



FY21 Results Presentation

June 2021

personal use only

Record results driving positive outlook

- 1 Company overview and key highlights
- 2 Record FY21 financial performance
- 3 Significant operational achievements in FY21
- 4 Well positioned for future growth



PayGroup at a glance

PayGroup delivers mission-critical payroll solutions and scalable HCM software



Fully compliant payroll solution
processing >6m payslip transactions¹



Scalable software platform providing full life-cycle HCM modules



Local regulatory and compliance expertise **in more than 40 countries**



>2,100 customers across a growing number of market segments



Recognised by Gartner in market guides for Multicounty Payroll Solutions²

Record FY21 results deliver positive EBITDA

Full Year Financial Highlights



Exit ARR¹

\$27.2m

+53%
v. FY20



Revenue²

\$16.0m

+47%
v. FY20



New contracts

\$13.7m

+149%
v. FY20



EBITDA³

\$1.6m

+\$2.2m
v. FY20



Operating
cash flow

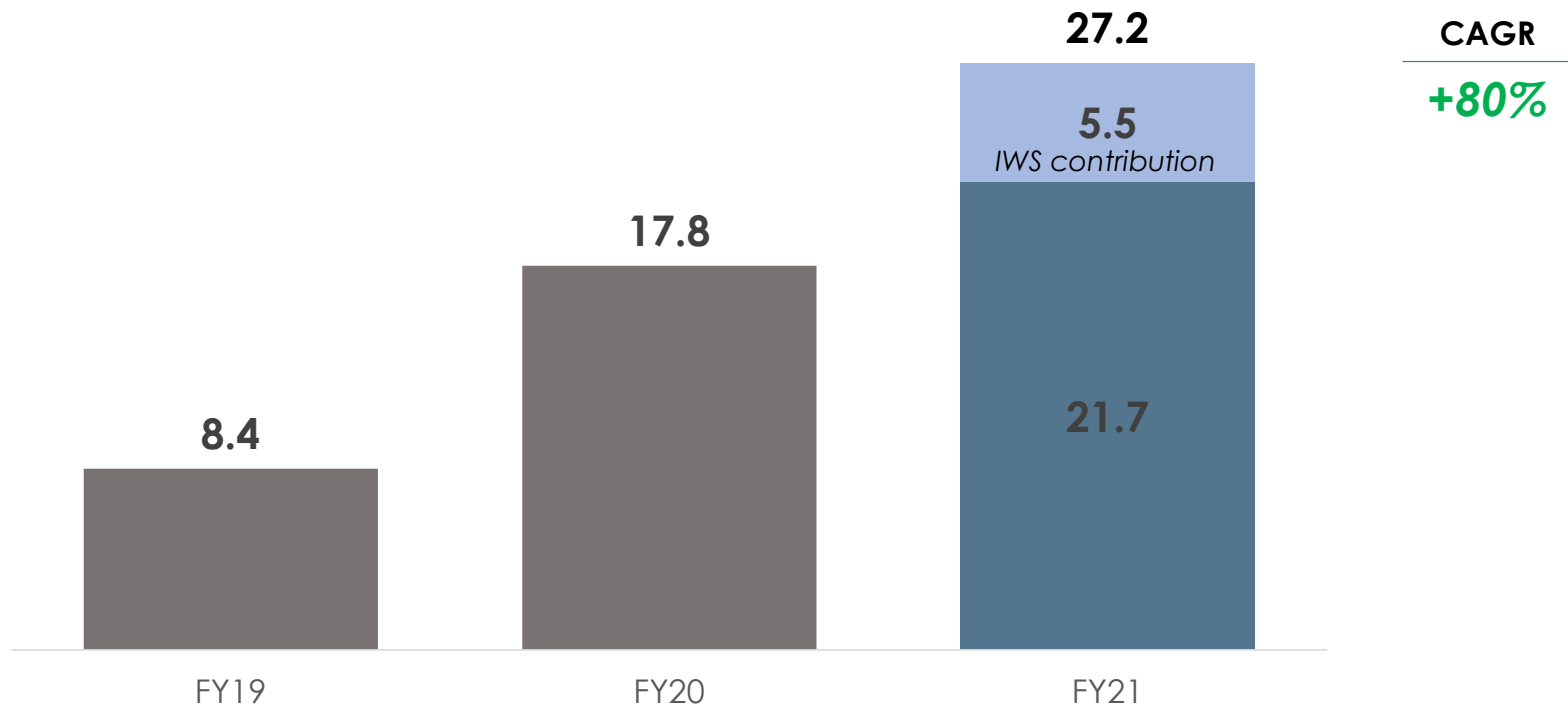
\$1.7m

+\$1.1m
v. FY20

Strong top-line growth

Continued momentum underpinned by organic growth supplemented by acquisitions

Annualised recurring revenue (\$m)



Progress against our strategic priorities

Focused strategic expansion while pursuing scalable growth

Scale core payroll business



Grow our leadership position in multi-country payroll leveraging our local compliance and regulatory expertise across APAC

- ✓ **+28%** increase in payslips processed on FY20
- ✓ **+8** additional geographies serviced

Broaden customer offering



Increase product suite and business verticals to expand market opportunity and add high customer value products

- ✓ Added **new franchise payroll vertical**
- ✓ **11** new modules to HCM suite
- ✓ **Appointment of Chief Product Officer** to drive innovation

Execute on cross-sell opportunities



Leverage expanded offering and geographic expansion to drive organic growth and margin expansion

- ✓ Investment in **additional sales capabilities**
- ✓ Integration of IWS acquisition **expanding cross-selling opportunities**

Leverage Global partners



Execute on strong pipeline of opportunities delivered through the Global Partner Program (GPP)

- ✓ **>300%** increase in ARR originated through the GPP
- ✓ Marked increase in inbound contracts and referrals highlighting PayGroup's leading position in APAC

Financial highlights



Elise Nguyen
Chief Financial Officer



Standout EBITDA result

Strong revenue growth and cost efficiencies delivering enhanced operating leverage

(\$m)	FY21	FY20	Movement
Revenue ¹	16.0	10.9	+47%
Operating Expenses	(14.4)	(11.5)	25%
EBITDA ²	1.6	(0.6)	+\$2.2
Depreciation	(2.3)	(1.4)	64%
Net interest	(0.1)	(0.1)	-
PBT	(0.8)	(2.1)	+\$1.3
NPAT	(0.5)	(2.1)	+\$1.6

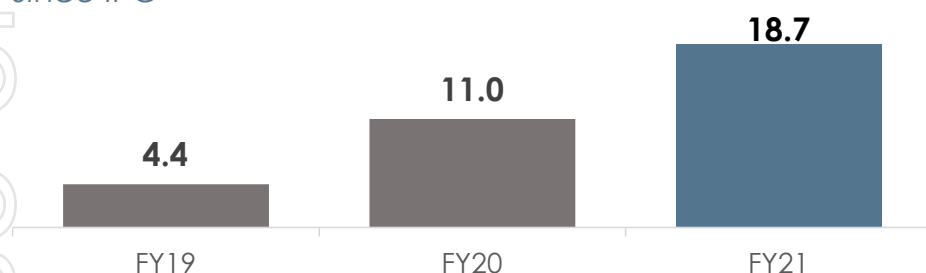
- ✓ Operating revenue **growth of 47% YOY**, (52% adjusting for currency fluctuation), driven by increased organic growth and strategic acquisitions
- ✓ Increase in expenses largely attributed to **acquisitions**, full year contribution from Astute (vs 5 months in FY20), and the strategic hire of our **Chief Product Officer**
- ✓ Achieved **positive EBITDA result of \$1.6m**, a \$2.2m improvement on FY20, reflecting strong revenue growth and cost efficiencies
- ✓ Positive EBITDA margin reflective of **growing operating leverage** due to strategic focus on **margin accretion**

Record cash receipts driving positive cash flow

Achieved positive operating cash flow

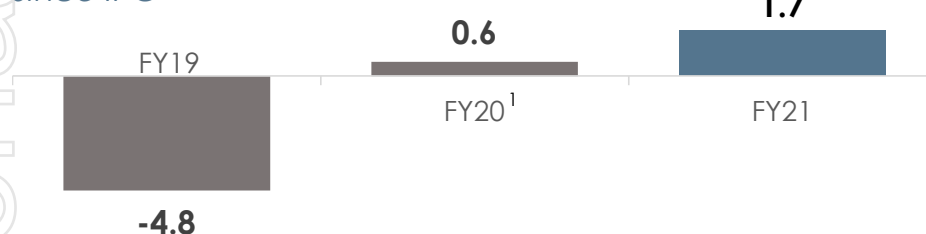
Cash receipts (\$m)

Since IPO



Operating cash flow (\$m)

Since IPO



- ✓ Cash receipts grew by 70% YOY, due to increased sales and **more efficient implementation** of solutions
- ✓ Achieved **positive operating cash flow for FY21** (+\$1.1m vs FY20)
- ✓ Consistently positive operating cash flow in FY21 has led to **PayGroup gaining exemption to 4C reporting** requirements
- ✓ In order to keep shareholders informed, PayGroup intends to **continue releasing quarterly business updates**

Well capitalised to drive future investment

Strong cash position and primed for growth

\$m	FY21	FY20	Movement
Receipts	18.7	11.0	+7.7
Payments	(18.2)	(10.6)	(7.6)
Grants and interest	1.2	0.2	+1.0
OCF	1.7	0.6	+1.1
Investing activities	(3.1)	(2.7)	(0.4)
Financing activities	2.8	2.5	+0.3
Increase in cash	1.4	0.4	+1.0
Cash at beginning	2.0	1.4	+0.6
Cash at end¹	3.2	2.0	+1.2

- ✓ Cash flows from investing activities relate to software development costs of \$2.6m and acquisitions made in FY21
- ✓ Cash flows from financing activities relate to the capital raising in September 2020, to support product development and acquisition integration
- ✓ **Current cash balance of \$12.2m** as at 28 May 2021, inclusive of funds raised in Placement and SPP announced March 2021
- ✓ **Strong balance sheet** provides flexibility to further invest in growth initiatives including innovation, product development and automation

Operational highlights



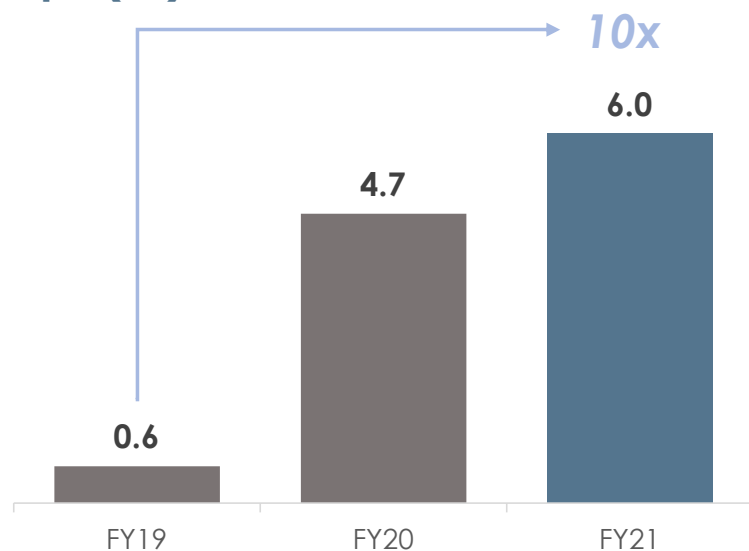
Sachin Goklaney
Chief Commercial Officer



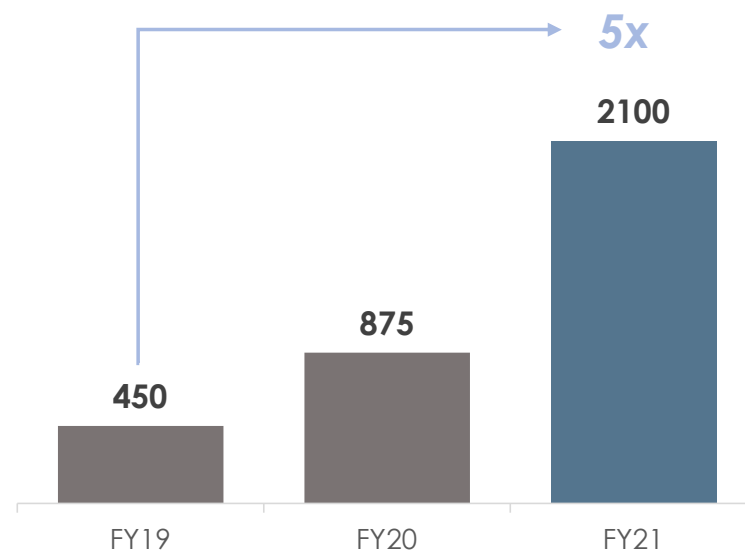
Achieving scale

Consistent growth across key operating metrics drives operating leverage

Payslips (m)



Clients



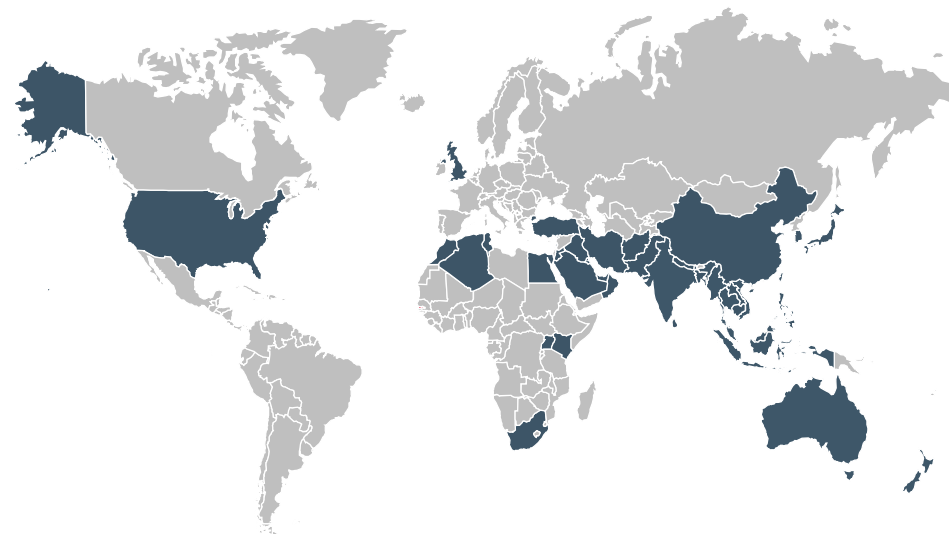
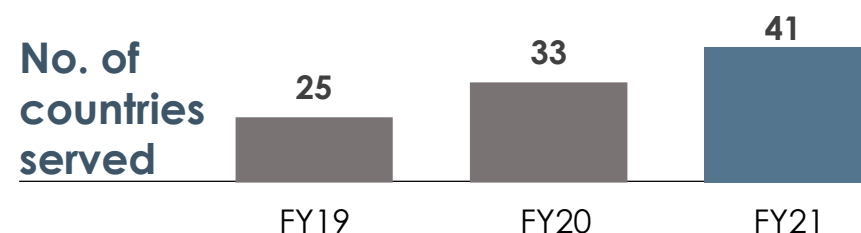
PayGroup has maintained 95% customer retention despite COVID disruption

Leading position in APAC

Expanded markets provides customers with opportunities to grow

Significant APAC coverage

- ✓ PayGroup has solidified its position as a market leader in payroll across APAC, with coverage in **41 countries**
- ✓ PayGroup's deep knowledge of local regulatory environments is unparalleled, providing customers with **fully compliant payrolls and payments**
- ✓ Unique position enables PayGroup to support clients seeking to facilitate growth within the APAC region by leveraging **PayGroup's established infrastructure**
- ✓ **Strengthening our position in Japan** – acquisition of our partner to create **PayAsia Japan** following strong demand for mission critical payroll services. Highest unit economics for the Group



Enhanced offering

Continuing to expand markets and build ecosystem of high margin HCM modules

PayGroup's offering caters to a wide base...



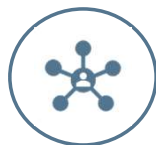
Workforce management

Servicing organisations that require staff for a contract or temporary need



Multi-national enterprises

Payroll and HCM solutions to large multi-national enterprises with staff across multiple jurisdictions



Franchise networks

Catering to a network of businesses with staff on flexible rostering requirements

New segment

...with an extensive range of HCM modules

- | | | |
|--------------------|-------------------------------------|-------------------------|
| + Timesheets | + Onboarding | + Claims |
| + Leave | + Invoicing | + iOS / Android app |
| + Pay conditions | + Integrations | + Discussion board |
| + Document centre | + Taxes, superannuation & insurance | + Employee self service |
| + Data aggregation | | |

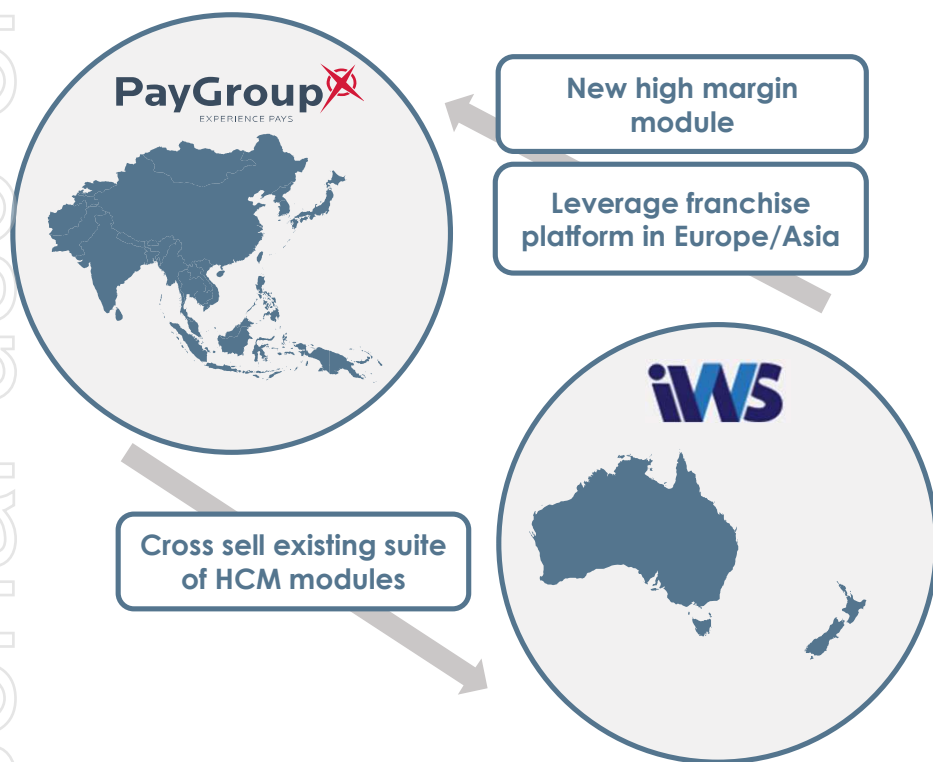
New modules in FY21

- | | | |
|---------------------|----------------------|--------------------------|
| + Separation | + Talent management | + Organisation |
| + Time & attendance | + Competency | + Temperature check |
| | + Performance | |
| + Career management | + Recruitment | + Learning & Development |
| + AI chat bot | + Facial recognition | + Bookkeeping |

Increased cross-selling opportunities

Franchise clients are leveraging PayGroup's infrastructure to expand their footprint

Significant APAC revenue pipeline



Case Study

laserclinics
A U S T R A L I A

- Laser Clinics is a longstanding customer of IWS, supporting their 155 franchises across Australia and New Zealand
- Leveraging PayGroup's payroll infrastructure, IWS has already commenced supporting Laser Clinics across 2 new European and Asian based geographies, adding 15 new franchises in the month of May
- PayGroup to continue supporting all new Laser Clinics locations as they expand globally

Franchise sector provides significant organic growth opportunities as franchise networks expand

Exciting growth channel

Partners provide growing pipeline of new international customers

Global Partner Program (GPP)

- ✓ Partners provide **referrals from all over the world**, for large multi-nationals needing APAC expertise
- ✓ Partners have **access to PayGroup's diverse HCM modules**
- ✓ **Lower customer acquisitions costs** with partners responsible for marketing and legal costs
- ✓ **Higher margin channel** with increased utilisation of extensive APAC infrastructure

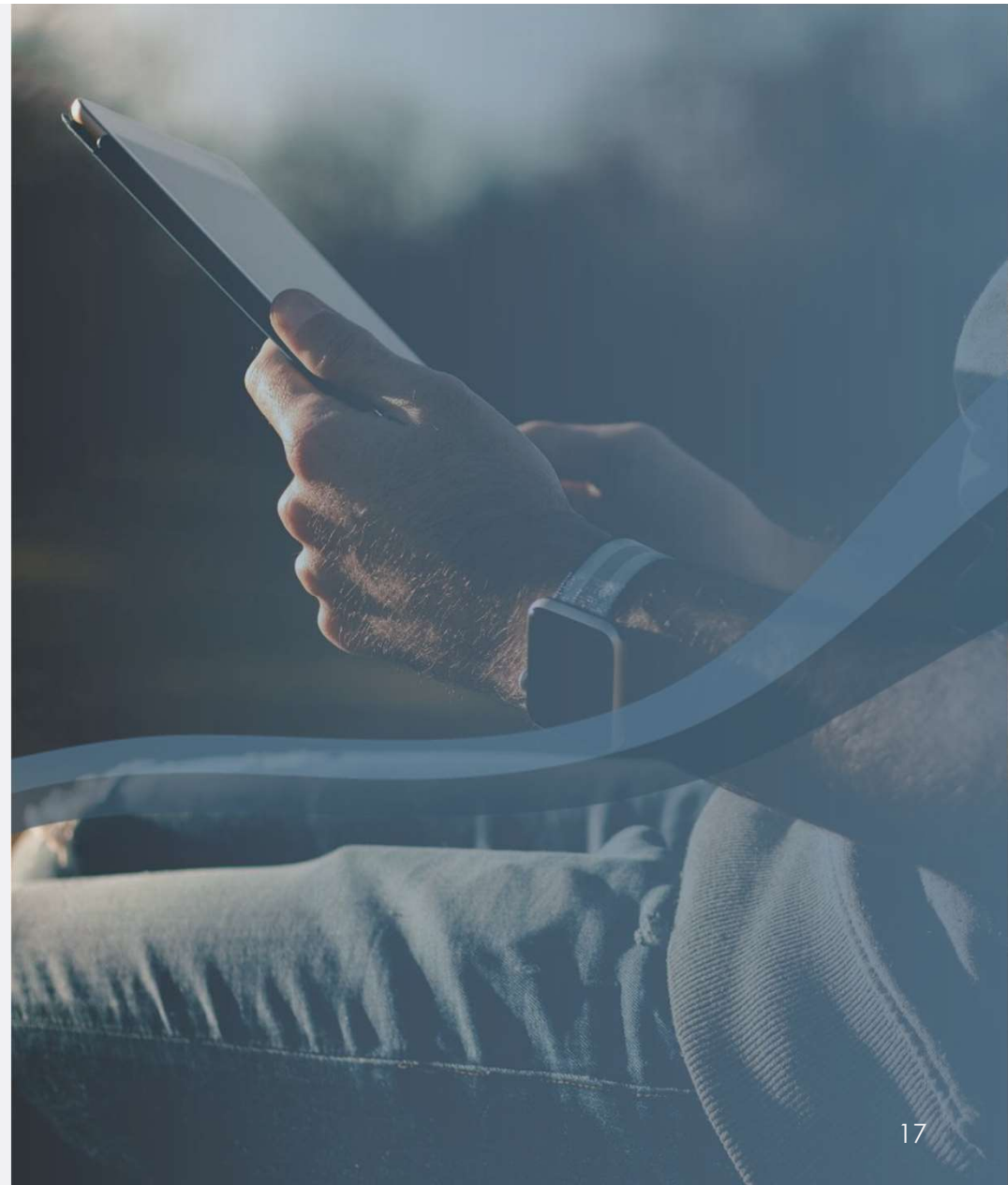
GPP ARR of \$3.5m in FY21, increasing >300% on FY20

Referrals from partners significantly expands markets



(Select partners shown)

Outlook



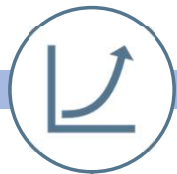
Well positioned to deliver on organic growth

Growing the core, while increasing cross-selling and higher margin offerings



Grow core payroll solutions

Continue to scale proven strategy to deliver trusted payroll solutions



Organic growth via cross-selling

Unlock embedded value across existing customer base



Global Partnership Program

Expand network of global partners to grow core payroll business



Enhanced payment solutions offering

Monetise high-value payments initiatives



Automate core solutions

Optimise core payslip business through automation

Strong momentum headed into FY22

Industry tailwinds providing catalysts into FY22



Accelerated adoption of cloud-based software

- Accelerated transition from on-premise software to the cloud
- Greater need for **real-time reporting**
- **Shift to digitisation** of payroll processing and management of employees



Increase in compliance measures

- Evolving legislative environment
- Heightened awareness around underpayment of staff
- Increasing focus on data security and privacy
- **Requires local experts who have proven capability in the region**



Increase in commercial oversight

- Shift to working from home requires greater focus on oversight
- Increased exposure with limited view of staff actions
- **Greater need for mission critical software and services** to pay and manage employees remotely



Greater need for operating flexibility

- Flexible to handle potential disruptions and COVID lockdowns
- Increased complexity in workforce requirements and rostering
- **Increased reliance on providers with a diverse product offer**

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We are extremely proud of the record results we have achieved in FY21. Despite the significant disruption of the global pandemic, PayGroup has delivered its first full year of positive EBITDA along with strong ARR and statutory revenue growth. We are pleased with the progress made against our strategic priorities, having grown volume of payslips processed, expanded offering of HCM modules and entered new geographies and verticals.

We are excited by the opportunities ahead in FY22 underpinned by the strong momentum of FY21 and the significant digitisation tailwinds we have observed over the past year. The scale we continued to achieve across the business provides a strong foundation for sustainable long-term growth.

Mark Samlal
Founder and Managing Director
Major Shareholder (19.31%)

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