



16 April 2021

PayGroup Ltd (ASX: PYG)

Desk Note – IWS Acquisition Update

Cyprus Sia | Analyst | Spark Plus Pte Ltd. | cyprus@sparkplus.org

Ticker:	Current Price:
PYG	A\$0.57

Market Data	
52-Week Range (A\$)	0.435 - 0.900
3mth Avg Vol ('000)	201.1
Market Cap (A\$Mil)	58.6
Shares Out. (Mil)	102.8
Cash (A\$Mil)	15.7
Enterprise Value (A\$Mil)	42.8
Estimated PS ratio	4.0

PAYGROUP remains undervalued against its SaaS peers on a PS multiple basis. PayGroup trades at an estimated PS ratio of 4.0x or -68.8% discount to its peers' average of 12.79x even before including IWS Pro-forma FY2021 ARR of A\$5.5M. Using an estimated organic growth of 23.6% YoY in FY2022F and an industry-typical PS ratio of 11.60x, PayGroup would be trading at a MCap of A\$183.7M, some 3.1x the current MCap of A\$58.6M.



IWS Acquisition Sparks

PayGroup's Pro-forma FY2021 ARR increase by 25.5% to A\$27.0M (+51.7% YoY) from the guidance of A\$21.5M for FY2021. IWS' Pro-forma FY2021 EBITDA of A\$1.1M and positive operating cash flow allows for larger re-investment to accelerate growth, both organically and through further M&A.

Almost 2x client base to further boost cross-sell and up-sell opportunities. IWS brings along more than 1,000 clients and 400,000 payslips which enlarge PayGroup's client base to above 2,100 clients. PayGroup could cross-sell other HCM modules to IWS's client base and up-sell them as they grow.

New A\$700M+ market opportunity in the franchising market – one of the fastest-growing business models in terms of the number of stores and manpower. IWS' unique and efficient payroll system for the franchising market and PayGroup's multi-national HCM solution is the perfect combination to expand their presence in the global franchising market. Through channel checks, Franchising brands make up less than 1% of PayGroup's client base. The addition of IWS' module unlocks the gate to a A\$700M+ Australian franchising market, while PayGroup's multi-country solution attracts global large brands looking to expand aggressively and internationally.

IWS' top-tier gross margin in the BPO sector likely to average up PayGroup's SwaS segment. IWS' gross margin of 70% is the Top 3 among its listed BPO peers globally while the global average gross margin is only 31.2%. We believe this to be gross margin accretive for PayGroup's SwaS segment. Similarly, integrating PayGroup's multi-country payroll and SaaS HCM engine should improve the margins of IWS.

Value accretive. Breaking it down, PayGroup is paying A\$12.75M for FY2021E ARR of A\$5.5M which is 2.32x P/ARR or a 4.1% discount to its P/ARR ratio of 2.42x before the announcement. Multiplying IWS' FY2022E minimum revenue milestone of A\$5.9M by PYG's PS ratio of 4.0x gives value accretion of A\$9.5M. By applying the peers' average 12-month forward PS ratio of 8.99x implies value accretion of up to A\$89.9M or +277.5% which can be extracted from the IWS acquisition.

Top 6 Shareholders

Mark Samlal (Mng. Director)	21.51 %
HSBC Custody Nominees (Australia) Limited	7.01%
Lawrence Pushpam (Co-founder of PayAsia)	6.86%
National Nominees Ltd	6.37%
Escrowed Shares Vehicle for Astute acquisition	4.15%
Marcus Webb (Founder of Astute Payroll)	4.15%



IWS acquisition details

On 31 March 2021, PayGroup (PYG) announced to acquire Integrated Workforce Solutions (IWS) for A\$15.3M consisting of initial consideration of A\$8.4M in cash, A\$4.35M in shares, and a Performance Earn-out of up to A\$2.55M in shares. The Performance Earn-out will be paid in two equal-portion, upon achieving the key operational milestones in FY2022 and FY2023 – based on a minimum gross margin of 70% and minimum revenue targets of A\$5.89M in FY2022 and A\$7.03M in FY2023. Shares will be escrowed for 2 years.

The acquisition will be funded by the A\$15M raised via a Placement with the excess used for the investment in additional sales capabilities, automation, and AI to enhance margins, and working capital. The Placement will be split into 2 tranches where Tranche 2, being A\$3.6M is subjected to shareholders' approval on or about 13th May 2021. The new shares are issued at A\$0.56 per share or a 14.9% discount to the 5-day VWAP of A\$0.658.

IWS background

IWS is founded by Rob Dryden (CEO of IWS) and 3 former business partners in 2008. The idea originated when they saw the need for an automated and unified rostering, timesheet, and payroll processing system for franchise businesses while experiencing the pain from running a suite of franchise stores themselves. Together with Aaron Ng (CTO of IWS), they developed Australian first SaaS-based Unified Franchise Management (UFM) tool under IWS. The value of IWS solutions were quickly recognized throughout the Franchise space in Australia and attracted franchisors and other multi-site operators to subscribe to their solution. Philip Knox, CFO of IWS, joined IWS in 2012 and along with Rob founded IWS' bookkeeping business.

Under their leadership, IWS became a leading provider of UFM in ANZ and has been enjoying robust growth YoY, driven by their recurring revenue model, high customer retention rates and inherent growth that is achieved from supporting expanding franchise systems. Post-acquisition, Rob, Aaron, and Philip will continue to lead the global expansion of the SaaS based solution as part of PYG's key management team.

IWS acquisition synergy

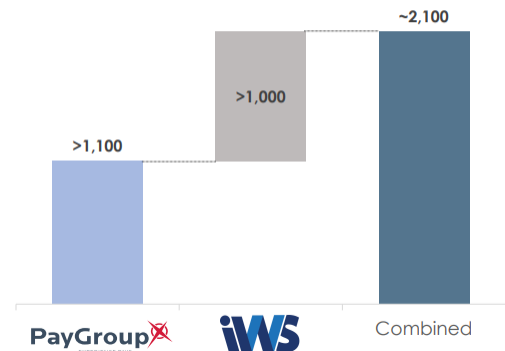
IWS is a leading provider of rostering and payroll solutions to franchises in ANZ. The company owns a high margin modular software for the franchise market bringing along more than 1,000 customers and 400,000 annualized payslips which increases PYG's product offering and provides cross-selling opportunities. IWS' customer retention rate of 94% (95% for PYG) is relatively good for a service provider.

IWS is operating cash flow positive, has a Pro-forma FY2021 ARR of A\$5.5M, and EBITDA of A\$1.1M, allowing for larger re-investment to accelerate growth – through further M&A or organic growth. The acquisition would bring PYG's Pro-forma FY2021 ARR to A\$27.0M, a 25.5% increase to its previous

IWS addition to PayGroup's portfolio

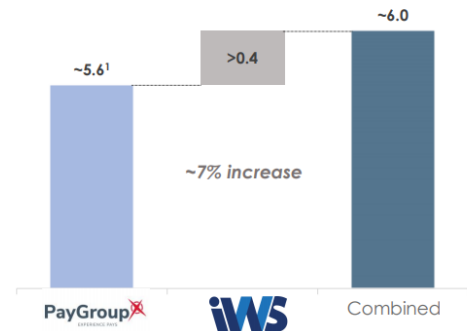
Significant increase in customers

No. of customers



Total payslips processed

No. of payslips processed (millions)

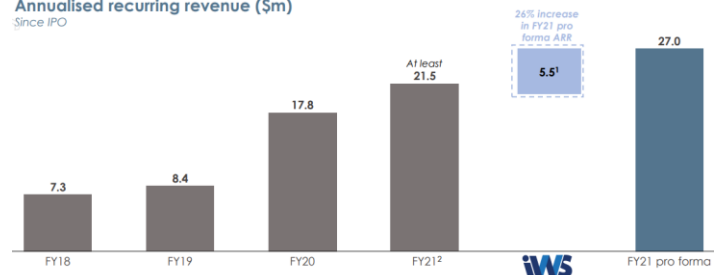


Source: [Company's presentation](#), Mar 2021

ARR accretive

Annualised recurring revenue (\$m)

Since IPO





guidance of A\$21.5M, and a 51.7% increase to its FY2020 ARR of A\$17.8M.

IWS' unique and efficient payroll system for the franchising market unlocks the gate to a A\$700M+ franchise market in Australia, the country with the highest franchising outlets per capita. Through channel checks, we believe franchise brands make up less than 1% of PYG's client base suggesting an opportunity to accelerate their SaaS HCM market share. PYG's multi-country HCM solutions further powers this franchise payroll system to boost scalability globally, potentially unlocking another A\$16.1B+ (based on GDP comparison) addressable market opportunity in Asia.

Franchising is one of the business models for fast growth where brands can have exponential store openings year after year. The franchise model allows entrepreneurs to quick start their business leveraging on a proven profitable business model and an established branding. New franchised stores often replicate the existing business model from the operations to the back-end including the systems and software used. This allows PYG and IWS to share the exponential growth with its clients.

Fast-food chains are the most relatable with familiar brands popping up in every corner much faster than we realise it. Despite the COVID-19 induced lockdowns and travel restrictions happening in 2020, a net increase of franchised units is recorded in Australia from Apr to Dec 2020. Few surveys showed that [417 new franchised stores opened in the period as compared to 215 stores closed permanently with an average opening of 4.1 stores per brand](#) (The data covers about 15% of Australian total franchise market). According to Pulse Check survey, [75% of franchise businesses are optimistic for 2021 with about 33% indicating a sales growth exceeding 10% YoY in Q4 2020](#). This strong growth post COVID-19 can be seen from the revenue growth expectation on IWS' Performance Earn-out key operational milestone of 12.7% (assuming FY2021's ARR equals revenue) and 19.3% YoY in FY2022 and FY2023.

IWS' exceptionally high gross margin of 70% (assumption based on Performance Earn-out criteria) may potentially increase PYG's SwaS gross margin. IWS' gross margin of 70% is at the 88th percentile or Top 3 of its listed business process outsourcing (BPO) peers globally while the global average gross margin is only 31.2%. Although PYG does not provide its gross margins, we believe this to be gross margin accretive for PYG's SwaS segment. Similarly, integrating PYG's multi-country payroll and SaaS HCM engine should improve the margins of IWS.

IWS' customers



Source: [Company's presentation](#), Mar 2021

Australia franchised stores trend in 2020

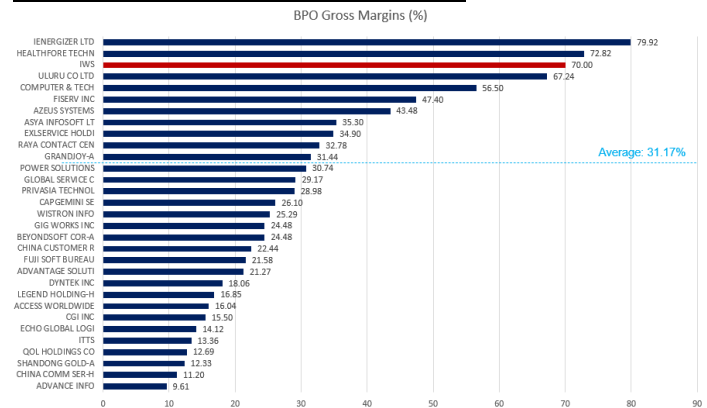


*Figures are normalized to 2Q20's number of brands participated.

National Survey done by FCA covering about 35 brands and 15,000 outlets, representing roughly 15% of Australian total franchise market (by outlets count).

Source: Franchise Council of Australia, 2021

Listed BPO companies' gross Margins



Source: Bloomberg, Apr 2021



Key risk

The franchise model may be the fastest growing business model but the opposite is true as well. When large brands overgrown itself, the number of stores closing down is surprisingly fast. Subway in the US is an example where number of stores reduced about 18% to 22.2K store in 2020 from 27.1K stores in 2015.

The exponential growth of a franchise model could lead to a high customer concentration risk. First-level online checks on the presented client base of IWS shows that the estimated aggregated number of employees for Subway, Red Rooster and Pizza Hut in Australia surpassed 25K people. Most fast-food chains in Australia pay salaries weekly which gives us an estimated annual number of payslips of 1.3M which is far greater than IWS' current annual processed payslips of 400K+. It is fair to say that not all franchisees adopt the same workforce solution vendor as the franchisor but at the same time, it shows the potential customer concentration risk for IWS if all franchisees are required to use the same workforce vendor as the franchisor.

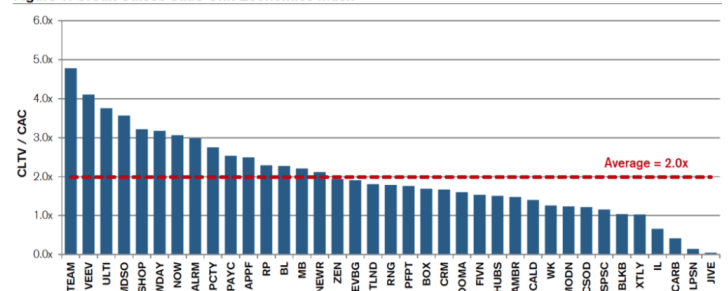
PayGroup business updates

The IWS acquisition announcement came along with an upgraded FY2021 guidance. The surprise includes an increase of A\$1M in FY2021E's ARR to A\$21.5M (+20.8% YoY) and an increase of A\$3M in FY2021E's new contract signed to A\$13M (+136.4% YoY)

Revenue from Global Partnership Program (GPP) is expected to represent about 9% of FY2021E ARR (up from 7% in 1H FY2021) with expected growth of around 140% YoY. As discussed in our previous research note, PYG's Unit Economics (UE) increases with the increase in GPP contribution. At 9% GPP contribution, PYG's UE climbs to 4.07x (previously 3.98x) which ranks them as 2nd on Credit Suisse's list of SaaS companies.

SaaS companies Unit Economics

Figure 1: Credit Suisse SaaS Unit Economics Index



Source: Credit Suisse, Jan 2017

PayGroup's UE sensitivity table

Sensitivity Analysis of GPP Contribution and Commission rate to PayGroup's UE

		GPP contribution				
		5%	7%	9%	11%	13%
Commission rate	15%	7.02	7.17	7.33	7.49	7.66
	20%	5.26	5.38	5.49	5.62	5.75
	25%	4.21	4.30	4.40	4.49	4.60
	27%	3.90	3.98	4.07	4.16	4.26
	30%	3.51	3.58	3.66	3.75	3.83

Source: PayGroup Research Note, Spark Plus, Jan 2021



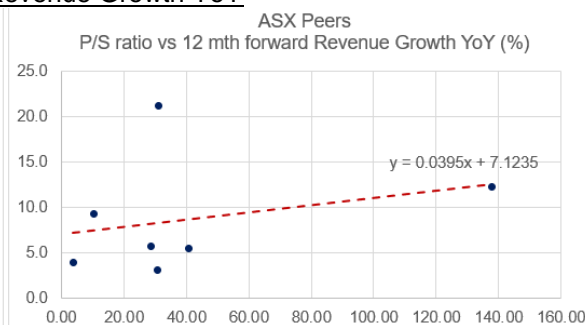
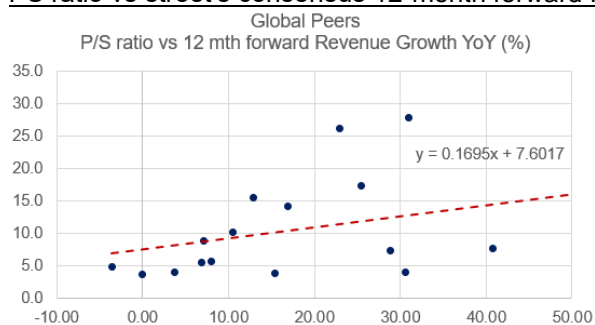
Peer Comparison

Bloomberg Ticker	Listed on Exchange	Company Name	Mcap (A\$M)	Rev Growth YoY (%)	3 Yr Avg Rev Growth (%)	P/S ratio	12 mth forward P/S	12 mth forward Rev Growth YoY (%)	EV/EBITDA Adj.	Gross Margin (%)	Operating Margin (%)	Profit Margin (%)	EBITDA Margin (%)
ORCL US Equity	US	ORACLE CORP	285,595.0	-1.1	1.2	5.7	5.3	7.99	11.1	79.7	36.4	24.0	50.5
SAP GR Equity	GR	SAP SE	213,094.4	-0.8	5.4	4.8	5.0	-3.62	15.0	72.1	26.3	23.8	35.0
ADP US Equity	US	AUTOMATIC DATA PROCESSING	106,236.4	3.4	5.6	5.6	5.2	6.91	18.2	42.1	22.4	17.3	26.6
WDAY US Equity	US	WORKDAY INC-CLASS A	82,032.8	19.0	26.4	14.1	12.1	16.96	295.9	72.3	-3.2	-2.6	26.1
PAYX US Equity	US	PAYCHEX INC	45,504.3	7.1	8.7	8.8	8.2	7.13	19.5	68.3	36.1	22.7	41.8
PAYC US Equity	US	PAYCOM SOFTWARE INC	30,067.4	14.1	25.0	26.1	21.2	22.94	85.7	85.3	22.1	14.0	41.4
CDAY US Equity	US	CERIDIAN HCM HOLDING INC	17,484.9	2.2	8.0	15.6	13.8	12.93	117.7	41.0	5.0	-0.4	7.2
XRO AU Equity	AU	XERO LTD	20,893.6	29.9	34.5	27.8	21.2	30.93	129.7	85.2	4.7	0.5	11.6
PCTY US Equity	US	PAYLOCITY HOLDING CORP	13,446.9	20.0	23.2	17.4	13.9	25.47	89.8	67.6	12.5	9.2	14.9
SGE LN Equity	LN	SAGE GROUP PLC/THE	12,707.5	-1.7	3.6	3.7	3.7	-0.06	14.7	93.4	19.9	23.0	29.2
CSOD US Equity	US	CORNERSTONE ONDEMAND INC	3,836.3	28.5	15.8	3.9	3.4	15.36	29.1	69.4	3.3	-7.9	15.3
TNE AU Equity	AU	TECHNOLOGY ONE LTD	3,087.8	4.5	3.4	10.3	9.3	10.50	29.6	29.6	28.0	13.8	15.3
SIQ AU Equity	AU	SMARTGROUP CORP LTD	904.3	-13.4	2.5	4.1	3.9	3.72	7.3	97.2	32.5	15.6	29.3
ELO AU Equity	AU	ELIMO SOFTWARE LTD	479.1	25.0	45.4	7.7	5.5	40.78	84.1	-35.5	-38.3	-49.7	
DTC AU Equity	AU	DAMSTRA HOLDINGS LTD	217.6	28.1		7.4	5.7	28.79			-38.0	-19.3	-48.1
RDY AU Equity	AU	READYTECH HOLDINGS LTD	201.4	20.0	13.9	4.1	3.1	30.62	11.9		14.2	10.0	8.0
LVH AU Equity	AU	LIVEHIRE LTD	117.6	31.8	67.8	29.2	12.3	137.89			-442.1	-304.7	-249.9
IHR AU Equity	AU	INTELLIHR LTD	79.2	181.3	171.3	33.9					-317.8	-267.7	-329.6
AVERAGE				22.11	27.16	12.79	8.99	23.25	62.52	73.66	-31.8	-25.9	-18.1
PYG AU Equity	AU	PAYGROUP LTD	63.2	112.5	34.4	4.0	2.4	66.5	11.9		-24.4	-9.8	

Source: Bloomberg, 13 Apr 2021

Estimates are used as Bloomberg records PYG's FY2021E ARR as revenue resulting in lower PS ratios than our estimates. We notice revenue lacks ARR as implementation could take months to 1 year after signing of contracts. Market Capitalisation estimate assumes successful A\$1M raised from SPP and the remaining A\$4.6M raised from Tranche 2 of the Placement.

PS ratio vs street's consensus 12-month forward Revenue Growth YoY

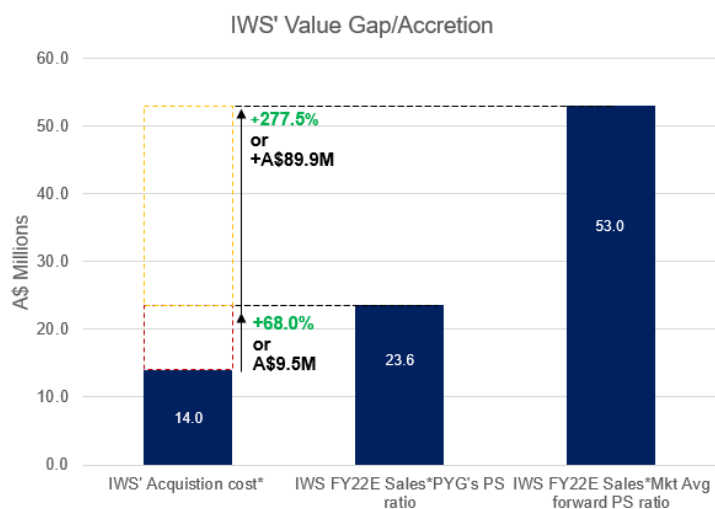


Global Peers	
Current Mcap	63.24
Est. 3 Yr Rev Growth	23.58
CAGR (%)	
Fair PS ratio	11.60x
Revenue (A\$m)	15.84
Fair Mcap (A\$m)	183.69
Fair/Current	2.90x

ASX Peers	
Fair PS ratio	8.05x
Fair Mcap (A\$m)	127.57
Fair/Current	2.02x

PayGroup remains undervalued compared to its peers. PYG trades at a **PS ratio of 4.0x or -68.8% discount** (omitting IWS' pro-forma FY2021 ARR of A\$5.5M) to its peers' average of 12.79x. In terms of valuation, we like to compare PYG and its peers using PS ratio and the street's consensus 12-month forward Revenue Growth YoY approach as a distinct correlation exists. Given the estimated exceptional growth from acquisitions for FY2021F, we estimate revenue growth of 23.6% after adjusting for Pro-forma FY2021 figures. The result suggests that PYG could be trading at a PS ratio of 11.60x or an Mcap of A\$183.7M, some 2.90x the current Mcap of A\$63.2M.

We also determined that the IWS acquisition is value accretive for PYG given the transaction cost of 2.32x P/ARR (upfront transactional cost of A\$12.75 divided by an ARR of A\$5.5M) is at a 4.1% discount to PYG's P/ARR of 2.42x prior to the announcement. Further comparing IWS' FY2022E minimum revenue milestone of A\$5.9M to PYG's PS ratio of 4.0x and the peers' average 12-month forward PS ratio of 8.99x shows value accretion of up to **A\$89.9M or +277.5% can be extracted from the IWS acquisition.**



*Acquisition cost of A\$12.75M + FY2022 Performance Earn-out of A\$1.275M



Appendix – Financials

Income Statement

	FY 2019A	FY 2020A	FY 2021F	FY 2022F	FY 2023F	FY 2024F
Income Statement (AUD '000)	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24
Total Revenue	4,917.95	10,067.86	15,837.63	26,370.06	30,666.10	34,977.43
Other Income	228.53	853.81	1,296.18	0.00	0.00	0.00
Expenses:						
Subcontractors	(457.51)	(795.55)	(1,126.32)	(1,659.97)	(1,872.49)	(2,114.39)
Hosting services	(194.74)	(287.10)	(518.06)	(862.58)	(1,003.11)	(1,144.13)
Employee benefits expense	(2,295.83)	(5,714.13)	(8,119.22)	(12,842.77)	(14,486.98)	(15,862.75)
Rent and occupancy	(250.26)	(241.82)	(418.15)	(786.14)	(622.12)	(294.68)
Initial public offering costs	(108.37)	0.00	0.00	0.00	0.00	0.00
Consulting and professional fees	(1,727.93)	(2,802.18)	(2,204.04)	(3,376.19)	(2,944.67)	(3,089.96)
D&A	(287.78)	(1,402.28)	(2,252.44)	(3,010.73)	(3,267.46)	(3,477.32)
Allowance for credit loss	(14.46)	(75.98)	(119.53)	(199.01)	(231.44)	(263.97)
Overseas office expenses	(450.15)	0.00	0.00	0.00	0.00	0.00
Travelling expenses	(179.81)	(275.20)	(126.70)	(580.88)	(574.04)	(556.53)
License fee	(213.52)	(375.66)	(489.35)	(674.69)	(649.70)	(666.94)
Other expenses	(510.25)	(990.54)	(1,090.75)	(1,597.95)	(1,706.06)	(1,888.03)
Operating Profit/(Loss)	(1,544.12)	(2,038.77)	669.27	779.14	3,308.04	5,618.72
EBITDA	(1,256.33)	(636.50)	2,921.71	3,789.87	6,575.49	9,096.04
Int Income	10.77	15.71	24.72	41.16	47.86	54.59
Finance costs	(31.08)	(116.66)	(80.57)	(89.69)	(68.22)	(30.02)
Profit/(Loss) before tax	(1,564.42)	(2,139.72)	613.42	730.61	3,287.68	5,643.29
Tax	(34.83)	65.71	(104.28)	(124.20)	(558.91)	(959.36)
Net Profit	(1,599.25)	(2,074.01)	509.14	606.40	2,728.77	4,683.93
EPS (AUD cents)	-3.66	-3.57	0.50	0.51	2.28	3.89



Balance Sheet

	FY 2019A	FY 2020A	FY 2021F	FY 2022F	FY 2023F	FY 2024F
Balance Sheet (AUD '000)	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24
Current Assets						
Cash & CE	6,347.36	9,041.45	14,675.63	31,535.21	37,090.04	45,402.08
Bank + Hand	1,428.75	1,967.60	3,955.51	13,685.93	16,332.88	21,726.68
Restricted client monies	4,918.62	7,073.85	10,720.12	17,849.27	20,757.17	23,675.40
Trade & other receivables	5,294.14	3,849.86	6,631.49	11,041.60	12,840.43	14,645.66
Income Tax recoverable	409.58	558.80	455.18	455.18	455.18	455.18
Prepayments	66.27	164.57	299.28	498.31	579.49	660.96
Contract assets	94.21	245.71	858.76	1,429.85	1,662.80	1,896.57
Other assets	391.80	510.87	511.68	511.68	511.68	511.68
Total Current Assets	12,603.36	14,371.26	23,432.02	45,471.83	53,139.62	63,572.13
Non-Current Assets						
Trade and other receivables	287.40	322.19	322.19	322.19	322.19	322.19
ROU Assets	0.00	1,622.52	1,331.50	745.37	723.24	428.57
PPE	136.97	181.93	158.03	253.58	214.14	174.69
Intangibles	1,471.88	11,963.05	16,768.49	26,420.65	27,327.59	27,363.36
Deferred tax assets	0.00	80.62	0.00	71.99	71.99	71.99
Contract assets	308.06	740.58	2,308.25	3,331.56	3,325.59	3,793.14
Total Non-Current Assets	2,204.31	14,910.89	20,888.46	31,145.34	31,984.74	32,153.93
Total Assets	14,807.68	29,282.15	44,320.48	76,617.17	85,124.36	95,726.06
Current Liabilities						
Trade and other payables	10,038.47	12,562.26	19,314.29	30,478.19	34,628.93	39,190.25
Borrowings	0.00	7.17	97.72	0.00	0.00	0.00
Current tax liabilities	27.91	64.58	64.58	64.58	64.58	64.58
Lease liability	0.00	624.51	786.14	485.25	149.40	0.00
Provision	25.99	569.21	533.76	791.10	919.98	1,049.32
Contract liabilities	36.31	154.91	336.42	560.15	651.41	742.99
Total Current Liabilities	10,128.68	13,982.63	21,132.91	32,379.28	36,414.31	41,047.14
Non-Current Liabilities						
Contract liabilities	216.80	446.32	570.16	949.33	1,103.99	1,259.19
Deferred tax liabilities	82.14	0.00	0.00	0.00	0.00	0.00
Lease liability	0.00	1,096.27	545.37	260.11	573.84	428.57
Provision	326.05	472.89	705.22	705.22	705.22	705.22
Total Non-Current Liabilities	624.98	2,015.48	1,820.74	1,914.65	2,383.04	2,392.97
Total Liabilities	10,753.65	15,998.11	22,953.64	34,293.93	38,797.35	43,440.12
Equity						
Issued Capital	24,076.42	36,213.93	43,267.26	63,617.26	64,892.26	66,167.26
Reserves	(16,675.82)	(17,509.30)	(16,988.97)	(16,988.97)	(16,988.97)	(16,988.97)
Accumulated losses	(3,346.58)	(5,420.59)	(4,911.45)	(4,305.05)	(1,576.27)	3,107.66
Total Equity	4,054.02	13,284.04	21,366.84	42,323.24	46,327.02	52,285.95



Cash Flow Statement

Cash Flow Statement (AUD '000)	FY 2019A 31-Mar-19	FY 2020A 31-Mar-20	FY 2021F 31-Mar-21	FY 2022F 31-Mar-22	FY 2023F 31-Mar-23	FY 2024F 31-Mar-24
Cash flows from Operations						
Net Income	(1,599.25)	(2,074.01)	509.14	606.40	2,728.77	4,683.93
D&A	287.78	1,402.28	2,252.44	3,010.73	3,267.46	3,477.32
Change in NWC	(3,477.74)	250.18	(822.82)	(1,966.68)	(511.47)	(863.47)
Allowance for credit loss	(14.46)	(75.98)	(119.53)	(199.01)	(231.44)	(263.97)
Other operating cashflow	0.68	357.68	78.57	89.69	253.56	558.65
Net cash from operating activities	(4,802.98)	(139.86)	1,897.80	1,541.13	5,506.89	7,592.45
Cash flows from investing activities						
Payment for PPE	(37.33)	(99.10)	(100.00)	(100.00)	(100.00)	(100.00)
Payment for Intangibles	(653.71)	(2,161.95)	(2,576.47)	(2,900.71)	(2,759.95)	(2,098.65)
Net cash flow acquisition, net of cash paid	1,106.06	261.53	(171.00)	(8,400.00)	0	0
Others	0.00	0.00	(106.00)	0	0	0
Net cash received from investing activities	415.02	(1,999.52)	(2,953.47)	(11,400.71)	(2,859.95)	(2,198.65)
Cash flows from financing activities						
Proceeds from share issue	8,500.00	3,000.00	3,500.00	20,350.00	0.00	0.00
Payments for IPO and fund raise	(946.56)	(144.60)	(210.00)	(760.00)	0.00	0.00
Dividend paid	(1,003.06)	0.00	0.00	0.00	0.00	0.00
Proceeds from borrowings	0.00	570.74	97.72	0.00	0.00	0.00
Repayment of borrowings	(740.21)	(563.57)	(104.89)	0.00	0.00	0.00
Repayment of principal on lease liability	0.00	(296.61)	(240.25)	0.00	0.00	0.00
Employee loan	(30.60)	(1.86)	0.00	0.00	0.00	0.00
Net cash used in financing activities	5,779.57	2,564.11	3,042.58	19,590.00	0.00	0.00
Net increase in Cash and CE	1,391.60	424.73	1,986.90	9,730.43	2,646.94	5,393.81
Cash & CE at beginning, less Client monies	1.00	1,429.75	1,968.60	3,955.51	13,685.93	16,332.88
FX changes	37.14	114.12	0	0	0	0
Cash & CE at ending, less Client monies	1,429.75	1,968.60	3,955.51	13,685.93	16,332.88	21,726.68

**Disclosure of Interests:**

PayGroup Ltd currently are, or in the past 12 months have been, a client Spark Plus Pte Ltd. During this period, Spark Plus Pte Ltd provided corporate advisory services. In the past 12 months, Spark Plus Pte Ltd have received compensation corporate advisory services from the company. Spark Plus Pte Ltd intends to seek or expect to receive compensation for corporate advisory services from the Company in the next three months.

Spark Plus directors, consultants and advisers currently hold less than 1% of issued shares in PayGroup Ltd and may buy or sell the shares from time to time.

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