FY2020

Annual Report

YEAR END 31 MARCH 2020

Cover Photo
Asantha Wijeyeratne, PaySauce CEO (left) shows Pat Shepherd from One Percent Collective (right) how easy it is to donate to charities in the PaySauce mobile app.

Contents

2020 has been pretty darned eventful. We raised some serious cash, hit the headlines and withstood a global health crisis, and we've come out the other side stronger than ever.

$5.8M

Rights Issue Completed

80%

Customer Growth

Customers at 31 March 2020
2,492

122%

ARR Growth

ARR at 31 March 2020
$1.86M

119%

Recurring Revenue Growth

Recurring Revenue for year ended 31 March 2020
$1.46M

2x Finalist

HiTech Awards 2020

#133

Deloitte's APAC Technology Fast 500 2020

Chair's Letter

Dear fellow shareholders,

I was elected Chair of PaySauce Limited on 1 January 2020, and it is my privilege to present the company's second Annual Report since its listing on the NZX Main Board in December 2018.

Andrew Barnes was our founding Chair, and we all owe him our gratitude for navigating the company through the complex process of the reverse listing onto the NZX. Andrew also invested in the company at a crucial time, becoming PaySauce's largest non-founder shareholder. Andrew, we thank you on both counts.

What a year it's been, for the company, for the nation, and for the world! The Covid-19 pandemic was completely unexpected, but ultimately, it brought out the best in our team. They successfully leveraged our platform's flexible and resilient technology to not only protect the business but also to do right for our clients and their employees. Despite the profound global disruption, our team quickly implemented the Business Continuity Plan, and maintained our level of customer care throughout these challenging months. Our dedicated people not only kept managing the business, but continued to develop the platform, introduce new functionality, add to our team, and attract new clients. To Asantha and the team, we offer our deepest appreciation for their grit, determination, and wonderful spirits despite the daily challenges.

We are also delighted to announce that your company more than doubled its business during FY2020. Annualised Recurring Revenue (ARR) grew from $0.837 million at March 2019 to $1.861 million at March 2020, year-on-year growth of 122%.

One of this fiscal year's biggest achievements was the successful raise of $5.8 million of new capital via the Rights Issue. Not only did we hit our target, but the deal was oversubscribed, all during the sharpest sell-off in the global equity markets in recent history. We were humbled to see the strong support from our existing shareholders with widespread uptake of our Rights Issue, plus welcoming approximately 180 new shareholders who purchased Rights on the Main Board. We also welcomed Pathfinder CareSaver, a responsible investor and our first institutional investor, as a new shareholder.

Your board intends to meet the objectives we laid out in the Offer documents, namely to expand our team at home, continue developing the platform, and working towards becoming cash-flow positive. That said, we have delayed our expansion into Ireland until international travel returns to more normal conditions.

This past year has been about partnerships. We are beginning to enjoy the fruits of our new partnerships with Xero and Figured in the agricultural sector. We are also on-boarding new clients as part of our new partnership with a global HR software company. Our accounting firm and bookkeeper partners are rolling out PaySimple, a new streamlined version of PaySauce, to their small business clients. We also changed our pricing model by introducing a more predictable monthly subscription fee which has been well-received by our clients.

As PaySauce's growth is becoming more consistent, we are increasingly optimistic we are building a globally-scalable business, and we are determined to deliver on our promises and exceed your expectations.

Let me finish with a heartfelt thanks to you, our supportive shareholders, for helping PaySauce achieve its full potential.

Sincerely,

Nick Lewis

Nick Lewis
Chair

CEO's Letter

To our shareholders, partners and supporters,

More than ever, this year has been a testament to the strength of our people. I couldn't be prouder of the team we've built, and the things they've accomplished. When COVID-19 put the entire world on hold, I was caught on another continent, but between the connectivity of cloud systems and the strength of our leadership team, I was able to wait it out with complete confidence in the health of our business. We weathered the storm through proactive communication, a commitment to our team's wellbeing, and the smart use of digital technologies.

While we said goodbye to Andrew Barnes and Greg Sheehan, we were extremely fortunate to welcome Nick Lewis as our new Chair and Jaime Monaghan to the new role of CFO. The leadership and insight Nick and Jaime have provided in their respective roles have made us a more farsighted and durable business, and it's a privilege to work alongside them.

As always, we continue to demonstrate our values through social good initiatives. We're especially proud of the development work we've done to roll out two major projects, Donations and PaySimple. Payroll giving has been a long-time passion project for our entire team, and it's been inspiring to see our customers taking advantage of smarter charitable giving through Donations. I'm also deeply proud of the work the team has done to develop and deliver PaySimple, a streamlined version of PaySauce intended to provide relief for businesses impacted by COVID-19. Our dedication to our principles hasn't gone unnoticed outside the business, with ASB stepping in to support PaySimple and new investment from Pathfinder Caresaver, whose decision to invest in PaySauce was not only a financial one, but also due to an alignment of values.

I'd like to close with a huge thanks to our shareholders for their enduring support, to our partners for providing us with such awesome opportunities, and to the team for making PaySauce a business I'm incredibly proud of.

With gratitude,

Asantha Wijeyeratne
CEO and Co-Founder

Board

Asantha Wijeyeratne
EXECUTIVE DIRECTOR

Asantha moved to New Zealand in his twenties and built a number of successful businesses prior to founding New Zealand's largest SME payroll provider, SmartPayroll. He sold that business due to technical limitations which prevented it from responding rapidly to customer needs. He founded PaySauce to bring a fresh approach to payroll software and revolutionise the way SME owners pay staff and manage employment obligations.

Nick Lewis
INDEPENDENT DIRECTOR & CHAIR

Nick has 15 years of governance experience in the fintech, financial services, energy, hospitality and education sectors. He is an investor in early-stage companies, and previously had a Wall Street finance career in M&A, equity, bank, bond, and derivatives capital markets at JP Morgan in New York. He is also the Chair of Kiwi Insurance (affiliate of Kiwibank) and a director of renewable electricity generator Pioneer Energy and CarboNZero-certified Electricty retailer Ecotricity. He was formerly the Chair of Mojo Coffee and the crowdfunding site PledgeMe. Nick is a Chartered Financial Analyst (CFA).

Gavin Thompson
NON-EXECUTIVE DIRECTOR

Gavin is the founder and a director of Catalyst IT, New Zealand's largest open-source IT service provider. He has over 25 years' experience in developing software systems in the manufacturing, engineering, financial, and government sectors. This experience is critical in advising on technical matters as PaySauce grows.

Mandy Simpson
INDEPENDENT DIRECTOR

Mandy Simpson is a director, consultant and keynote speaker with a focus on the business and human impacts of technology. Mandy is currently the Chief Digital Officer at Z Energy, and was previously Chief Operating Officer at NZX.

Year In Review

Making Hay

One of PaySauce's key strategic objectives is to become profitable while continuing to grow and develop. We were overwhelmed by shareholder support for our Rights Issue in March. While this came ahead of the worst of the COVID-19 health crisis, confidence in the market had already begun to deteriorate, and the successful completion of the Rights Issue under these circumstances was a huge mark of the trust our investors place in us. We successfully raised a total of $5.8M, and have been steadily optimising our processes to work towards becoming cash-flow positive. The most significant changes have been to our pricing structure, which we've altered to more accurately reflect our position as a SaaS business, adopting a subscription-based model. With the removal of the IRD Subsidy from 1 April 2020, shifting to a subscription model not only stabilises our revenue but also provides greater cost certainty to our customers, while still offering the flexibility to choose the pricing plan that best suits their needs.

We've always wanted to give our shareholders the chance to find out more about what's happening inside the business, and we finally got there with an open Q&A session in early 2020. We'd like to once again thank all those who attended and submitted their questions and their feedback, along with our host Jarden and our moderator Kar Yue Yeo. We'll continue to earn shareholder trust by remaining proactive and transparent in our investor communications, following through on our promises and prioritising long-term growth.

While we've been lucky enough to be sheltered from much of the fallout from COVID-19, we've inevitably had to make some changes. Our expansion into the Irish market has been put on hold, although we intend to pursue this option when global trading becomes feasible again. We'll also look towards industries within New Zealand with specific and solvable payroll challenges. Employment conditions in other industries have plenty in common with agriculture, and our existing solutions are easily adapted to meet their needs too.

This year has also brought us significant public recognition, both nationally and internationally. We were honoured to be named as finalists in the 2020 HiTech Awards across two separate categories - Best Hi-Tech Solution for the Agritech Sector and Innovative Hi-Tech Software Solution, named as finalists in the 2019 Wellington Gold Awards - in the Cyber Gold category, named by Deloitte as one of the fastest-growing tech companies in the Asia-Pacific region. This puts us in some pretty prestigious company, with a formidable roster of previous winners and finalists for both events. These accolades reflect our exceptional growth rate and consistent drive for innovation and excellence and demonstrate the hard work and dedication of our team.

Responding to COVID-19

As a SaaS provider of an essential service, PaySauce has been well-positioned to retain customers and support other businesses. Demand for cloud payroll services has been boosted by the broad introduction of remote working, with features such as mobile timesheets required to replace paper-based or location-specific systems. The current health crisis is proving to be a catalyst to move employers on desktop and manual systems to the security and flexibility of the cloud, not just as part of their Business Continuity Planning, but for their ongoing operations. PaySauce is also largely insulated from reductions in existing customer numbers, with a customer base dominated by agricultural and rural businesses. This industry is expected to remain relatively unaffected due to the essential resources it provides and the naturally isolated nature of the agri work environment. New Zealand's primary producers are expected to continue to serve the international export market and remain a key anchor point for the nation's economic recovery.

From this position of relative security, we identified an opportunity to support other small businesses urgently in need of a cloud-based solution in the wake of COVID-19 in order to keep functioning remotely. We made the decision to build PaySimple - a streamlined version of PaySauce payroll, handling calculations, leave management and payslips, all from the mobile app - and offer it free to Kiwi employers until 30th June 2020. Banking transactions and Inland Revenue filing are self-managed by the customer, and support is offered by accountants and bookkeepers.

Working Together

Partner program for advisers

As the most influential players in the small business ecosystem, our partners in the accounting and bookkeeping space have rapidly become a core focus of our growth strategy. With technology steadily automating much of accounting, this sector is seeing a shift away from simply "balancing the books" and towards more complete advisory services. Our role is to bolster and broaden the advisory services provided by our partners by enabling them to ensure payroll compliance and automating time-consuming manual tasks.

Product partnerships

We've leveraged these relationships to develop trust and brand awareness. By associating ourselves with behemoth brands like Xero, we've shown that we're a force to be reckoned with and that we're here to stay. The official launch of our joint offer with Xero and Figured was initially planned for at Fieldays, and we're working closely with our partners to pivot to a digital-focused campaign. We've also kicked off a partnership with a global HR software provider, proving our ability to adapt our platform and providing a blueprint for future opportunities to white-label our solution.

Industry partnerships

Federated Farmers, the Dairy Women's Network and ASB remain key supporters and essential contact points for shared messaging, and were key in getting the word out to small businesses and advisers about PaySimple. We're proud to continue working alongside these partners to bring knowledge and support to the primary sector.

Giving Back

Payroll giving was introduced back in 2010 to incentivise New Zealanders to give directly to charities from their paychecks, granting them a 33% tax rebate on any contributions made this way. But ten years on, only 0.23% of working Kiwis are using this model, because it's often inaccessible and inconvenient to set up.

With Donations, PaySauce has designed a feature to change the game for payroll giving. This was developed with feedback and advice from long-time partner the 1% Collective, whom we've long supported as a Superhero Sponsor. Donations requires no set-up or admin, and employees have been given the capacity to manage their giving themselves, direct from the PaySauce mobile app, getting their 33% tax rebate instantly and effortlessly.

We launched with a small range of charities, including the 1% Collective. We've since added more than 20 individual charities to the PaySauce app, with employee users donating thousands of dollars to worthy causes. We've also chosen to spotlight worthy causes as "featured" charities, and the first of these was the Rural Support Trusts, a nationwide network aimed at boosting mental health in rural and farming communities.

Along with PaySimple, our ongoing volunteer leave program, and offering free payroll to all registered New Zealand charities, generosity remains a key part of our identity as a company.

Looking ahead

Overall, our big objectives remain unchanged. The opportunity to expand into the Irish market is still there, but until we have greater certainty on the outcome of the current crisis, we'll focus on expansion within New Zealand. We continue to expand our team and develop our product, and we've made significant headway on the journey to becoming cash-flow positive.

Once again, our agricultural customers have looked after us - New Zealand's primary industries have been only minimally impacted by the COVID-19 pandemic, leaving much of our customer base intact. In fact, we've added customers galvanised by the need for cloud-based systems under atypical work conditions. Our commitment to the agri sector remains steady, while we broaden the scope of our rural network and the range of industries within it.

We've reached a strong financial position through our successful capital raise. Our responsibility to our shareholders is now to manage that foundation sensibly to maintain stability in an unpredictable market, while also making the most of the opportunities that come our way.

> *"The whole cycle takes me about ten minutes. It's a very simple operation."*
>
> **Sam, Sierra Delta Civil Limited**

SaaS Reporting

The business results reported below provide an overview of the performance of the business in a format that we believe is useful for readers to assess the performance of PaySauce as a SaaS business.

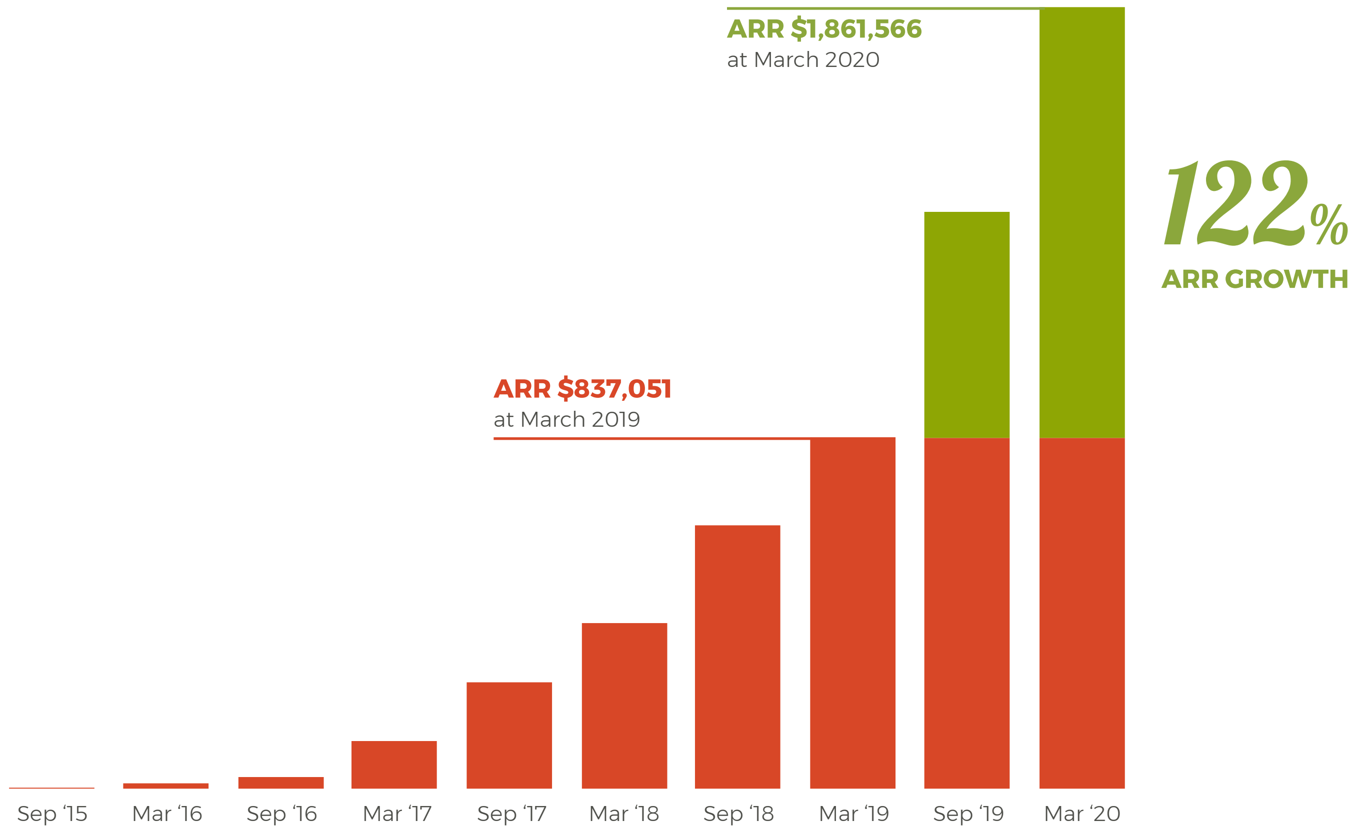
Non-Generally Accepted Accounting Principles (Non-GAAP) measures have been included, and should not be viewed in isolation, nor considered as substitutes for measures reported in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

As at 31 March 2020, PaySauce reclassified its PAYE intermediary subsidy revenue received as "Other Revenue" for SaaS reporting, as the subsidy ceased on 1 April 2020. This had the following impact on both current year and comparative year metrics that included subsidy revenue in their calculations:

	2020 Restated $	2020 Before Adjustment $	2019 Restated $	2019 Before Adjustment $
Processing Fees	1,210,422	1,210,422	533,288	533,288
Interest Received	245,836	245,836	132,856	132,856
IRD Subsidy	-	239,575	-	167,751
Recurring Revenue	**1,456,259**	**1,695,834**	**666,144**	**833,895**
Cost to Serve	(560,142)	(560,142)	(324,984)	(324,984)
Gross Margin	**896,116**	**1,135,691**	**341,160**	**508,911**
Gross Margin %	**62%**	**67%**	**51%**	**61%**
Other Revenue	226,000	(13,575)	1,695,515*	1,527,764*
Total Other Revenue	**226,000**	**(13,575)**	**1,695,515**	**1,527,764**
Customer Acquisition	(745,015)	(745,015)	(344,007)	(344,007)
Research & Development	(265,245)	(265,245)	(133,430)	(133,430)
General & Administration	(1,873,891)	(1,873,891)	(666,093)	(666,093)
Other Expenses	(9,354)	(9,354)	(5,136,541)*	(5,136,541)*
EBITDA	**(1,771,388)**	**(1,771,388)**	**(4,243,396)**	**(4,243,396)**
EBITDA Margin %	**(122%)**	**(104%)**	**(637%)**	**(509%)**
Depreciation & Amortisation	(151,785)	(151,785)	(128,776)	(128,776)
Interest Expense	(439,830)	(439,830)	(4,328)	(4,328)
Income Tax	-	-	-	-
Net Loss for the period	**(2,363,002)**	**(2,363,002)**	**(4,376,500)**	**(4,376,500)**

*Costs and revenue relating to the reverse acquisition, and employee bonus share issues were excluded from the EBITDA calculation presented in our 2019 Annual Report. The comparative 2019 period now includes these costs under 'Other Expenses', and revenue under 'Other Revenue' in the EBITDA calculation presented above. This change in presentation has been made in order to provide a full view of the impact on and reconciliation back to GAAP reported Net Loss for the period.

	2020 Restated	2020 Before Adjustment	2019 Restated	2019 Before Adjustment
Customers at the start of the period	1,384	1,384	746	746
Customers at the end of the period	2,492	2,492	1,384	1,384
Customer Growth % for the period	**80%**	**80%**	**86%**	**86%**
ARR at the start of the period	$837,051	$1,037,712	$394,387	$498,067
ARR at the end of the period	$1,861,566	$2,170,050	$837,051	$1,037,712
ARR Growth % for the period	**122%**	**109%**	**112%**	**108%**
Churn % (monthly average)	1.26%	1.26%	1.69%	1.69%
ARPU at the end of the period	$62	$73	$50	$62
CAC (per addition) for the period	($517)	($517)	($407)	($407)
Customer LTV at the end of the period	$3,032	$3,847	$1,530	$1,897
Total Customer LTV at the end of the period	$7,556,885	$9,587,055	$2,118,197	$2,625,979
LTV : CAC Ratio at the end of the period	**5.9 : 1**	**6.0 : 1**	**3.8 : 1**	**4.7 : 1**



Categories are explained below:

Processing Fees

This category represents the revenue generated from customers who are using the PaySauce payroll product, paying processing fees each pay run, based on a flat rate plus a variable amount based on the number of payslips in that pay run. There are no significant estimates or uncertainty surrounding the flat and variable components of processing fees. Revenue is recognised when the service is supplied.

IRD Subsidy

This category represents the revenue that was generated from the subsidy provided by Inland Revenue for payroll intermediaries. The subsidy provided revenue based on the number of payslips processed by PaySauce each month.

The subsidy has now been removed, effective from 1 April 2020, and this revenue stream is no longer categorised as recurring. Impacts on our SaaS metrics relating to this are analysed above. Further information on this can be found on the Inland Revenue website.

Interest Received

This category represents the interest received from our interest-bearing trust account and term deposits held in escrow for our Payroll customers. As customers pay their PAYE through to us each pay run, we hold these funds and generate interest on the balance before the payment is due to Inland Revenue. As interest received on these funds grows directly in relation to our customers, we consider this an additional stream of recurring revenue.

Cost to Serve

The category includes those costs which are related to serving our customers through the use of our software products, and the availability of our customer support team. Costs included are those such as hosting expenses for our software in the cloud, maintenance of our software products, and customer support.

Other Revenue

This category includes revenue that is not recurring revenue and is not part of our regular business operating activities with customers. Revenue included is that which relates to grants received, other services revenue, and the fair value revaluation gains / (losses) on lending during the period.

Customer Acquisition

This category includes those costs which are related to acquiring new customers. Costs included are those such as sales and marketing, implementation and onboarding of customers to our system, and discounts. These costs are expensed as incurred as they do not relate to any specific customer or contract for services.

Research & Development

This category includes those costs which are related to researching and developing new solutions and solving problems for our existing and future customers. Costs included are those associated with product development, the majority of which are developers' salaries.

It should be noted that measuring these costs between years is not an accurate reflection of the actual spending on research and development for PaySauce. This is due to the timing and way in which some of these costs are capitalised and projects are completed. The reader should also consider the amount of intangible assets recognised during the financial year. Further detail on this can be found in the notes to the financial statements.

General & Administration

This category captures all of the other elements of running the business. Costs included are those such as office running costs, finance and administration, legal expenses, and other overhead costs.

Other Expenses

This category captures other expenses such as costs relating to the reverse listing process, and bonus shares issued to employees.

EBITDA

EBITDA (earnings before interest, tax, depreciation and amortisation) is calculated by adding back depreciation, amortisation, interest expenditure, and income tax expense to the amounts reported in the NZ IFRS-based financial statements. PaySauce believes that EBITDA provides useful insights to measure the performance of PaySauce as a SaaS business.

EBITDA Margin %

EBITDA Margin % calculates EBITDA as a percentage of Recurring Revenue.

SaaS Metrics & Definitions

These SaaS metrics are prepared and defined to provide readers with useful information about the performance of PaySauce as a SaaS business.

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

Recurring Revenue

Recurring revenue is revenue that is expected to continue into the future.

For PaySauce, it is that which is directly linked to the number of pays that our customers run on the PaySauce payroll product. There are currently three sources of recurring revenue, those being processing fees, subsidy, and interest received.

There is a direct correlation between the number of customers processing payroll with PaySauce, and the amounts of revenue derived from these streams (allowing some variation due to elements such as interest rates and number of payslips per customer per pay run). There is no significant estimate or judgement applied by management when recognising revenue arising from these streams.

MRR

Monthly recurring revenue is the total recurring revenue for the month.

ARR

Annualised recurring revenue is the monthly recurring revenue, multiplied by 12.

Gross Margin

The gross margin, when discussed as a SaaS term, is the recurring revenue of the business, less the cost to serve customers. This is often then expressed as a percentage, where the gross margin is divided by the recurring revenue.

Churn (monthly)

Churn is expressed as a percentage and is calculated as the number of cancellations each month divided by the total number of customers at the end of that month.

ARPU

Average revenue per user is total recurring revenue, divided by the total customers processing payroll.

CAC (per addition)

Customer acquisition cost (per addition) is the total cost of acquiring customers for the period, divided by the number of new customers processing payroll that were acquired during the period.

LTV

Lifetime value is the estimated value of a customer over its lifetime with PaySauce. This is calculated by taking the ARPU multiplied by the gross margin %, then divided by the churn %.

Total Customer LTV

Total customer lifetime value is the lifetime value multiplied by the total customers.

LTV : CAC Ratio

This ratio reflects the return on investment for customer acquisition. It is calculated by dividing the customer acquisition cost (per addition) by the lifetime value of a customer.

Financials

Director's Report

The Board of Directors have pleasure in presenting the annual report of PaySauce Limited, incorporating the consolidated financial statements and the independent auditor's report, for the year ended 31 March 2020.

In the opinion of the directors of PaySauce Limited, the consolidated financial statements and notes on pages 24 to 59:

- comply with New Zealand generally accepted accounting practice and present fairly the consolidated financial position of the Group as at 31 March 2020 and the results of their operations and cash flows for the year ended on that date; and
- have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

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

For and on behalf of the Board of Directors:

Nick Lewis

Nick Lewis 28 May 2020
Director

Mandy Simpson 28 May 2020
Director

Grant Thornton

Independent Auditor's Report

To the Shareholders of PaySauce Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of PaySauce Limited (the "Company") and its subsidiaries ("the Group") on pages 24 to 59 which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 March 2020 and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) issued by the New Zealand Accounting Standards Board.

Basis for Opinion

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

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

Material Uncertainty Related to Going Concern

We draw attention to the consolidated statement of comprehensive income which indicates the Group incurred a net loss before income tax of $2,363,002 during the year ended 31 March 2020 and Note 22 which describes the Group's reliance upon sufficient forecast cash flows to enable the Group to continue its business operations. As stated in Note 22, these events and conditions, along with other matters as set forth in Note 22 indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Why the audit matter is significant	How our audit addressed the key audit matter
Intangible Asset – internally developed software Intangible assets computer software and software in development had a carrying value of $562,370 as at 31 March 2020 with additions of $329,001 and amortisation of $63,260 in the year as disclosed in note 10. The Group is a Software as a Service ("SaaS") provider which incurs significant expenditure in development, upgrading and maintaining of software. NZ IAS 38 Intangible Assets outlines the criteria for capitalisation of costs associated with developing the software including whether the software will generate future economic benefits as disclosed in Note 10. Capitalised software costs are recognised at cost and subsequently amortised over their estimated useful lives. Costs that do not meet the criteria for capitalisation are expensed to profit or loss as incurred. Capitalisation of appropriate costs and estimates of useful life require significant judgement and therefore have been included as a key audit matter.	We evaluated the appropriateness of costs that have been capitalised as intangible asset software and development and management's estimate of useful life by: • Inquiry of management, evaluating costs that have been capitalised with respect to the criteria outlined in NZ IAS 38 Intangible Assets. We obtained an understanding of the nature of the costs incurred including the application of the software in the business to generate future economic benefits. • Checked costs capitalised and annual amortisation charged for mathematical accuracy including sensitivity analysis on rates applied. • Agreed a sample of costs capitalised for appropriate sufficient audit evidence.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors and CEO Report, Year in Review, SaaS Reporting, Corporate Governance and Company Directory but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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

Directors' responsibilities for the Consolidated Financial Statements

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

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

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

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

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

Restriction on use of our report

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

Grant Thornton New Zealand Audit Partnership

Grant Thornton

Kerry Price
Partner

Auckland
28 May 2020

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2020

	Notes	2020 $	2019 $
Revenue			
Revenue from sponsorship		-	87,500
Processing fees		1,210,422	533,402
Subsidy revenue		239,575	167,810
Interest		245,836	132,856
Other operating revenue		62,430	-
Operating revenue	**13**	**1,758,263**	**921,568**
Grants received		16,920	-
Other (losses) /gains - net	**14**	(92,947)	1,432,415
Expenses			
Depreciation and amortisation	**9, 10**	(151,785)	(128,776)
Employee expenses	**15**	(1,781,173)	(2,229,245)
Other expenses	**16**	(1,672,450)	(4,368,134)
Finance costs	**17**	(439,830)	(4,328)
Total expenses		**(4,045,239)**	**(6,730,483)**
Net loss before income tax		**(2,363,002)**	**(4,376,500)**
Tax benefit / (expense)	**18**	-	-
Net loss for the period		**(2,363,002)**	**(4,376,500)**
Other comprehensive income		-	-
Total comprehensive loss for the period		**(2,363,002)**	**(4,376,500)**

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

Consolidated Statement of Financial Position

for the year ended 31 March 2020

	Notes	2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	**27**	13,589,158	6,313,146
Deposits		1,650,000	-
Trade and other receivables	**7**	148,684	145,548
Other current assets		75,000	75,000
Prepayments and other short-term assets		154,654	120,452
Total current assets		**15,617,496**	**6,654,146**
Non-current assets			
Property, plant and equipment	**9**	476,404	76,620
Intangible assets	**10**	562,370	296,629
Total non-current assets		**1,038,774**	**373,249**
Total assets		**16,656,270**	**7,027,395**
Liabilities			
Current liabilities			
Trade and other payables	**8**	356,072	547,632
Funds due to customers and IRD	**27**	13,449,499	6,273,862
Employee benefits		186,264	58,792
Other liabilities		42,155	81,580
Lease liabilities	**5**	39,242	-
Interest bearing liabilities		14,652	11,668
Total current liabilities		**14,087,884**	**6,973,534**

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

Consolidated Statement of Financial Position (cont.)

for the year ended 31 March 2020

	Notes	2020 $	2019 $
Non-current liabilities			
Non-interest bearing liabilities		-	699,916
Lease liabilities	5	326,042	-
Interest bearing liabilities		-	14,688
Total non-current liabilities		**326,042**	**714,604**
Total liabilities		**14,413,926**	**7,688,138**
Net assets		**2,242,344**	**(660,743)**
Equity			
Share capital	11	10,774,428	5,508,339
Accumulated losses		(8,532,084)	(6,169,082)
Equity attributable to the owners of the Company		**2,242,344**	**(660,743)**

For and on behalf of the Board of Directors, who authorised the issue of these Consolidated Financial Statements on 28th May 2020:

Nick Lewis 28 May 2020
Director

Mandy Simpson 28 May 2020
Director

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

Consolidated Statement of Movements in Equity

for the year ended 31 March 2020

	Notes	Attributable to equity holders of the Company: Share Capital $	Accumulated losses $	Total $
Balance as at 1 April 2019		**5,508,339**	**(6,169,082)**	**(660,743)**
Comprehensive loss				
Net loss for the period		-	(2,363,002)	(2,363,002)
Other comprehensive income		-	-	-
Total comprehensive loss		**-**	**(2,363,002)**	**(2,363,002)**
Transactions with owners				
Issue of ordinary shares	11	5,266,089	-	5,266,089
Total transactions with owners		**5,266,089**	**-**	**5,266,089**
Balance as at 31 March 2020		**10,774,428**	**(8,532,084)**	**2,242,344**
Balance as at 1 April 2018		**1,999,977**	**(1,792,582)**	**207,395**
Comprehensive loss				
Net loss for the period		-	(4,376,500)	(4,376,500)
Other comprehensive income		-	-	-
Total comprehensive loss		**-**	**(4,376,500)**	**(4,376,500)**
Transactions with owners				
Issue of ordinary shares	11	1,145,000	-	1,145,000
Share based payments	11	2,054,084	-	2,054,084
Reverse listing	11	309,278	-	309,278
Total transactions with owners		**3,508,362**	**-**	**3,508,362**
Balance as at 31 March 2019		**5,508,339**	**(6,169,082)**	**(660,743)**

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

Consolidated Statement of Cash Flows

for the year ended 31 March 2020

	Notes	2020 $	2019 $
Cash flows from / (used in) operating activities			
Receipts from customers		1,531,120	642,510
Increase in funds due to customers and IRD		7,175,638	2,863,521
Interest received		230,261	120,307
Payments to suppliers and employees		(3,551,734)	(2,083,752)
Taxes paid		(25,313)	(18,086)
Interest paid on lease liability		(29,637)	-
Interest paid		(11,018)	(4,209)
Net cash from operating activities	**23**	**5,319,316**	**1,520,291**
Cash flows from / (used in) investing activities			
Purchases of property, plant and equipment		(97,626)	(55,821)
Proceeds from sale of property, plant and equipment		2,146	6,959
Funds on deposit		(1,650,000)	-
Purchases of intangible assets		(329,001)	(292,204)
Net cash (used in) investing activities		**(2,074,481)**	**(341,066)**
Cash flows from / (used in) financing activities			
Net proceeds from issue of shares and convertible notes		5,014,959	1,145,000
Loan advances / (repayments)		(792,840)	385,212
Interest paid		(148,042)	-
Repayments of principal portion of lease liability		(31,196)	-
Repayments of other borrowings		(11,704)	(10,910)
Net cash from financing activities		**4,031,177**	**1,519,302**
Net increase in cash and cash equivalents		**7,276,012**	**2,698,527**
Cash and cash equivalents at beginning of the period		6,313,146	3,614,619
Cash and cash equivalents at end of the period	**27**	**13,589,158**	**6,313,146**

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

1. General information

PaySauce Limited (the "Company" or "PaySauce"), is a limited liability company, domiciled and incorporated in New Zealand and registered under the Companies Act 1993.

These consolidated financial statements presented are for PaySauce Limited, together with its subsidiaries (the "Group") for the year ended 31 March 2020.

These consolidated financial statements were authorised for issue in accordance with a resolution of the Directors on 28 May 2020.

The Group provides cloud based employment solutions software to small and medium-sized businesses, including mobile timesheets, payroll calculations, banking integration, PAYE filing, labour costing, automated general ledger entries and digital employment contracts.

PaySauce is a for-profit entity listed on the New Zealand Stock Exchange ("NZX").

2. Summary of significant accounting policies

BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and on the assumption that the Group is a going concern. They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for profit oriented entities that have been issued by the New Zealand Accounting Standards Board. The consolidated financial statements also comply with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board.

The Group is a Tier 1 for profit reporting entity as defined by the External Reporting Board in its "Accounting Standards Framework".

Historical cost convention

The consolidated financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain assets and liabilities as identified in specific accounting policies below:

a. Basis of consolidation

These financial statements consolidate to those of the Group and its subsidiaries as of 31 March 2020. The Group controls a subsidiary if it is exposed, or has rights to variable returns from, its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Its subsidiaries have a reporting date of 31 March 2020.

All transactions and balances between the Group are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the reporting period are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

b. Presentational changes

Certain amounts in the comparative information have been reclassified to ensure consistency with the current period's presentation. The reclassified comparative information is applicable to notes 14, 15 and 16. There was no impact on profit before tax or total comprehensive income.

c. Foreign currency translation

Functional and presentation currency

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

All financial information has been rounded to the nearest dollar.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

d. Goods and Services Tax (GST)

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

e. Financial instruments

Recognition and derecognition

Financial assets and liabilities are recognised when the Group becomes a party to contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risk and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15 (Revenue from Contracts with Customers), all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- Amortised cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVOCI)

In the periods presented the Group does not have any financial assets categorised as FVTPL or FVOCI.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and other receivables fall into this category of financial instruments.

Impairment of financial assets

Recognition of credit losses uses the 'expected credit loss (ECL) model'. The Group considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of future cash flows of the instrument.

In applying this forward looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2')

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12 month expected credit losses' are recognised in Stage 1 while 'lifetime expected credit losses' are recognised for Stage 2.

Measurement of the expected credit losses is determined by probability weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument.

Classification and measurement of financial liabilities

The Group's financial liabilities include trade and other payables, funds due to customers and IRD, and employee benefits.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

f. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

g. Property, plant and equipment

Recognition and measurement

Items of computer, office equipment, leasehold improvement and motor vehicles, and right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses.

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

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss within the Statement of Comprehensive Income.

Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other costs, including ongoing repairs and maintenance, are expensed as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each item of equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The depreciation rates for the current and comparative years of significant items of property, plant and equipment are as follows:

Computer equipment	21 - 40%
Office equipment	8.5 - 67%
Leasehold improvements	10 - 25%
Motor vehicles	30%

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

h. Intangible assets

Software

Acquired computer software licenses and costs associated with developing computer software are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 2.5 to 5 years. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

Development expenditure

Development expenditure incurred on a project is capitalised as a long-term assets to the extent that such expenditure is expected to generate future economic benefits. Any development expenditure that does not meet this criteria is recognised as an expense.

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

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

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as an asset in subsequent periods. In the event that the expected future economic benefits are no longer considered probable, the development expenditure is written down to its recoverable amount.

Amortisation is recognised in the Statement of Comprehensive Income on a straight-line basis and the rate for the current and comparative years are as follows:

Software	20 - 40%

Research and development

Research expenditure and development expenditure that do not meet the criteria above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

i. Impairment of non-financial assets

Non financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre tax discount rate that reflects current market rates and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Impairment losses directly reduce the carrying amount of assets and are recognised in profit or loss.

Non financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

j. Leases

The Group leases an office premises and various pieces of equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. These lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and;
- payment of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate.

Right-of-use assets are measured at cost, comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and;
- restoration costs.

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

k. Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. As trade and other payables are usually paid within 30 days, they are carried at face value.

l. Employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

The Group pays contributions to superannuation plans, such as Kiwisaver. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

m. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

n. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

o. Revenue

Revenue arises mainly from payroll processing services, and subsidy revenue.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when and as its performance obligations are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised services to its customers.

There are no significant estimates or judgements surrounding recognition of revenue. Revenue substantially arises from processing fees which includes both fixed and incremental components based on the number of pays processed for the customer which are known as the revenue is recognised at the point in time the service is provided.

Processing fees

Revenue from processing fees are recognised at a point in time when the performance obligation has been satisfied and is based on the amount of the transaction price that is allocated to the performance obligation. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for providing the service to the customer. The performance obligation for processing fees is considered to be met when the customer's payroll has been processed.

Subsidy revenue

Subsidies received for performing PAYE services in the course of ordinary activities is measured at the fair value of the consideration received or receivable at a point in time when the payroll processing that the subsidy relates to has been incurred. The year ended March 2020 was the final year that this subsidy was available, and has now been ceased.

Interest income

Interest income is accrued on a time basis by reference to the principal outstanding and using the effective interest rate method. Interest is determined to be operating revenue by the Group, as interest is generated from the balance of PAYE funds held due to IRD, which is directly linked to the number of PaySauce customers processing payroll.

Other operating revenue

Other operating revenue consists of implementation costs, and one-off service provision. These revenues are recognised upon completion of services at a point in time.

Grants received

Grants received are recognised at their fair value where it is highly probable that the grant will be received and PaySauce has met any associated conditions. This revenue is recognised at a point in time as the conditions are met.

p. Interest expense

Interest expenses are recognised in profit or loss within the Consolidated Statement of Comprehensive Income as they accrue, using the effective interest method. The effective interest method calculates the amortised cost of a financial liability and allocates the finance cost, including any fees and directly related transaction costs that are an integral part of the effective interest rate, over the expected life of the financial liability. The application of the method has the effect of recognising the expense on the financial liability evenly in proportion to the amount outstanding over the period to maturity or repayment.

q. Borrowing costs

Borrowing costs are recognised as an expense when incurred except to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case the borrowing costs are capitalised.

r. Income tax

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the reporting period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous reporting periods. Current tax also includes any tax liability arising from the declaration of dividends.

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

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

s. New standards and interpretations adopted in the current period

NZ IFRS 16: Leases - impact of adoption

NZ IFRS 16: Leases replaces NZ IAS 17: Leases, and is effective for annual reporting periods beginning on or after 1 January 2019. PaySauce has adopted NZ IFRS 16 using the modified retrospective transition approach. The lease assets comprise of the head office property lease. Comparative figures for the year ended 31 March 2019 are not restated, but instead continue to reflect the accounting policies under NZ IAS 17: Leases. Impacts of the transition are detailed further in note 5 below.

PaySauce has elected not to reassess whether a contract is, or contains a lease, at the date of initial application. Instead, for contracts entered into before the transition date PaySauce relied upon its assessment made applying NZ IAS 17 and NZ IFRIC 4.

PaySauce has used the practical expedient of relying on hindsight for determining the lease term of the property lease.

PaySauce has elected to measure the right-to-use asset recognised on adoption for the property lease equal to the value of the lease liability calculated on 1 April 2019 (see note 9). No restatement of equity is required as a result.

PaySauce has used the practical expedient of relying on previous assessments of whether leases are onerous.

PaySauce has also elected not to recognise right-of-use assets and lease liabilities for short term leases (lease term less than 12 months) or leases of low-value assets under NZ IFRS 16.

3. Statement of cash flows

The consolidated statement of cash flows has been prepared using the direct approach.

Cash flows from related party receivables and payables and borrowings have been netted to provide meaningful disclosure to better reflect the activities of the party providing the funding.

The following are the definitions of the terms used in the consolidated statement of cash flows:

Operating activities

Operating activities include all transactions and other events that are revenue producing activities and not investing or financing activities;

Investing activities

Investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment, intangible assets and of investments. Investments can include securities not falling within the definition of cash; and

Financing activities

Financing activities are those activities that result in changes in the size and composition of the capital structure. This includes both equity and debt not falling within the definition of cash. Dividends paid (if any) in relation to the capital structure are included in financing activities.

4. Use of critical accounting estimates and judgements

The preparation of the consolidated financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these judgements, estimates and assumptions.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

NZ IFRS 16: Leases - Lease Liabilities, Right-of-use Assets

In determining the discount rate to measure the present value of the lease payments remaining, PaySauce has used the incremental borrowing rate of the Group. Management has assessed that as PaySauce is a growing SaaS business, and reliant on funding given it is not yet returning a profit, funding is more expensive due to the credit risk of a business of this nature. When estimating this rate, PaySauce took into consideration the market interest rates on commercial property lending, and applied a risk factor to this for the current stage of the company's growth. The incremental borrowing rate applied to the lease liabilities on 1 April 2019 was estimated at 9% by management.

Management has assessed the likelihood of exercising renewal options, determining that it is likely the property lease will be renewed for both rights of renewal, extending the lease term from 4 to 8 years.

Capitalisation of intangible assets

Management considers the time and associated salary cost of development staff to fall under the classification of development expenditure for assessment purposes in accordance with the principles outlined in the intangible assets accounting policy in note 2(h) above. No weighting of overheads is applied in these calculations.

Accounting for finite life intangible assets

At each reporting date, the useful lives and residual values of finite life intangible assets are reviewed. Assessing the appropriateness of useful life and residual value estimates of finite life intangible assets requires a number of factors to be considered such as the condition of the asset, expected period of use of the asset by the Group, and expected disposal proceeds from the future sale of the asset. Refer also notes 2(h) and 10.

5. Adjustments recognised on adoption of NZ IFRS 16

On adoption of NZ IFRS 16, PaySauce recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of NZ IAS 17. These liabilities were measured at present value of the remaining lease payments, discounted using PaySauce's incremental borrowing rate as at 1 April 2019. The incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 9%. PaySauce held no finance leases at 31 March 2019.

The key impacts for the Group as at 1 April 2019 were:

- Additional right of use asset relating to the property lease, recognised on transition at $396,480.
- Additional lease liability relating to the property lease, recognised on transition at $396,480.

The key impacts for the Group for the year ended 31 March 2020 were:

- Increased net loss of $11,786 as the interest and depreciation calculated under NZ IFRS 16 were greater than the operating lease payments under NZ IAS 16.
- A closing right of use asset relating to the property lease, recognised on transition of $353,499.
- A closing lease liability relating to the property lease, recognised on transition of $365,284.

A reconciliation of operating lease commitments at 31 March 2019 to the lease liability recognised at 1 April 2019 is shown below:

	$
Operating lease commitments disclosed at 31 March 2019	307,660
Discounted using the lessee's incremental borrowing rate at the date of initial application	(148,520)
Different treatment of extensions and incentives	280,000
Different treatment of lease commitments disclosed as inclusive of GST	(39,750)
Different treatment of low value leases	(2,910)
Lease liabilities recognised as at 1 April 2019	**396,480**
Classified as:	
Current lease liabilities	31,196
Non-current lease liabilities	365,284
Lease liabilities recognised as at 1 April 2019	**396,480**

6. Leases

The statement of comprehensive income shows the following amounts relating to leases:

	2020 $	2019 $
Depreciation charge of right-of-use assets (building lease)	42,981	-
Interest expense (included in finance costs)	29,637	-
Expense relating to leases of low-value assets that are not shown above as short term leases (included in other expenses)	4,735	-
	77,353	**-**

The total cash outflow for leases for the year ended 31 March 2020 was $65,569.

7. Trade and other receivables

	2020 $	2019 $
Trade receivables	148,684	42,983
GST receivable	-	102,565
	148,684	**145,548**

8. Trade and other payables

	2020 $	2019 $
Trade payables	288,489	487,095
Accruals	55,000	57,000
GST payable	4,933	-
Other creditors	7,650	3,537
	356,072	**547,632**

9. Property, plant and equipment

	Right-of-use Asset (Property) $	Office Equipment $	Leasehold Improvements $	Computer Equipment $	Vehicle $	Total $
Year ended 31 March 2019						
Opening net book value	**-**	**6,718**	**3,699**	**8,441**	**33,959**	**52,817**
Additions	-	21,347	-	34,474	-	55,821
Disposals	-	(304)	-	(6,655)	-	(6,959)
Depreciation	-	(3,713)	(309)	(6,483)	(14,554)	(25,059)
Closing net book value	**-**	**24,048**	**3,390**	**29,777**	**19,405**	**76,620**
As at 31 March 2019						
Cost	-	35,913	4,421	42,600	48,513	131,447
Accumulated depreciation	-	(11,865)	(1,031)	(12,823)	(29,108)	(54,827)
Net book value	**-**	**24,048**	**3,390**	**29,777**	**19,405**	**76,620**
Year ended 31 March 2020						
Opening net book value	**-**	**24,048**	**3,390**	**29,777**	**19,405**	**76,620**
Additions	396,480	25,568	8,529	63,529	-	494,106
Disposals	-	(974)	(3,389)	(1,434)	-	(5,797)
Depreciation	(42,981)	(9,655)	(657)	(20,678)	(14,554)	(88,525)
Closing net book value	**353,499**	**38,987**	**7,873**	**71,194**	**4,851**	**476,404**
As at 31 March 2020						
Cost	396,480	60,507	9,561	104,695	48,513	619,756
Accumulated depreciation	(42,981)	(21,520)	(1,688)	(33,501)	(43,662)	(143,352)
Net book value	**353,499**	**38,987**	**7,873**	**71,194**	**4,851**	**476,404**

Bank borrowings were secured on vehicles for the value of $4,851 (2019: $19,405).

10. Intangible assets

	Website $	Development in progress $	Computer Software $	Total $
Year ended 31 March 2019				
Opening net book value	**815**	**-**	**107,327**	**108,142**
Development costs recognised as an asset	-	157,596	134,608	292,204
Amortisation	(815)	-	(102,902)	(103,717)
Closing net book value	**-**	**157,596**	**139,033**	**296,629**
As at 31 March 2019				
Cost	26,955	157,596	465,686	650,237
Accumulated amortisation	(26,955)		(326,653)	(353,608)
Net book value	**-**	**157,596**	**139,033**	**296,629**
Year ended 31 March 2020				
Opening net book value	**-**	**157,596**	**139,033**	**296,629**
Development costs recognised as an asset	-	237,133	91,868	329,001
Development in progress recognised as Software	-	(349,105)	349,105	-
Amortisation	-	-	(63,260)	(63,260)
Closing net book value	**-**	**45,624**	**516,746**	**562,370**
As at 31 March 2020				
Cost	26,955	45,624	906,657	979,236
Accumulated amortisation	(26,955)	-	(389,911)	(416,866)
Net book value	**-**	**45,624**	**516,746**	**562,370**

11. Share capital

Date	Details	Notes	Number of Shares	$
1 April 2018	**Opening Balance**		**66,892,914**	**1,999,977**
	Ordinary share issue	i	16,987,994	1,145,000
	Share based payment	ii	7,143,567	500,000
	Share based payment	iii	22,329,661	1,554,084
	Share based payment	iv	3,516,739	309,278
31 March 2019	**Closing Balance**		**116,870,875**	**5,508,339**
1 April 2019	**Opening Balance**		**116,870,875**	**5,508,339**
	Conversion of convertible note	v	2,495,403	1,285,131
	Rights issue	vi	11,974,843	3,980,958
31 March 2020	**Closing Balance**		**131,341,121**	**10,774,428**

PaySauce undertook a share consolidation on 12 July 2019, at a 50 : 1 ratio. Shareholders received one PaySauce ordinary share for every 50 PaySauce ordinary shares held at the time of consolidation.

The following ordinary shares were issued during the periods. Where the share issue was prior to the share consolidation, the 50 : 1 ratio has been used to calculate the equivalent number of PaySauce Limited shares that would have been issued. This has also been applied to the comparative figures for the year ended 31 March 2019.

i. On 13 August 2018: PaySauce Operations Limited issued 16,987,994 shares at $0.07 per share to raise $1,145,000 as total consideration.

ii. On 13 August 2018: PaySauce Operations Limited issued 7,143,567 shares at $0.07 per share to Coulthard Barnes (PaySauce) Limited in consideration for services rendered. The fair value of services received of $500,000 including GST has been measured directly. The value was agreed between knowledgeable, willing parties in an arm's length transaction.

iii. On 13 August 2018: PaySauce Operations Limited issued 22,329,661 shares at $0.07 per share to its founders and key employees in consideration for services rendered. The fair value of the services could not be measured directly because they were granted as part of a bonus arrangement rather than as an element of basic remuneration. The value has therefore been measured by reference to the fair value of the equity instruments granted. The fair value of the equity instruments granted of $1,554,084 has been determined with reference to an agreement between the PaySauce Operations Limited and the founders and key employees.

iv. On 21 December 2018: As part of the reverse acquisition transaction PaySauce Operations Limited is deemed to have issued 3,516,739 shares at $0.09 cents per share to the shareholders of PaySauce Limited, resulting in a fair value of $309,278. The valuation was based on the value of PaySauce Operations Limited and was independently determined to be not unreasonable by Simmons Corporate Finance.

v. On 28 January 2020: PaySauce converted the outstanding convertible loan note agreement with Public Trust Nominees Class 10 Limited to shares, in accordance with the provisions of the agreement. The agreement was entered into on 28 June 2019, for a term of 24 months after which the notes were to convert into ordinary shares, unless either the holder or issuer elects to convert the notes at an earlier date. The total value of the drawdown, inclusive of accrued interest, was $1,285,131, resulting in an issue of 2,495,403 new shares at the conversion price of $0.51 per share.

vi. On 9 March 2020: PaySauce completed the initial allotment of shares under its rights issue announced to shareholders on 11 February 2020. The allotment on 9 March 2020 resulted in 11,974,843 shares being issued at a price of $0.34 cents per share, a net raise of $3,980,958 after directly attributable costs. The issue was not fully subscribed, and PaySauce announced it would seek to place the remaining share capital over the subsequent 90 day window in accordance with the NZX listing rules. The available shares remaining for allotment as at 31 March 2020 were 5,077,482.

All ordinary shares do not have a par value. They have equal voting rights and share equally in dividends and surplus on liquidation.

No dividends were declared or paid during the reporting period (2019: None).

Capital Risk Management

The Company considers its capital to comprise its ordinary share capital, accumulated retained earnings and other reserves.

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

12. Earnings / (loss) per share

Basic earnings per share	2020 $	2019 $
Net loss used in calculating earnings per share	(2,363,002)	(4,376,500)
Weighted average number of ordinary shares for basic earnings per share	118,039,366	97,295,226
Basic loss per share (dollars per share)	(0.020)	(0.045)

There are no financial investments on issue that will dilute the basic earnings per share amounts noted above.

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

PaySauce undertook a share consolidation on 12 July 2019, at a 50 : 1 ratio. Shareholders received one PaySauce ordinary share for every 50 PaySauce ordinary shares held at the time of consolidation. A 50 : 1 ratio has been used to calculate the equivalent number of PaySauce Limited shares, and has been applied to the comparative figures for the year ended 31 March 2019.

13. Operating revenue

	2020 $	2019 $
Revenue from contracts with customers	1,210,422	620,902
Revenue from other sources	547,841	300,666
Total operating revenue	**1,758,263**	**921,568**

14. Other gains / (losses) - net

	2020 $	2019 $
Gain on acquisition of loan	-	1,347,226
Fair value gain / (loss) on revaluation of related party loan	(92,924)	92,924
Foreign currency losses	(23)	(7,735)
Total other gains / (losses) - net	**(92,947)**	**1,432,415**

A fair value gain was previously recognised in relation to the lending from Coulthard Barnes (PaySauce) Limited. As this lending was repaid during the year, the fair value gain has subsequently been unwound.

15. Employee expenses

	2020 $	2019 $
Employee bonus issue	-	1,554,082
Salaries	1,706,541	660,465
Kiwisaver employer contribution	49,867	8,742
Staff medical insurance	11,164	5,956
Fringe benefit tax	13,601	-
Total employee expenses	**1,781,173**	**2,229,245**

16. Other expenses

	2020 $	2019 $
Administration and Management Services	223,362	73,231
Advertising, PR and Marketing	245,517	183,992
Audit Fees	55,000	57,000
Hosting Expenses	66,944	33,679
Legal, Consulting and Accounting	295,681	10,746
Listing Costs	9,354	3,644,004
Office Running and Rent	60,094	64,964
Other Overheads	543,895	214,770
Travel	172,603	85,748
Total other expenses	**1,672,450**	**4,368,134**

17. Finance costs

	2020 $	2019 $
Interest Paid	11,018	4,328
Finance Cost - Interest on Convertible Note	251,133	-
Finance Cost - Interest on Lease	29,637	-
Finance Cost - Interest on Related Party Lending	148,042	-
Total finance costs	**439,830**	**4,328**

18. Tax expense

	2020 $	2019 $
(a) Income Tax		
Net Loss before tax for the period	(2,363,002)	(4,376,500)
Tax Losses Carried Forward	(3,800,250)	(1,605,142)
Permanent Differences	295,725	2,126,403
Temporary Differences	20,957	54,989
Tax Losses to Carry Forward	**(5,846,570)**	**(3,800,250)**
Income Taxation at prevailing tax rates	(1,637,040)	(1,064,070)
Tax Losses not recognised	1,637,040	1,064,070
	-	**-**
(b) Deferred Tax		
Opening Deferred Tax Asset / (Liability)	-	-
Increases to Deferred Tax	-	-
Decrease to Deferred Tax	-	-
Closing Deferred Tax Asset / (Liability)	**-**	**-**
(c) Imputation Credits		
Balance at the end of the period	**-**	**-**

The Group holds tax losses of $5,846,570 as at 31 March 2020 (2019: $3,800,250) available to carry forward, subject to shareholder continuity being maintained.

19. Related party transactions

The Group had related party dealings with the following related parties during the reporting periods:

Related Party	Relationship
Cloud Investments Limited	Entity controlled by Director
Woodward Partners Limited	Entity controlled by Director
Coulthard Barnes (PaySauce) Limited	Entity controlled by Director (now retired)
Catalyst.Net Limited	Partial common ownership
Catalyst Cloud Limited	Partial common ownership
Marsland Consulting Limited	Partial common ownership
Mandy Simpson	Director, Minor Shareholder
Nick Lewis	Director, Chair, Minor Shareholder
Gavin Thompson	Director, Minor Shareholder
Andrew Barnes	Director (now retired), Chair (now retired), Major Shareholder
Anusha Fernando Barnes	Close Family Member of Andrew Barnes, Minor Shareholder
Jaime Monaghan	Chief Financial Officer, Minor Shareholder
Asantha Wijeyeratne	Chief Executive Officer, Major Shareholder
Troy Tarrant	Chief Technology Officer, Major Shareholder

(a) Key management personnel compensation

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

	2020 $	2019 $
Directors' fees	70,000	15,000
Short term employee benefits	433,516	209,837
Share based payments	-	1,554,082
Total key management personnel compensation	**503,516**	**1,778,919**

(b) Related party transactions and balances

Related party transactions	2020 $	2019 $
Purchases from Coulthard Barnes (PaySauce) Limited		
Advisory services	-	434,783
Interest expenditure	148,042	-
Purchases from Catalyst.Net Limited		
Consulting services	4,400	31,375
Purchases from Catalyst Cloud Limited		
Cloud hosting services	66,944	33,679
Purchases from Marsland Consulting Limited		
Consulting services	59,532	71,617
Purchases from Mandy Simpson		
Director fees	32,500	7,500
Purchases from Woodward Partners Limited		
Director fees	37,500	7,500
(Receipts) from Woodward Partners Limited		
Payroll processing services	(205)	(120)
Total related party transactions	**348,713**	**586,334**

Related party payables	$	$
Catalyst.Net Limited	-	3,680
Catalyst Cloud Limited	8,097	4,433
Coulthard Barnes (PaySauce) Limited	-	792,840
Mandy Simpson	3,354	2,875
Marsland Consulting Limited	6,363	11,892
Woodward Partners Limited	5,750	2,875
Total related party payables	**23,564**	**818,595**

During the year Coulthard Barnes (PaySauce) Limited advanced further funds of $931,924. These funds, and the opening balance of the lending at 31 March 2019 were repaid during the year. Interest was charged on this lending, as shown as noted above, and in note 17. Fair value adjustments made to the closing balance as at 31 March 2019 were subsequently reversed upon payment of the interest that wasn't charged in the 31 March 2019 year, as shown in note 14.

During the year Cloud Investments Limited advanced funds of $115,000 during the year, these funds were also repaid during the year. No interest was charged on this lending, and no fair value adjustments were made to this lending, due to the short term nature of the lending, with repayment occurring during the financial year.

PaySauce completed its initial allotment for its Rights Issue on 9 March 2020. As part of this process several key management personnel and related parties were allotted rights, bought and sold rights, and subscribed to these rights for shares. In addition to the related party transactions disclosed above. A summary of these transactions is provided below:

Rights Issue Summary for Key Related Parties	Rights Allotted	Rights Sold	Rights Purchased	Rights Subscribed to for Shares
Andrew Barnes (former Chair & Director)				
Qty	3,340,951	-	-	2,346,153
Value ($)	-	-	-	797,692
Asantha Wijeyeratne				
Qty	5,967,163	2,027,497	-	-
Value ($)	-	176,127	-	-
Gavin Thompson				
Qty	251,727	-	-	251,727
Value ($)	-	-	-	85,587
Jaime Monaghan				
Qty	-	-	150,000	150,000
Value ($)	-	-	-	51,000
Mandy Simpson				
Qty	-	-	147,059	147,059
Value ($)	-	-	-	50,000
Nick Lewis				
Qty	105,976	-	-	105,976
Value ($)	-	-	-	36,032
Troy Tarrant				
Qty	2,389,947	362,450	-	-
Value ($)	-	70,542	-	-

20. Financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 (e) above.

(a) Categories of Financial Assets & Liabilities

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

	2020	2019
Financial assets	**$**	**$**
Financial assets at amortised cost		
Cash and cash equivalents	13,589,158	6,313,146
Deposits	1,650,000	-
Trade and other receivables	148,684	42,983
Total financial assets	**15,387,842**	**6,356,129**

	2020	2019
Financial liabilities	**$**	**$**
Financial liabilities at amortised cost		
Funds due to customers and IRD	13,449,499	6,273,862
Trade and other payables	356,072	547,632
Non-interest bearing liabilities	-	699,916
Employee benefits	186,264	58,792
Other liabilities	42,155	81,580
Total financial liabilities	**14,033,990**	**7,661,782**

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

(b) Market Risk

(i) Credit risk

The Group manages its exposure to credit risk by the application of credit approvals and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

Credit risk concentration profile

The Group manages credit risk by placing its cash and short term investments with high quality financial institutions. The majority of the Cash and Cash Equivalents is held with ASB Bank with a A+ Fitch Rating.

Exposure to credit risk

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

(ii) Liquidity risk

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

	Carrying amount $	Total $	0-6 months $	7-12 months $	1-2 years $	2-5 years $
Year ended 31 March 2019						
Funds due to customers and IRD	6,273,862	6,273,862	6,273,862	-	-	-
Trade and other payables	547,632	547,632	547,632	-	-	-
Employee benefits	58,792	58,792	58,792	-	-	-
Other liabilities	81,580	81,580	81,580	-	-	-
Non-interest bearing liabilities	699,916	699,916	-	-	699,916	-
Total	**7,661,782**	**7,661,782**	**6,961,866**	**-**	**699,916**	**-**
Year ended 31 March 2020						
Funds due to customers and IRD	13,449,499	13,449,499	13,449,499	-	-	-
Trade and other payables	356,072	356,072	356,072	-	-	-
Employee benefits	186,264	186,264	186,264	-	-	-
Other liabilities	42,155	42,155	42,155	-	-	-
Total	**14,033,990**	**14,033,990**	**14,033,990**	**-**	**-**	**-**

(iii) Interest rate risk

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

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

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

Effect on net profit before income tax	2020 $	2019 $
1% increase in interest rate	107,762	49,639
1% decrease in interest rate	(107,762)	(49,639)

The above information is calculated by applying the effective movement to the average balance of cash and cash equivalents. Cash and cash equivalents and Deposits total $15,239,158 (2019: $6,313,145).

21. Fair values of financial assets and liabilities

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

22. Going concern

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

The Group made a net loss before tax of $2,363,002 for the year ended 31 March 2020 (2019: $4,376,500), has equity at 31 March 2020 of $2,242,344 (2019: negative equity $660,743) and net current assets/(liabilities) of $1,529,612 (2019: negative $319,388). The Group does not currently generate sufficient revenues to meet operating costs and the Group does not operate a facility of debt to draw upon.

The Directors consider that the Group has sufficient cash on hand combined with cash flows from operations and funds received from capital raised during the year (note 11) and subsequent to year end (note 28) to continue operating for the foreseeable future, which is not less than 12 months from the date these financial statements are approved for issue. As a result, the Group does not intend to raise further capital. The uncertainty of meeting forecasted financial performance creates a material uncertainty that may cast doubt on PaySauce's ability to continue as a going concern and therefore PaySauce may be unable to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding the uncertainty to meet forecasted financial performance the Directors are confident that PaySauce remains a going concern.

23. Reconciliation of net loss after tax to net cash flows from operations

	2020 $	2019 $
Net Loss after taxation	(2,363,002)	(4,376,500)
Add back / (deduct) non-cash items:		
Depreciation & amortisation	151,785	128,776
Share based payments	-	1,554,082
Listing costs - reverse acquisition	-	2,542,667
Loss on disposal of fixed assets	3,651	-
Other non-cash & non-operating items	492,098	(1,432,415)
	(1,715,468)	**(1,583,390)**
Movement in working capital:		
(Increase)/decrease in Trade and other receivables	(39,092)	(108,532)
(Increase)/decrease in Prepayments and other assets	6,686	(86,829)
Increase/(decrease) in Funds due to customers and IRD	7,175,638	2,863,521
Increase/(decrease) in Trade and other payables	(196,495)	470,574
Increase/(decrease) in Employee benefits	127,472	29,191
Increase/(decrease) in Other liabilities	(39,425)	23,256
Increase/(decrease) in Sponsorship revenue in advance	-	(87,500)
Net cash inflow from operating activities	**5,319,316**	**1,520,291**

24. Segment reporting

The Group is organised into one reportable operating segment only, being cloud based employment solutions software to small and medium-sized New Zealand businesses. The Group's product and service offering is that of mobile timesheets, payroll calculations, banking integration, PAYE filing, labour costing, automated general ledger entries and digital employment contracts. The chief operating decision maker has been identified as the Board of Directors, as it makes all key strategic resource allocation decisions (such as those concerning acquisition, divestment and significant capital expenditure).

25. Contingencies

As at 31 March 2020 the Group had no contingent liabilities or assets (2019: $nil)

26. Investments in subsidiary

The Company had the following subsidiaries at 31 March 2020:

Entity Name	Date of incorporation	Nature of business	Equity held %	Value held $	Country of incorporation	Balance date
PaySauce Operations Limited	07/01/2015	Payroll service provider	100	309,278	New Zealand	31 March
Right Remuneration Limited	22/01/2015	Payroll service provider	100	-	New Zealand	31 March
Payroll.Kiwi Limited	01/08/2017	Management consulting	100	-	New Zealand	31 March

27. Funds due to customers and IRD

This liability represents balances due to other parties in relation to the payment of clients' wages and other deductions in the ordinary business of PaySauce. The deductions include an amount payable to the Inland Revenue to settle the PAYE, student loan and other IRD liabilities that have arisen when our clients have processed their payrolls. As an IRD intermediary, PaySauce has deducted the amounts payable from clients, and is liable for the settlement with the IRD.

28. Events occurring after the reporting period

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

The following significant non-adjusting event occurred after the reporting date:

- On **30 April 2020**, a further 3,430,245 shares were issued at a price of $0.34 cents raising a further $1,166,283 of cash, as part of the ongoing placements of the remaining Rights Issue shares. This brought the total remaining shares available as part of the ongoing Rights Issue placement to 1,647,237 as at 30 April 2020.
- On **15 May 2020**, a further 1,647,237 shares were issued at a price of $0.34 cents raising a further $560,061 of cash. This was the final allotment, and completed the Rights Issue that was announced on 11 February 2020, for a total capital raise (before costs of raising capital) of $5,797,791.

COVID-19

COVID-19 is impacting all industries, and PaySauce is no exception, however it is not anticipated that there will be any significant negative outcomes for the business operations, financial performance, nor financial position of the Group. This consideration is made with the following key factors in mind:

- PaySauce's business operations are able to continue with minimal interruption upon enactment of our Business Continuity Plan (BCP).
- The PaySauce product is cloud-based, enabling clients to continue to use the service uninterrupted when they enacted their BCP. PaySauce's customer base predominantly consists of businesses from New Zealand's agricultural primary industry, one of the other lesser impacted sectors from COVID-19 in New Zealand.
- PaySauce is yet to see, and does not anticipate seeing customers asking to defer payments, partly due to the nature of our billing (at a point in time as the service is provided, automatically deducted), and that the cost is relatively small on a monthly per customer basis compared to other business expenses.
- Payroll is the core of our service provision, and is an essential service for New Zealand businesses. We anticipate continued growth with new customers seeking cloud based payroll solutions outnumbering any increase potential in churn.

Corporate Governance

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

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

The Board considers that, as at 28 May 2020, the Company complied with the recommendations set by the NZX Corporate Governance Code 2020, unless stated in the sections outlined below, or in PaySauce's Corporate Governance Code.

Principle 1

Code of ethical behaviour

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

Code of ethics

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

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

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

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

Securities trading policy

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

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

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

Principle 2

Board composition and performance

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

The board of directors

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

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

The board's primary role is to represent and promote the interests of shareholders, ultimately adding long-term value to the company's shares.
The board carries out its responsibilities according to the following mandate.

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

As at 31 March 2020 the Board comprised of four Directors:

- **Asantha Wijeyeratne** – Executive Director and CEO
- **Gavin Thompson** – Non-executive Director
- **Mandy Simpson** – Independent Director
- **Nick Lewis** – Independent Chair

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

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

On 20 December 2019, Andrew Barnes resigned from his position as Chair, effective 31 December 2019. Following Andrew Barnes' resignation, PaySauce's board appointed Nick Lewis (previously Independent Director) as Independent Chair, effective 1 January 2020.

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

Day-to-day management of PaySauce is delegated to the chief executive and the senior executive team.

The board's responsibilities

The primary responsibilities of the board are to:

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

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

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

Independent professional advice

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

Diversity

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

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

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

For future years the board will set measurable objectives for PaySauce's diversity policy. Progress against these objectives will be assessed annually. The board will make sure PaySauce's objectives are useful and practical for promoting diversity and inclusion.

We have achieved the following gender diversity as at 31 March 2020:

	Directors	Executive Leadership Team	Employees
As at 31 March 2019*			
Male	4	2	7
Female	1	0	7
Total	**5**	**2**	**14**
As at 31 March 2020			
Male	3	3	10
Female	1	1	14
Total	**4**	**4**	**24**

***Note** - Comparative figures as at 31 March 2019 have been aligned for the new categories of classification. Staff members that are not part of the Executive Leadership Team, but were categorised as Senior Management, are now categorised as Employees.

Principle 3

Board committees

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

Audit and Risk Committee

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

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

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

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

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

The board chair cannot also be the chair of the audit committee. The current members are Mandy Simpson (Chair), Nick Lewis, and Gavin Thompson, of which Mandy and Nick are independent non-executive directors.

The committee usually invites the chief executive, chief financial officer, head of finance, and external auditors to attend ARC meetings. The committee also regularly meets with the external auditors without management present, to broach any issues with managerial performance.

Principle 4

Reporting and disclosure

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

Reporting and disclosure

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

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

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

At present, PaySauce has not provided detailed reporting on environmental, economic and social sustainability risks, because it is in the early stages of reporting on non-financial information. PaySauce will consider providing more detailed non-financial reporting in the coming financial years.

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

Significant announcements made to the NZX and reports are also posted on the company's website.

Principle 5

Remuneration

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

The board is responsible for setting individual directors' fees, and monitoring the remuneration of the chief executive and executive leadership team.

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

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

Principle 6

Risk management

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

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

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

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

Principle 7

Auditors

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

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

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

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

The company continually monitors its internal control environment.

Principle 8

Shareholder rights and relations

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

Information for shareholders

The company seeks to help investors understand its activities, by communicating effectively and providing clear and balanced information.

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

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

Communicating with shareholders

PaySauce works to keep investors well informed, and regularly provides information about current operations and future plans.

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

Disclosures

Employee remuneration

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

	2020	2019
Remuneration range	**# Employees**	**# Employees**
$100,000 - $109,999	2	0
$120,000 - $129,999	2	0
$150,000 - $159,999	1	2
$160,000 - $169,999	0	1
$460,000 - $469,999	0	1

Note – Remuneration for the year ended 31 March 2019 included one-off recognition for historic time and knowledge contributions to the Company prior to listing, not previously recognised during the start-up phase. These costs have normalised for the year ended 31 March 2020.

Donations

No donations were made by the Group during the year ended 31 March 2020 (2019: $Nil).

Board meeting attendance

Board meetings are held in person and/or by teleconference. The Directors attended the following board meetings during the year ended 31 March 2020:

Director	Board Meetings Attended	ARC Meetings Attended
Andrew Barnes*	4 of 9	-
Asantha Wijeyeratne	8 of 9	-
Gavin Thompson	8 of 9	4 of 4
Mandy Simpson	9 of 9	4 of 4
Nick Lewis	9 of 9	4 of 4

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

***Note** - Andrew Barnes resigned as Chair and Director on 20 December 2019, effective 31 December 2019.

Directors' share transactions

Directors disclosed, pursuant to section 148 of the Companies Act 1993 and Part 5 of the Financial Markets Conduct Act 2013, the following acquisitions and disposals of relevant interest in PaySauce ordinary shares during the year ended 31 March 2020:

Director	Registered holder / associated entity	Number of shares acquired / (disposed)*	Consideration	Date	Notes
Andrew Barnes*	Coulthard Barnes (PaySauce) Limited	2,346,153	$797,692	Mar-20	Subscribed to renounceable rights offer
Andrew Barnes*	Cloud Investments Two Limited	335,389	$114,032	Mar-20	Subscribed to renounceable rights offer
Andrew Barnes*	Anusha Fernando Barnes	59,537	$20,243	Mar-20	Subscribed to renounceable rights offer
Andrew Barnes*	Hibernian Capital No 2 Limited	37,210	$12,651	Mar-20	Subscribed to renounceable rights offer
Andrew Barnes*	Perrow Capital No 2 Limited	138	$47	Mar-20	Subscribed to renounceable rights offer
Gavin Thompson	Gavin Thompson	251,727	$85,587	Mar-20	Subscribed to renounceable rights offer
Mandy Simpson	Proveho Trustee Limited	147,059	$50,000	Mar-20	Subscribed to renounceable rights offer
Nick Lewis	The Lewis Family Trust	105,976	$36,032	Mar-20	Subscribed to renounceable rights offer

***Note** - Andrew Barnes resigned as Chair and Director on 20 December 2019, effective 31 December 2019.

Directors' remuneration

The total Directors' fees and other remuneration received by the Directors for the period ended 31 March 2020 is outlined below:

	2020			2019		
Director	Director fees	Other remuneration	Total	Director fees	Other remuneration	Total
Andrew Barnes*	-	-	-	-	-	-
Asantha Wijeyeratne	-	$106,150	$106,150	-	**$1,035,393	$1,035,393
Gavin Thompson	-	-	-	-	-	-
Mandy Simpson	$32,500	-	$32,500	$7,500	-	$7,500
Nick Lewis	$37,500	-	$37,500	$7,500	-	$7,500

***** Andrew Barnes resigned as Chair and Director on 20 December 2019, effective 31 December 2019.

Executive Director remuneration

Asantha Wijeyeratne is the Chief Executive Officer, and held this position at 31 March 2020. He did not receive any remuneration in his capacity as a Director, but was remunerated as Chief Executive Officer. He received remuneration and benefits of $106,150 (2019: **$1,035,393).

****** In 2019, Asantha received bonus shares at a value of $945,395 - representing the one-off recognition for historic time and knowledge contributions to the Company prior to listing, not previously recognised during the start-up phase.

Insurance of Directors and Officers

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

General Disclosures of Interest

Director	Company	Nature of interest
Asantha Wijeyeratne	Buzz Hospitality Limited	Director
	Catalyst IT Limited	Shareholder
	Catalyst TP Limited	Shareholder
	Cloud Investments Limited	Director & Shareholder
	Jaws Rentals Limited	Director
	Manuka Café Limited	Director
	Payroll.Kiwi Limited	Director
	PaySauce Limited	Director & Shareholder
	PaySauce Operations Limited	Director
	Right Remuneration Limited	Director
	Wijeyeratne & Co Limited	Director & Shareholder
Gavin Thompson	Catalyst Cloud Limited	Director
	Catalyst IT Limited	Director & Shareholder
	Catalyst.Net Limited	Director
	Catalyst TP Limited	Director & Shareholder
	PaySauce Limited	Director & Shareholder
	PaySauce Operations Limited	Director
	Truenet Limited	Director
Mandy Simpson	Ministry of Business Innovation and Employment	Audit & Risk Committee Member
	PaySauce Limited	Director & Shareholder
	PaySauce Operations Limited	Director
	Proveho Trustee Limited	Director
	Punakaiki Fund Limited	Director (retired 31 March 2020)
	Z Energy Limited	Chief Digital Officer

General Disclosures of Interest (cont.)

Director	Company	Nature of interest
Nick Lewis	8 Interactive Limited	Shareholder
	Celsias Limited	Shareholder
	Common Ledger Limited	Shareholder
	Dropit Limited	Shareholder
	Ecotricity GP Limited	Director
	Ecotricity Superceded Limited	Director
	Kiwi Insurance Limited	Director & Chair
	Learnspring Limited	Shareholder
	Let Use It Limited	Shareholder
	PaySauce Limited	Director & Chair
	PaySauce Operations Limited	Director
	Pioneer Energy Limited	Director
	PledgeMe Limited	Shareholder
	RayGun Limited	Shareholder
	RightWay Limited	Shareholder
	Woodward Partners Limited	Director & Shareholder

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

Director interests in shares

Directors held the following relevant interests in PaySauce ordinary shares at 31 March 2020:

Director	Securities held by Director or associated entity
Andrew Barnes*	30,474,031
Asantha Wijeyeratne	41,770,149
Gavin Thompson	2,013,820
Mandy Simpson	147,059
Nick Lewis	847,809

* Andrew Barnes resigned as Chair and Director on 20 December 2019, effective 31 December 2019.

Substantial product holders

The substantial product holders in PaySauce ordinary shares as at 31 March 2020 were as follows:

Substantial product holder	Shares held	% of issued shares
Wijeyeratne & Company Limited	28,937,121	22.03%
Coulthard Barnes (PaySauce) Limited	25,732,811	19.59%
Gibson Sheat Trustees Limited	16,729,631	12.74%
Cloud Investments Limited	12,833,028	9.77%
New Zealand Central Securities Depository Limited	7,093,713	5.40%

Twenty largest equity security holders

The 20 largest holders of PaySauce ordinary shares as at 31 March 2020 were as follows:

Rank	Shareholders/Investors	Shares held	% of issued shares
1	Wijeyeratne & Co Limited	28,937,121	22.03%
2	Coulthard Barnes (Paysauce) Limited	25,732,811	19.59%
3	Gibson Sheat Trustees Limited	16,729,631	12.74%
4	Cloud Investments Limited	12,833,028	9.77%
5	New Zealand Central Securities Depository Limited	7,093,713	5.40%
6	Cloud Investments Two Limited	3,678,575	2.80%
7	New Zealand Depository Nominee Limited	3,094,615	2.36%
8	Ian Stewart Frame & Pamela Anne Frame	2,652,765	2.02%
9	Robert John Woodward & Tracey Jan Woodward	2,137,668	1.63%
10	Mckay Nominees Limited	2,038,491	1.55%
11	Gavin Thompson	2,013,820	1.53%
12	Krishnakumar Guda	1,870,000	1.42%
13	Kevin Mcdonald Trustee Limited	1,691,658	1.29%
14	Hugh Anthony Pradeep Fernando	1,471,102	1.12%
15	Victoria Ann Taylor	1,201,770	0.91%
16	Amanda Higgins & Patrick Higgins & Paul Philipson	1,017,921	0.78%
17	WTR Trustee (2016) Limited & Lucy Robertshawe & Tim Aitken	925,349	0.70%
18	Jennifer Rosanne Sabina Fernando	868,569	0.66%
19	Nick Lewis, Diane Lewis & Christopher Ritchie	847,809	0.65%
20	Logan Jay Tyson	826,178	0.63%

Spread of security holders

The spread of holders of PaySauce ordinary shares as at 31 March 2020 are listed below:

	Shareholders		Shares	
Size of holding (shares)	Number	%	Number	%
1 - 100,000	945	82.53%	1,393,312	1.06%
100,001 - 500,000	137	11.97%	2,570,048	1.96%
500,001 - 1,000,000	16	1.40%	1,101,454	0.84%
1,000,001 - 5,000,000	21	1.83%	4,663,170	3.55%
5,000,001 - 10,000,000	10	0.87%	7,418,448	5.65%
10,000,001 and over	16	1.40%	114,194,689	86.95%
Totals	**1145**	**100.00%**	**131,341,121**	**100.00%**

NZX waivers from listing rules

No waivers were granted to PaySauce by NZX during the year ended 31 March 2020, and there were no waivers that PaySauce relied upon during this period.

Company Directory

Directors:

Asantha Wijeyeratne
Gavin Thompson
Mandy Simpson
Nick Lewis

Registered Office:

21-23 Andrew Avenue
Lower Hutt, 5010
New Zealand

Website:

www.paysauce.com

Auditor:

Grant Thornton

Stock Exchange:

NZX

Share Registrar:

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

NZ Company Number:

1719868

NZBN:

9429034458099

www.paysauce.com