Arnold Full Time	\$628.14	\$55.00	\$0.00	\$573.14	N/A
Ginger Rogers Part Time	\$0.00	\$0.00	\$0.00	\$0.00	SOON
George Adams	\$0.00	\$0.00	\$0.00	\$0.00	N/A

**MacBook**

Source: Company, Forsyth Barr analysis

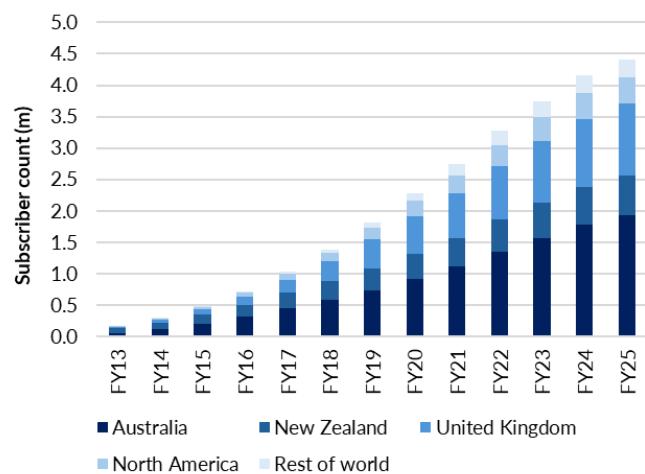
## Appendix 3: Competitor overview

### Xero



Xero (XRO) is a cloud accounting platform founded in New Zealand with global scale and a deep accountant/channel ecosystem. Payroll is an embedded module within the accounting suite rather than the primary product focus. The payroll codebase originated from an earlier acquisition and has been iterated to meet statutory obligations (STP, RTI, PAYE filing) across key markets. Brand strength, app-marketplace breadth, and bank-feed reliability underpin adoption among small businesses and their advisers. While the company's strongest payroll penetration is in Australia and New Zealand, it also operates in the UK with HM Revenue & Customs (HMRC) Real Time Information (RTI) and auto-enrolment support. XRO's offering is tailored for SMEs and bookkeeping/accounting firms. The company allows the integration of third-party applications within its software, with customers in award-heavy verticals (hospitality, retail, agri) often supplementing Xero's native features with rostering/time-keeping applications. Core features include employee self-service, timesheets, leave, basic award templates, STP/RTI submissions, and accounting integration by default. Rostering, advanced award interpretation, and detailed labour compliance are handled via partners (e.g. Deputy, Tanda)—not natively. Pricing is tiered within accounting plans, with payroll access bundled into incremental per-employee charges. Partner discounts exist for accountants. Notable gaps in XRO's offering include: (1) limited native rostering; (2) the need for external apps for complex award logic; and (3) mobile UX for timesheets being serviceable but not best in class for shift-heavy operators.

Figure 105. XRO—customer stack



Source: Company, Forsyth Barr analysis

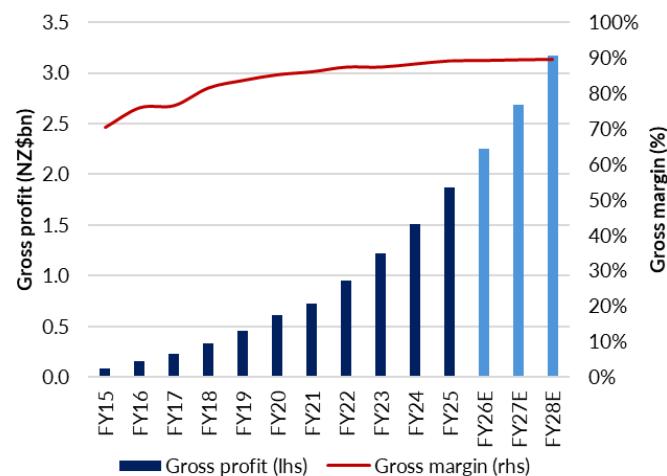
Figure 106. XRO—revenue growth

Figure 106. XRO—revenue growth



Source: Company, Forsyth Barr analysis, Visible Alpha

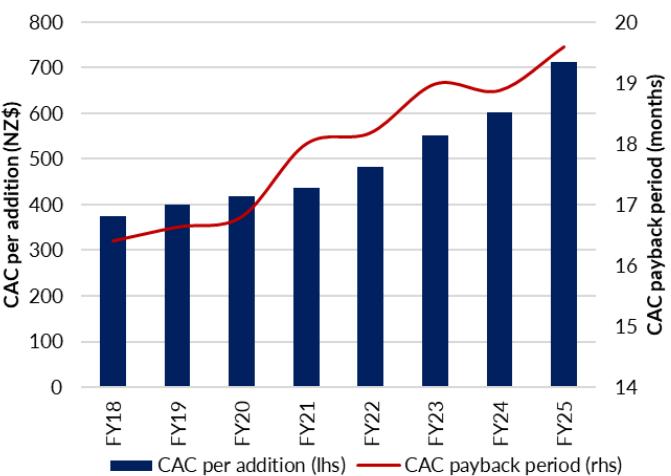
Figure 107. XRO—gross profit and margin



Source: Company, Forsyth Barr analysis, Visible Alpha

Figure 108. XRO—CAC and CAC payback period

Figure 108. XRO—CAC and CAC payback period



Source: Company, Forsyth Barr analysis

## Employment Hero (incl. KeyPay/QuickBooks Payroll powered by Employment Hero)



Employment Hero is an Australian HR and payroll platform combining HRIS, recruitment, benefits, and a mature payroll engine acquired through KeyPay. The company also powers white-label payroll for third parties (e.g. QuickBooks Payroll in AU). The pitch is an 'all-in-one' workforce stack spanning hire to retire, with strong marketing and channel-sales momentum. While Australia and New Zealand are core, Employment Hero is expanding into the UK and parts of Southeast Asia. It serves SMEs (typically five to 200 employees) across the services, hospitality, retail, and professional sectors, and mid-market enterprises via its HR bundles. Payroll features include award libraries, timesheets, leave, rostering (WorkZone), STP, super gateways, and APIs, while HR adds onboarding, documents, performance, recruitment, and benefits features. The company's software is sold as payroll-only or bundled HR, and priced per employee per month, with higher-tier fees for advanced awards/rostering. White-label pricing varies by partner. Notable gaps in the Employment Hero offering include: (1) wide breadth, which can raise total cost versus a payroll-only specialist; (2) implementation/configuration for award nuance may require expertise; and (3) true multi-country payroll consolidation relies on separate regional stacks.

## Crystal Payroll



Crystal Payroll is a New Zealand-based cloud payroll provider focused on micro/SMEs. The platform covers PAYE, KiwiSaver, holiday pay, leave, timesheets, and piece-rate/job-based pay, with integrations to accounting systems such as Xero. It includes sector-specific functionality for industries with casual or seasonal workforces (including horticulture, agriculture, and forestry) such as minimum-wage top-ups and paid-break handling. Crystal Payroll is marketed as an affordable and easy-to-use option, with prices ranging from a monthly subscription of NZ\$19.90 for its most basic Self Service offering (covering up to five employees), to negotiated rates for its full suite offering (Full Bureau). Notable gaps in Crystal Payroll's offering include: (1) limited suitability for large enterprises or multi-country operations; and (2) a relatively modest feature set outside core payroll and timekeeping.

## MYOB



MYOB is a long-standing AU/NZ accounting brand transitioning from desktop to cloud. Payroll sits inside MYOB Business (SMB cloud) and MYOB Advanced (mid-market ERP based on Acumatica). The company has built a strong reputation via its broad finance/ERP coverage, and inventory and projects features, with payroll modules that cover standard scenarios well. It holds a solid market presence across Australia and New Zealand, particularly within trades, professional services, retail, and manufacturing. MYOB Business serves micro/SMBs, while the Advanced offering targets firms with deeper ERP needs. MYOB Business includes timesheets, leave, STP, super, bank files, reporting, and accounting integration. MYOB Advanced added features include projects, approvals, and richer reporting. Pricing is subscription based, with per-employee payroll charges. Additional professional-service offerings are also available for mid-market implementations. Notable gaps in MYOB's offering include: (1) award-dense sectors often require partner apps for rostering and compliance; and (2) mobile-first workflows for small teams are often heavier than single-purpose payroll apps.

## Smartly



Smartly (formerly SmartPayroll) is a New Zealand payroll provider with strong brand awareness among small businesses and accountants. Its software is marketed as 'easy payroll', with fast set-up and straightforward compliance for common scenarios. The offering is New Zealand only, serving SMEs across the services, trades, and professional-firm sectors. It includes PAYE filing, employee self-service, timesheets, leave, bank files, and basic integrations to accounting packages. Subscription tiers scale with features and headcount, with additional per-employee per-pay charges. Gaps in Smartly's offering include: (1) limited vertical specialisation; (2) complex award/industry rules require manual workarounds or external tools; and (3) rostering is not a deep native focus.

## Datacom

### DATACOM

Datacom is one of ANZ's largest IT firms, offering enterprise payroll software solutions and managed services. The solutions are designed for scale, governance, and complex environments rather than micro-SME simplicity, helping it build deep public-sector and corporate credentials. It holds a strong presence in New Zealand and Australia across government, healthcare, logistics, retail, and large multi-site organisations. Typical deployments are upper-SME to enterprise level, with bureau/outsourced models being common. Its software offers managed payroll, complex award/EBA configuration, integrations to HR/ERP, analytics, and strict SLAs. Pricing is bespoke (platform + per-employee + implementation). Notable gaps in Datacom's offering include: (1) software that is over-spec'd for very small employers; (2) heavier onboarding processes; and (3) less emphasis on lightweight mobile experiences.

## Deputy

### deputy

Deputy is an Australian-founded workforce management platform focused on rostering, time and attendance, and labour-cost control. It integrates with many payroll and accounting systems. The company operates across Australia, New Zealand, the UK, and the US. It holds a strong presence within hospitality, retail, healthcare, and franchises (covering five staff to multi-site groups). Features include demand-based rostering, timesheets, timeclocks, award/meal-break compliance, approvals, and costed rosters. The software is priced per user per month by module. Notable gaps in Deputy's offering include: (1) not being a payroll engine—pay calculation, statutory filings, super/PAYE, and banking are handled by external payroll systems; and (2) award compliance at the roster/timesheet layer requiring accurate downstream payroll configuration.

## Tanda

### TANDA PAYROLL

Tanda is a workforce management platform specialising in time and attendance and award-aware rostering. The company is well known for its compliance features within shift industries. It operates primarily within Australia and New Zealand and is particularly strong in the hospitality, retail, healthcare, and venues sectors. Its features include rostering, timeclocks, timesheets, onboarding, and analytics, with award templates to minimise underpayment risk. The software is priced on a per-user monthly subscription model, with payroll functionality remaining separate. Notable gaps in Tanda's offering include: (1) the lack of native payroll processing and banking/tax filing; and (2) complex end-to-end compliance still depending on the receiving payroll engine.

## PayHero (FlexiTime, NZ)

### PayHero

PayHero is a New Zealand payroll product from FlexiTime targeting casual/variable-hour workforces. The software sits alongside Droppah (rostering) and Invoxy (contractors), giving a modular stack for small businesses and agencies. The offering is New Zealand only. It offers payroll with PAYE filing, timesheets, leave, employee self-service, and APIs. Optional Droppah adds rostering, and Invoxy caters to contractor workflows. Pricing is subscription based, with per-employee fees and add-on module charges. Notable gaps in PayHero's offering include: (1) the software's sector specialisation being good for flexible work but often requiring configuration for niche industry rules; and (2) payments/banking being standard rather than deeply integrated.

## ADP/Dayforce

### ADP

ADP/Dayforce are global HCM vendors with established Australian and New Zealand operations. They focus on enterprise-grade payroll, HR, and time-keeping with multi-country capability and strong compliance postures. The companies' offerings target upper-SME to enterprise-size customers across both the public and private sectors, including the healthcare, retail-chain, and financial-services industries. Multi-country payroll consolidation is a key use case. They deliver end-to-end HCM (HR, payroll, time, benefits, analytics) as both software and managed services. The companies price on an enterprise-contract basis, with implementation fees and per-employee charges. Notable gaps in these offerings include: (1) cost and complexity being disproportionate for micro-SMEs; (2) the user time to value often being longer; and (3) lightweight mobile workflows being secondary to control and scale.

## Access MicrOpay



Micropay (Access MicrOpay, formerly Sage MicrOpay) is a payroll and HR platform serving Australia and New Zealand. The software can be deployed in the cloud or on-premises and includes compliance for STP/STP2 in Australia as well as PAYE, KiwiSaver, ACC, and leave management in New Zealand. Features span payroll processing, employee self-service, timesheets, leave, reporting, and BI analytics. MicrOpay is positioned towards mid-to-enterprise level firms with complex payroll requirements and is well regarded for its compliance coverage and maturity. Pricing is subscription-based and quoted via sales engagement. Gaps in MicrOpay's offering include: (1) complexity that can be excessive for micro-SMEs seeking simplicity; (2) rostering and advanced award interpretation typically requiring external tools or integrations; and (3) implementation and configuration often requiring payroll expertise.

## SAP (SAP Payroll/SuccessFactors)



SAP provides payroll solutions through its SuccessFactors Employee Central Payroll and legacy SAP HCM modules, targeting enterprise-scale organisations and large SMEs with complex, multi-country requirements. Its software supports Australian and New Zealand statutory obligations (PAYG, superannuation, leave, KiwiSaver, and PAYE) alongside compliance frameworks across multiple global jurisdictions. Payroll is integrated into SAP's broader HR, finance, and analytics ecosystem, enabling end-to-end workforce and business management. Pricing is structured on enterprise contracts with significant implementation and consultancy components. Notable gaps in SAP's offering include: (1) high cost and complexity that make it unsuitable for SMEs; (2) longer implementation and time-to-value compared to local providers; and (3) mobile-first UX being secondary to governance, scale, and compliance control.

## HR3 / Ready Pay (ReadyTech)



HR3 (marketed as Ready Pay by ReadyTech) is an Australian payroll and HR solution designed for SMEs and mid-market enterprises across both Australia and New Zealand. It provides payroll, leave, onboarding, reporting, employee self-service, and full compliance with ATO standards, including STP. The product is offered in out-of-the-box configurations for straightforward requirements or through customised implementations for more complex environments. Pricing is subscription-based, with higher-tier fees and professional services required for advanced use cases. Notable gaps in the HR3/Ready Pay offering include: (1) limited support for multinational or global payroll operations; (2) award compliance that may require custom configuration or external expertise; and (3) user experience and mobile workflows being less advanced than newer payroll-first competitors.

## Chris21 / iChris (Frontier Software)



Chris21 (or web-based iChris) is a global HR & payroll platform provided by Frontier Software, with global operations spanning Australia, New Zealand, Asia-Pacific, and the UK. The product is positioned for mid-market businesses across both the public and private sectors. Chris21/iChris delivers core payroll processing with full statutory compliance in ~26 countries, alongside HR modules such as employee self-service, time & attendance, recruitment, learning & development, performance, and workforce management. Payroll features are also available via a standalone payroll software offering or payroll outsourcing solutions. Additional features in the iChris suite include multi-currency & language support, reporting/business intelligence dashboards, configurability (allowances, deductions, benefit schemes, payroll parameters), and flexible deployment (on-premises, SaaS, payroll bureau/outsourcing). Pricing is enterprise-contract based (per employee + implementation + support), suitable for mid to large organisations with complex pay structures and multi-entity operations. Notable gaps in the Chris21 / iChris offering include: (1) relatively high implementation costs; (2) a steeper learning-curve for non-specialist users and less modern UX; and (3) lighter focus on micro-SMEs or lightweight workflows (e.g. simple casual/shift-only payroll).

## Appendix 4: Company history

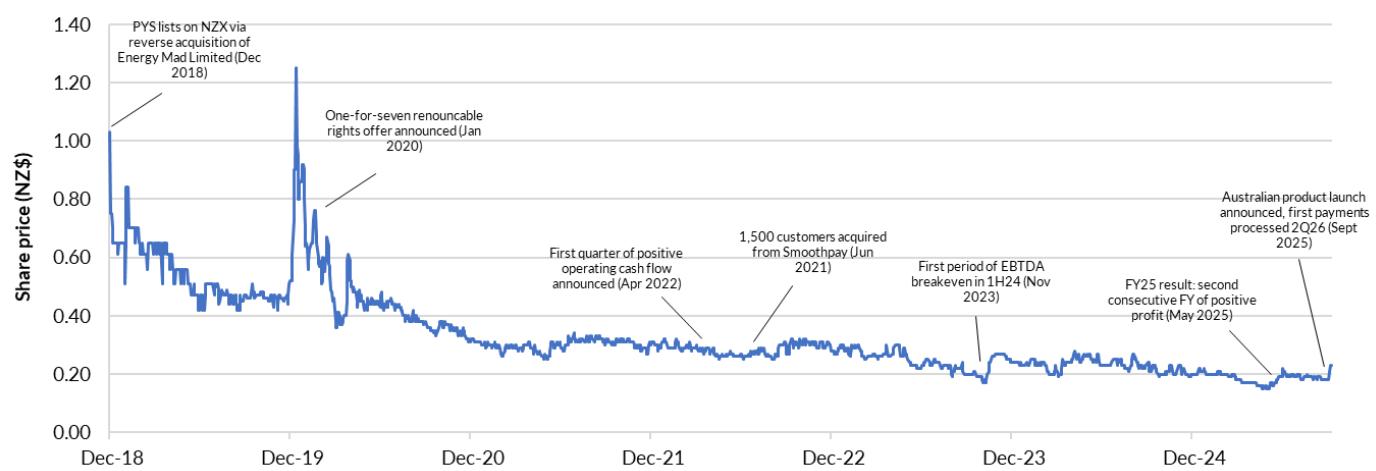
**Figure 109. Company history**

Date	Event
2015	PaySauce founded in New Zealand as a cloud payroll provider focused on micro-SMEs. Secured NZ\$0.5m in early private investment to fund product and growth.
2016	
2018	Listed on the NZX via reverse acquisition of Energy Mad Limited for NZ\$10m, issuing ~5.67b shares; reverse takeover effective 21 December. Launched PayNow earned wage access; mobile app significantly enhanced for payroll management
2019	Integrated with Farm Focus; expanded presence in agricultural payroll. PYS started offering a 'Living Wage' offering. PYS launches its new platform.
2020	1-for-7 Renounceable Rights Issue was over-subscribed [raised \$5.8m from new and existing customers] PYS releases 'Payroll Giving' allowing donations, as a one-off contribution or a regular set amount, within the PYS app. PYS releases a 'PaySimple' temporarily free offering for NZ businesses affected by Covid-19. PYS changes pricing to monthly subscription-based model [previously per-pay-run model].
2021	Acquired SmoothPay at 1.5x revenue for scrip (1.4m PYS shares) (~1,300 customers, 14 APAC markets). PYS releases 'Rosters' within its offering
2022	PYS stops offering 'Starter' plan to new customers [only Simple, Standard, and Premium available]. First quarter of positive operating cash flows achieved in March 2022. Commenced Gen 2.0 payroll engine build – modular, rules-based, multi-country compliant.
2023	First engagement with Australian Dairy farmers at ADC in Hobart for micro-business solution using Gen 2.0 payroll engine; First potential customer for Gen 2.0 payroll engine engaged PaySauce to build a proof of concept for embedded payroll (alternative use of the Gen 2.0 engine). First half-year positive EBTDA achieved in September 2023 [1H24].
2024	Maiden full-year net profit achieved in May 2024 [FY24]. Successfully delivered the Embedded Payroll Proof of Concept with all requirements signed off by the customer. Change in customer's CTO re-prioritised dev resources to other projects, so no ongoing contract. Significant progress toward Australian entry. Early engagements scoped with Dairy Australia and industry partners solidified the product market fit. Australian pastoral award solution, automated ATO and superannuation filing, and integrated payments ready for deployment with platform trial plan.
2025	September 2025.

Source: NZX releases, Forsyth Barr analysis

## Appendix 5: Share price and key announcements

**Figure 110. Historical share price movements and events**



Source: Company, Forsyth Barr analysis

## Appendix 6: Strengths, weaknesses, opportunities and threats

Figure 111. SWOT table

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>■ Focused micro-SME positioning with proven fit in compliance-heavy segments; NZ core now ~8,400 customers with positive operating leverage and the second consecutive year of net profit in FY25.</li> <li>■ Gen 2.0 rules-based engine separates compliance logic from core processing, enabling rapid award changes and multi-jurisdiction support from a single engine.</li> <li>■ Mobile-first product with native time/rostering, bank payments, IRD filing, GL posting, and PayNow (earned-wage access via a big-four bank) in one workflow—reducing owner effort and error risk.</li> <li>■ Clear internationalisation pathway anchored on Gen 2.0; Australia first (started trial in Sep 2025), with the UK likely evaluated next given HMRC integration maturity and open banking.</li> <li>■ Discipline around cost to serve and scale: onboarding and support are being redesigned for self-service/chat-first to serve high-volume micro segments efficiently.</li> <li>■ Sector credibility from dairy beachhead and expanding traction in trades/construction, with award interpretation a visible differentiator in Australia.</li> </ul>	<ul style="list-style-type: none"> <li>■ Small scale and brand outside NZ; Australia will initially launch without broad accounting-software integrations, prioritising bank-first flows.</li> <li>■ Historic concentration in dairy and NZ; growth now depends on successful sector diversification and execution of new awards in AU.</li> <li>■ Interest income has supported ARPU; falling rates may compress ARPU in the near term, even as processing revenue grows.</li> <li>■ Lean team (c.50 FTE) implies bandwidth constraints for simultaneous market entry and award build-out.</li> <li>■ Embedded/enterprise channel remains dormant near term; requires different capability and longer sales cycles.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>■ Australia launch into Pastoral Award first, then adjacent awards (e.g. hospitality/retail) where complex wage rules and frequent audits drive switching; management targets fast award expansion post-launch.</li> <li>■ Structural catalysts such as Payday Super and Single Touch Payroll evolution should pressure legacy vendors and create acquisition or displacement opportunities.</li> <li>■ UK entry possible after Australia (our estimate of FY31), with regulatory clarity and open banking potentially simplifying the payments stack.</li> <li>■ ARPU uplift from retirement of Simple plan and two-tier pricing, plus higher AU ARPUs (+5%-10% vs NZ) as the mix shifts to more complex awards.</li> <li>■ Self-serve onboarding and chat-first support should lower CAC and service costs, improving lifetime value and supporting high-volume micro-SME acquisition.</li> <li>■ Inorganic options in AU as smaller providers face compliance investment (e.g. Payday Super) and consider exits.</li> </ul>	<ul style="list-style-type: none"> <li>■ Platform bundling by large accounting suites (e.g. Xero payroll included in subscriptions) may create price anchoring and procurement friction despite functional gaps.</li> <li>■ Execution risk in Australia: live ATO filing via SuperChoice, limited initial integrations, and the need to scale support without raising cost to serve.</li> <li>■ PYS could lose the ability to capture interest on the NZ 'float' via a change in IRD/government settings in the future.</li> <li>■ Unknown new entrants building from modern stacks are viewed by management as a bigger competitive risk than incumbents.</li> <li>■ Regulatory-change timing (e.g. Payday Super) and testing constraints (no sandbox) raise early-launch operational risk.</li> <li>■ Award-coverage gaps (e.g. piecework) or mis-scope edge cases could slow adoption in targeted verticals if not addressed quickly.</li> </ul>

Source: Forsyth Barr analysis

## Appendix 7: Board profiles and remuneration

**Figure 112. PYS—Board profiles**

Board member	Position	Description
Shelley Ruha	Independent	Shelley joined the PaySauce board in February 2022. She is a professional director with strong governance
	Director and Chair	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, SmartPay, and Partners Life. Prior directorships include Paymark, The Icehouse, Hobson Wealth, TaxGift, and JBWere Australia.
Asantha Wijeyeratne	Executive Director, CEO and Co-Founder	See management commentary.
Gavin Thompson	Director (Non-Independent)	Gavin is a founder and director of Catalyst IT, New Zealand's largest open-source IT service provider, founded in NZ and expanded to Australia and Europe. 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 that 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.
Mark Samlal	Independent Director	Mark Samlal has over 25 years' experience in growth-leadership roles in Asia Pacific. He co-founded PayAsia in 2006, where he was non-executive chair until being appointed executive chair and managing director in 2015. In 2017, he was appointed to the board and as managing director of PayGroup, which listed on the ASX in May 2018, when PayAsia became a 100% subsidiary. PayAsia strategically executed more than five acquisitions before being acquired by Deel Inc in November 2022 and delisted. Mark remains the founder of PayGroup and the general manager of Deel Inc Asia. He was also a director and general manager of PayConnect Solutions, which 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 this experience, Mark was an invested shareholder.
Jim Sybertsma	Independent Non-Executive Director, Audit and Risk Committee Chair	Jim has over 25 years' experience in financial-leadership positions, including CFO roles for DB Group, NZ Dairy Foods, Fliway Group, and Hawkesby Management. During this time, he 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 of Provident Insurance Corporation Limited and Auto Drive Holdings. He is also CFO of Hawkesby Management, a family-office investment role managing multiple investments in early-stage tech companies and listed-equity portfolios.

Source: Company, Forsyth Barr analysis

**Figure 113. PYS—Board remuneration**

Director	Director fees (2024)	Other remuneration (2024)	Total (2024)	Director fees (2025)	Other remuneration (2025)	Total (2025)
Asantha Wijeyeratne	0	358,826	358,826	0	451,431	451,431
Gavin Thompson	40,000	0	40,000	40,000	0	40,000
Jacqueline Cheyne	24,375	0	24,375	0	0	0
Michael O'Donnell	40,000	0	40,000	40,000	0	40,000
Shelley Ruha	65,000	0	65,000	65,000	0	65,000
Mark Samlal	10,000	0	10,000	40,000	0	40,000
Jim Sybertsma	11,250	0	11,250	45,000	0	45,000
<b>Totals</b>	<b>190,625</b>		<b>549,451</b>	<b>230,000</b>		<b>681,431</b>

Source: Company, Forsyth Barr analysis

## Appendix 8: Management profiles and remuneration

**Figure 114. PYS—Management profiles**

Management member	Position	Description
Asantha Wijeyeratne	CEO and Co-Founder	Asantha has over 25 years' experience with an 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, he was the driving force behind the creation and growth of SmartPayroll (now Smartly) and SmartBooks, which he grew to service close to 10,000 SMEs in NZ before he left in December 2013. Asantha's focus is the micro-business sector, with a technology and customer-service orientation. 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 technology work to help business owners succeed. In recognition of his contribution to business and the community, he was awarded a Queen's 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.
Jaime Monaghan	CFO	With an extensive commercial background, Jaime brings incisive leadership to our financial and strategic planning. Her expertise in bringing business and finance together was honed in 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 its systems. Jaime's financial acumen and excellent management are key to overseeing this.
Jessica McLean	CPO	Jess started her career with hands-on customer service and payroll consulting, then moved into people and culture, where she led this function at Catalyst and Catalyst Cloud. She now leads our people, product, and customer functions at PaySauce, ensuring they have both the talent and the product strategies to propel the company forward. She is passionate about creating high-trust, growth-supporting cultures and enabling high-performing teams to do what they do best, as well as recognising the integral role that payroll plays in a business and ensuring PaySauce help people get that right.
Jacques Labuschagne	CTO	Jacques is a seasoned expert in delivering technology solutions for a range of customers, including bespoke solutions and successful suites of core product and service offerings. With a career that started in software development and moved into team and project management, he 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.

Source: Company, Forsyth Barr analysis

**Figure 115. PYS—CEO remuneration**

Category	31-Mar-24	31-Mar-25
Salary	305,576	336,963
Bonuses	-	58,688
Employee Share Scheme	53,250	55,780
<b>Total</b>	<b>358,826</b>	<b>451,431</b>

Source: Forsyth Barr analysis

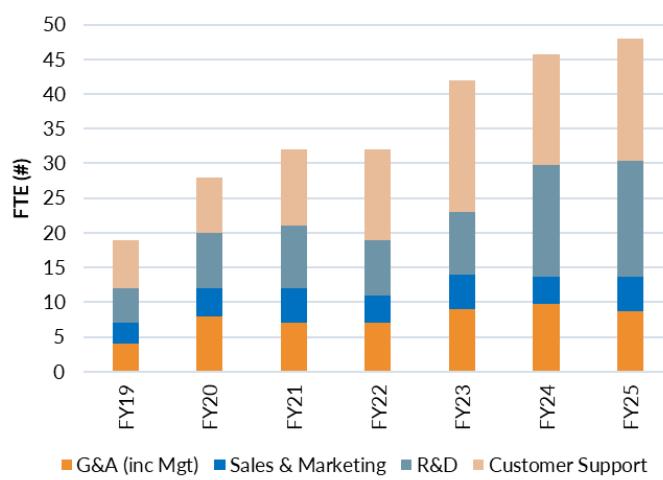
## Appendix 9: Employee remuneration and count

**Figure 116. Employee remuneration**

Remuneration range	2024	2025
\$450,000 - \$459,999	0	1
\$350,000 - \$359,999	1	0
\$330,000 - \$339,999	0	1
\$310,000 - \$319,999	1	1
\$300,000 - \$309,999	1	0
\$250,000 - \$259,999	1	1
\$240,000 - \$249,999	0	1
\$220,000 - \$229,999	0	1
\$210,000 - \$219,999	0	1
\$190,000 - \$199,999	1	0
\$180,000 - \$189,999	1	0
\$160,000 - \$169,999	3	3
\$150,000 - \$159,999	0	1
\$140,000 - \$149,999	0	2
\$130,000 - \$139,999	1	2
\$120,000 - \$129,999	2	3
\$110,000 - \$119,999	2	4
\$100,000 - \$109,999	2	2
<\$100,000	30	24
<b>Total employee count</b>	<b>46</b>	<b>48</b>

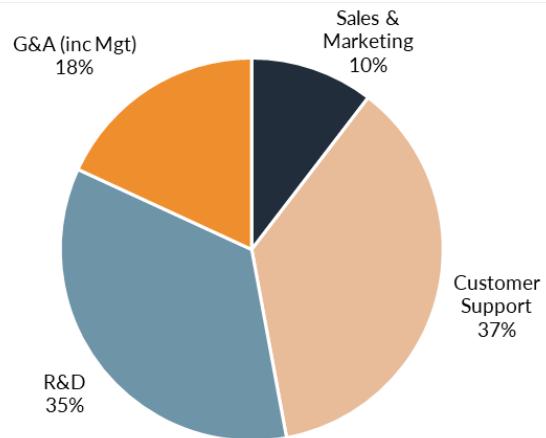
Source: Company, Forsyth Barr analysis

**Figure 117. PYS—Full time equivalent staff (FTE) count (#)**



Source: Company, Forsyth Barr analysis

**Figure 118. PYS—Staff by area of operations (FY25)**



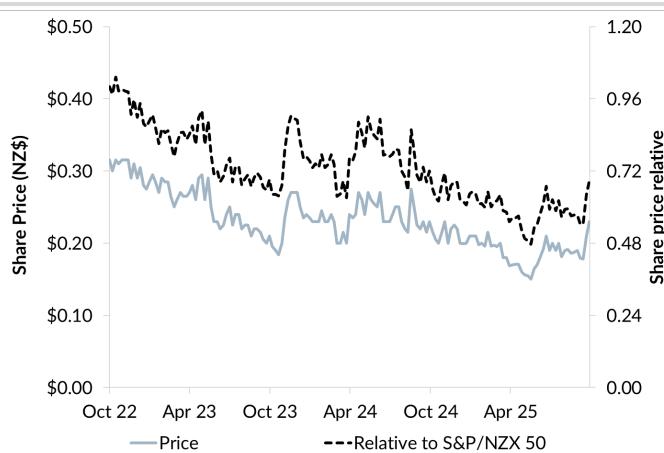
Source: Company, Forsyth Barr analysis

## Appendix 10: Key terms and definitions

Figure 119. Key terms and definitions

Term	Definition
AI	Artificial Intelligence
ARPU	Average Revenue Per User; a key SaaS metric measuring revenue per customer on a monthly basis
ARR	Annual Recurring Revenue; recurring subscription revenue normalised for a 12-month period
ATO	Australian Tax Office
CAGR	Compound Annual Growth Rate
Churn	Percentage of customers lost over a given period, often measured monthly
CLTV	Customer Lifetime Value; the total value expected from a customer over the duration of their relationship
COS	Cost of Sales
CSAT	Customer Satisfaction Score; measure of customer service quality
DCF	Discounted Cash Flow
DSP	A Digital Service Provider develops digital services that help the community (and business) meet their tax and super obligations
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EBTDA	Earnings Before Tax, Depreciation and Amortisation is calculated by adding back depreciation, amortisation and income tax expense to EBITDA. PYS believes that this measure provides useful insights to measure the performance of PaySauce as a SaaS business
ESOP	Employee Share Option Plan
EV	Enterprise Value
EV/EBITDA	Enterprise Value-to-EBITDA; a valuation multiple comparing EV with EBITDA
EV/Sales	Enterprise Value-to-Sales; a valuation multiple comparing EV with revenue
Float	Customer funds held on balance generating interest income
FTE	Full-Time Equivalent; a measure of company headcount adjusted for part-time roles
G&A	General and Administration expenses
Gen 2.0	PYS's new rules-engine payroll platform designed for multi-jurisdiction scalability
Gross margin	When discussed as a SaaS term, is the recurring revenue of the business, less the cost to serve customers. Can be expressed in dollar or percentage terms
IPO	Initial Public Offering; in PYS's case via reverse listing with Energy Mad in 2018
IRD	New Zealand's tax office, the Inland Revenue Department.
Total LTV	Total customer lifetime value; aggregate lifetime value across all customers
LTV : CAC	This ratio reflects the return on investment for customer acquisition. It is calculated by dividing the lifetime value of a customer by the cost to acquire them
MFA	Multi-Factor Authentication; a security mechanism requiring multiple credentials for login
MRR	Monthly Recurring Revenue; recurring subscription revenue normalised on a monthly basis
NPAT	Net Profit After Tax
NPP	New Payments Platform is open access infrastructure for fast payments in Australia, launched in Feb 2018, enabling near real-time payments
NPS	Net Promoter Score; customer advocacy metric
NZX	New Zealand Exchange, where PYS shares are listed
PayNow	PYS's earned wage access feature allowing employees to draw down wages early
Processing fees	Subscription revenue from payroll processing
R&D	Research & Development expenses
Recurring revenue	Recurring revenue is revenue that is expected to repeat each period into the future. For PYS, there are currently two sources of recurring revenue: PayNow and Payroll processing
S&M	Sales and Marketing expenses
SaaS	Software-as-a-Service; subscription software delivery model
SAM	Serviceable Addressable Market
SME	Small and Medium Enterprises; the core market PYS targets
SOM	Serviceable Obtainable Market
STP	Single Touch Payroll; Australia's mandatory digital payroll reporting regime
STP 2	Single Touch Payroll Phase 2 includes additional reporting with remuneration, PAYG and superannuation liability
TAM	Total Addressable Market
UX	User eXperience; design and usability of software interfaces

Source: Forsyth Barr analysis

**Figure 120. Price performance**


Source: Forsyth Barr analysis

**Figure 121. Substantial shareholders**

Shareholder	Latest Holding
Asantha Wijeyeratne	24.8%
Perpetual Trust Barnes Family	14.9%
Troy Tarrant	11.3%

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

**Figure 122. International valuation comparisons**

Company	Code	Price	Mkt Cap (m)	PE		EV/EBITDA		EV/EBIT		Cash Yld
				1yr	2yr	1yr	2yr	1yr	2yr	
Paysauce	PYS NZ	NZ\$0.23	NZ\$33	n/a	n/a	n/a	n/a	n/a	n/a	0.0%
Xero	XRO AT	A\$155.61	A\$25,735	>75x	59.0x	31.6x	24.6x	59.0x	42.3x	0.0%
Automatic Data Processing Inc	ADP US	US\$293.50	US\$118,894	26.3x	24.0x	17.5x	15.9x	19.2x	17.4x	2.2%
Paychex Inc	PAYX US	US\$126.76	US\$45,620	22.6x	21.1x	15.7x	14.6x	17.5x	16.2x	3.5%
Paylocity Holding	PCTY US	US\$159.27	US\$8,786	21.4x	19.3x	13.7x	12.4x	16.3x	14.6x	0.0%
Dayforce Inc	DAY US	US\$68.89	US\$10,885	26.9x	23.2x	16.6x	14.2x	20.0x	16.6x	0.0%
Paycom Software	PAYC US	US\$208.14	US\$12,046	21.0x	19.0x	12.5x	11.2x	15.9x	14.4x	0.7%

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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