



FY22 Full Year Results Presentation

May 2022

PayGroup at a glance

A leading provider of enterprise payroll and human capital management (HCM) solutions



Rapid revenue growth, with record statutory revenue of \$27.2m¹ in FY22 increasing 68% on pcp



Fully compliant payroll solution processing >8.1m payslip transactions² and trusted by >2,800 customers



Processing over \$11+ billion in payslips



Local regulatory and compliance expertise in APAC with global reach through partners



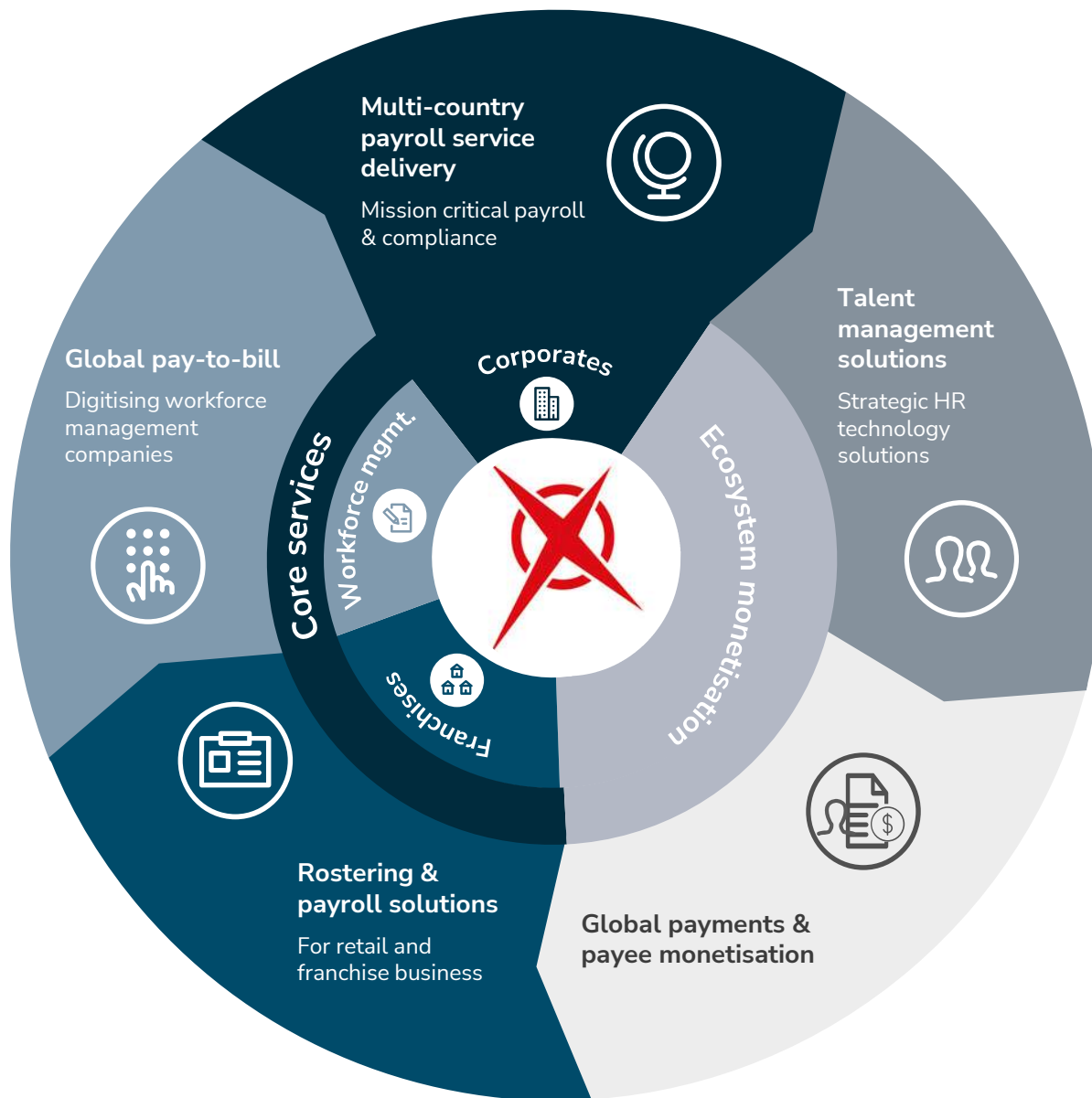
High margin monetisation activities enabled by strong loyalty economics



Maiden profit achieved with record earnings of \$0.1m

1. Including Other Income
2. Annualised as at 31 March 2022

We provide mission critical services through every step of our customers' hire-to-retire journey, across the world



Our world class solutions are trusted to deliver for over 2,800 leading global companies

Corporates

Franchises



Contractors

Agenda

1

FY22 Financial Results

2

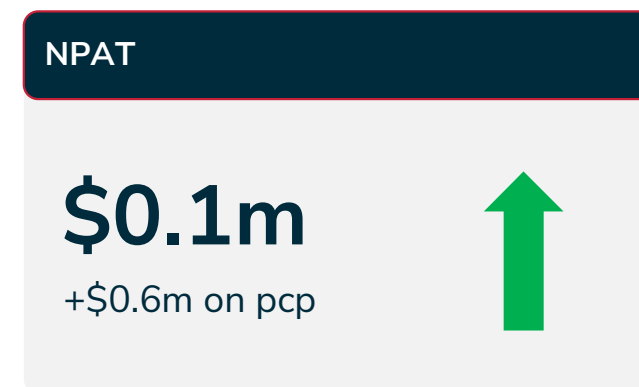
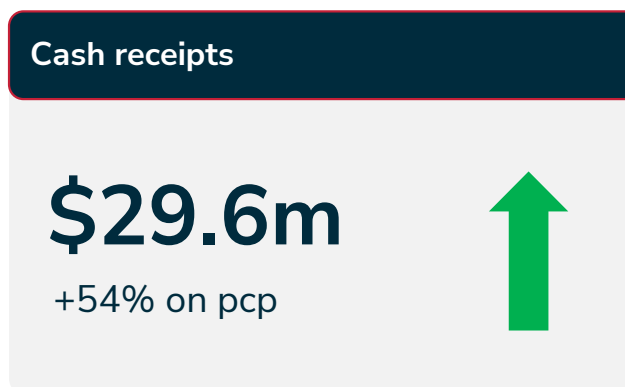
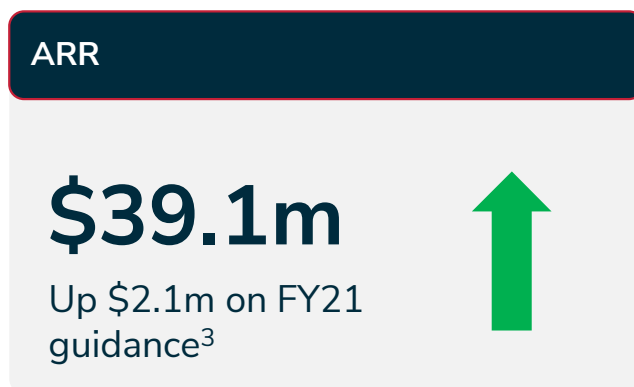
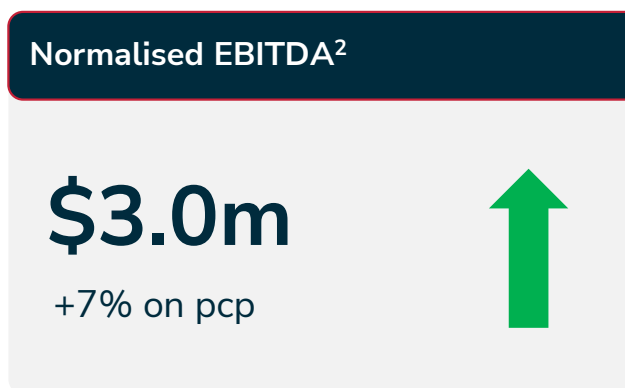
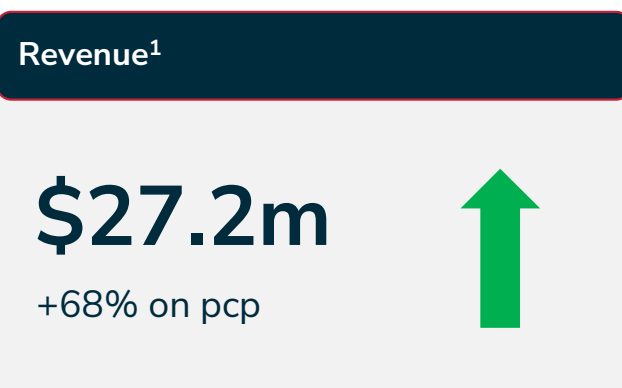
Commercial Update

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Strategy and Outlook

FY22 financial highlights

PayGroup has delivered a maiden full year profit



Note: PayGroup's financial year ends March

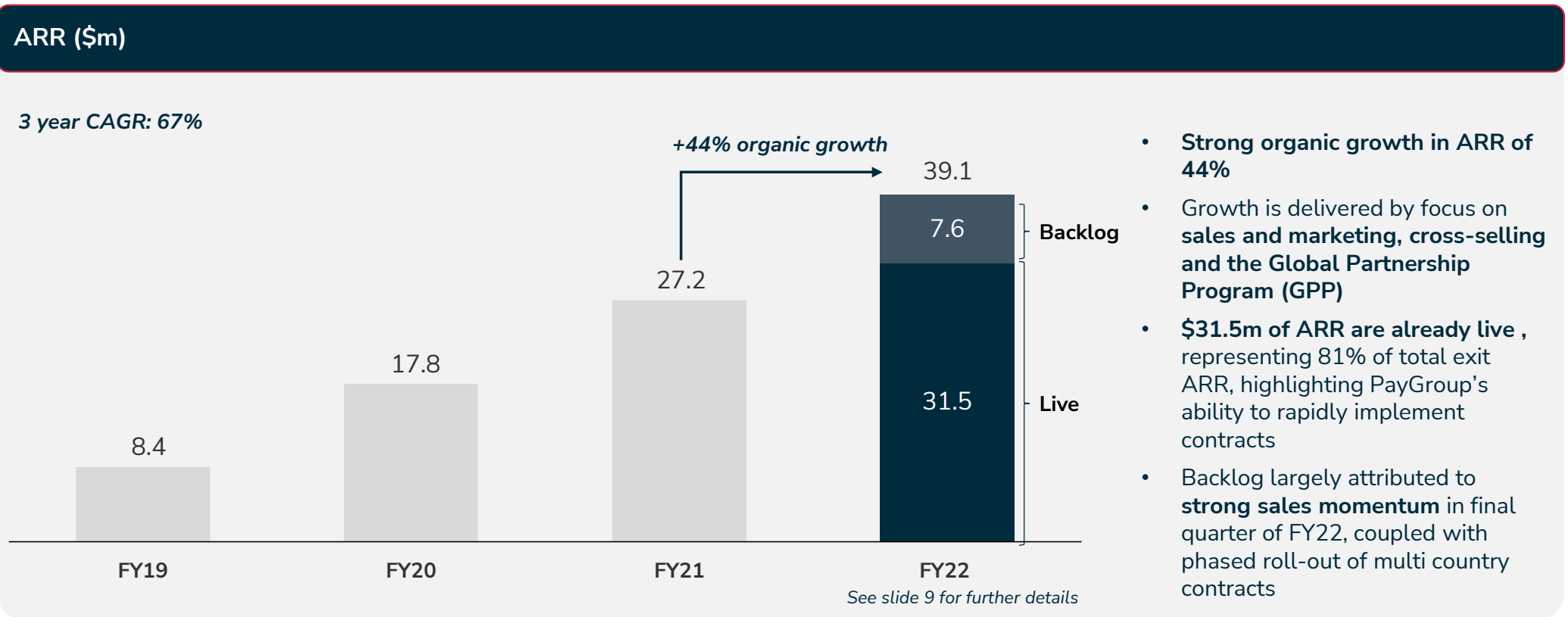
1. Includes Other Income

2. Normalised for one-off expenses including consulting fees, mediation costs and acquisition costs as well as annualising IWS revenue for 12 months

3. Guidance given on 22 July 2021

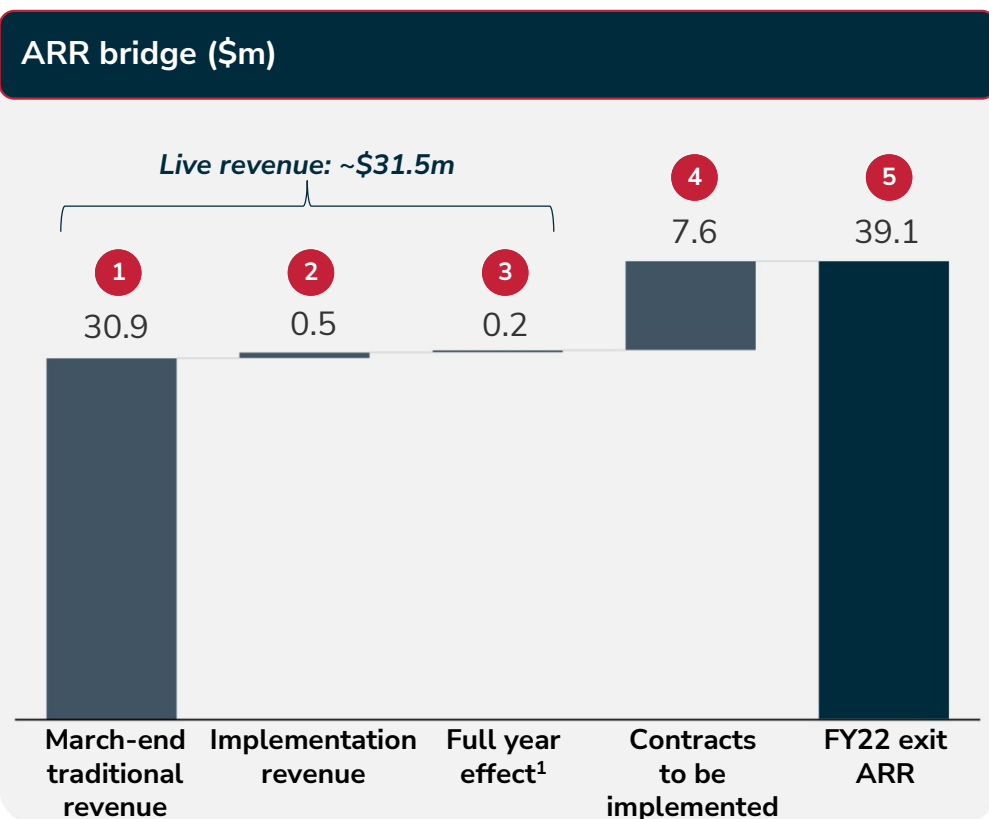
Record exit FY22 ARR of \$39.1m

Strong organic growth in ARR and rapid implementation of new contracts – 81% of ARR is live



ARR composition highlights FY23 momentum

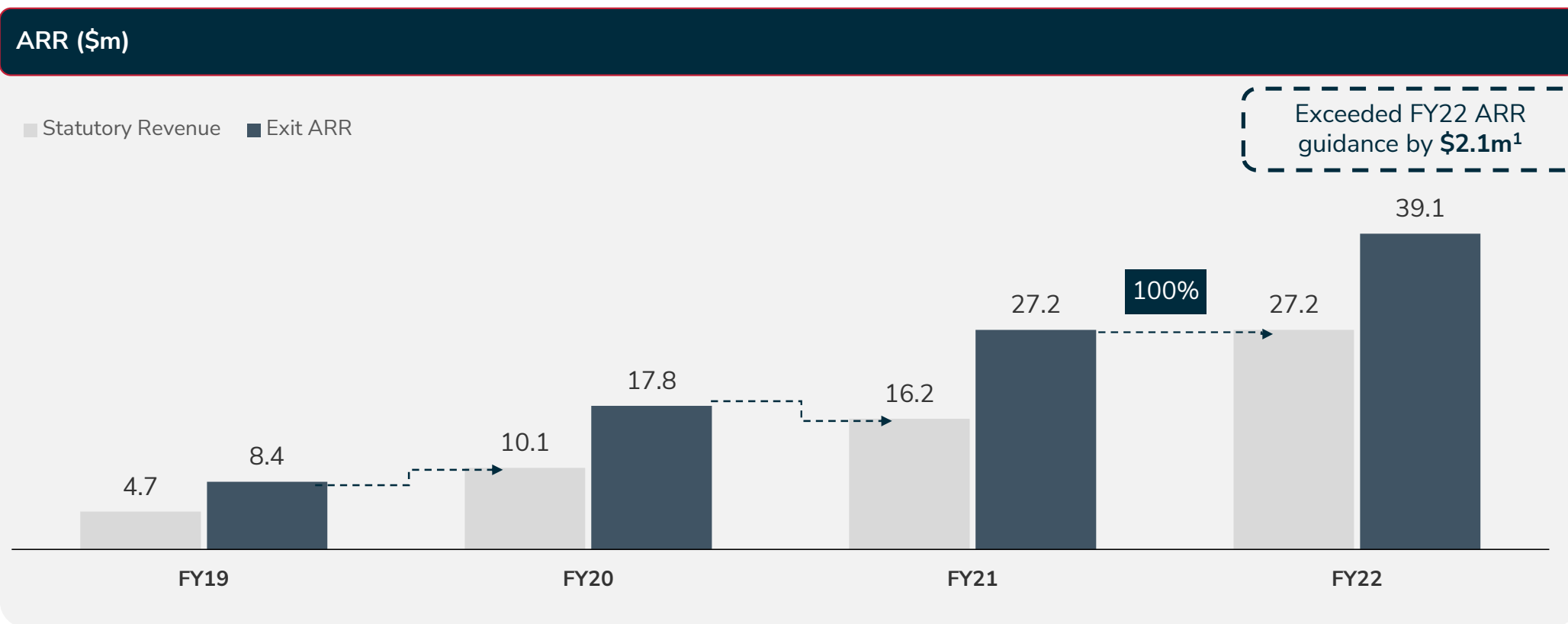
Investments in people, process and technology have driven improved conversion of ARR to revenue



- ### Composition
- 1 ✓ Payroll services
✓ SaaS software revenue
✓ Superannuation monetisation
 - 2 ✓ Implementation
✓ Accessing Wages Earned
 - 3 ✓ Contracts going live in April 2022, which will provide a full year of revenue in FY23
 - 4 ✓ Contracted future recurring revenue
✓ Contracted future implementation revenues
 - 5 ✓ FY22 annualised recurring revenue
- ✓ Treasury
 - ✓ Lodgements
 - ✓ Other contracted revenues

ARR is a leading indicator of statutory revenue

Strong conversion of prior period exit ARR to statutory revenue



FY22 Results



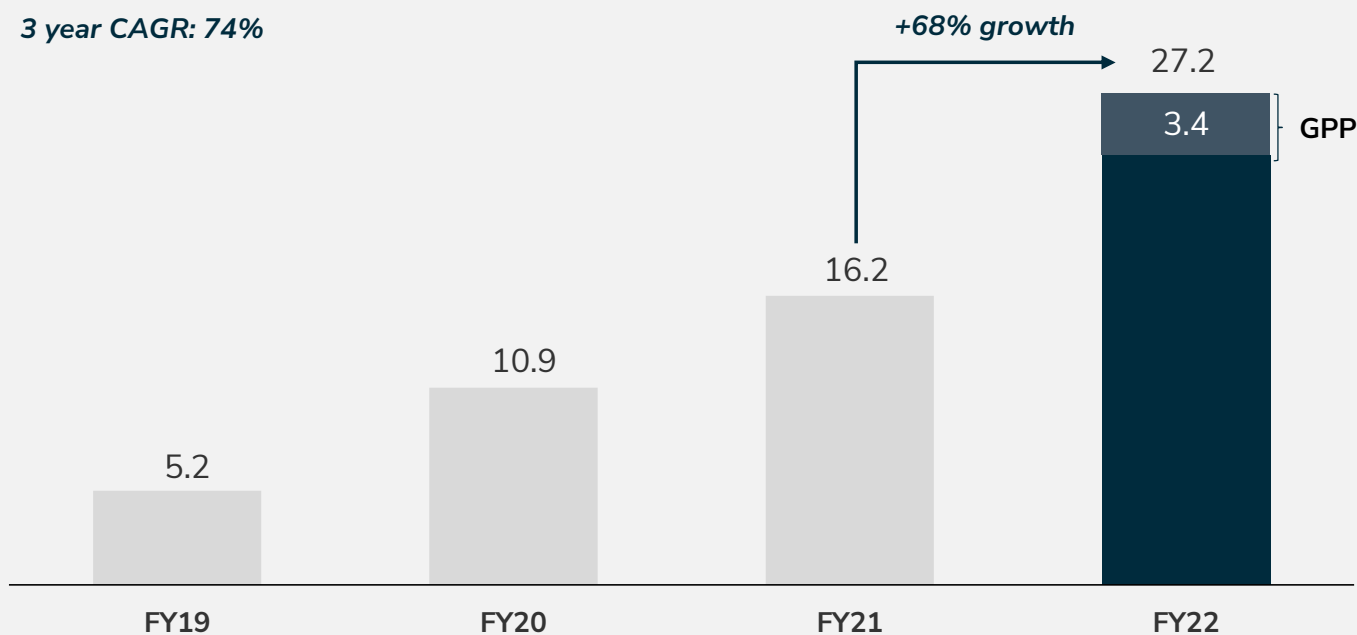
Elise Nguyen
Chief Financial Officer

Standout revenue growth of 68%

Record statutory revenue of \$27.2m, highlighting strength of core business

Statutory revenue¹ (\$m)

3 year CAGR: 74%



- **Record statutory revenue growth in FY22** following strong sales performance
- FY22 statutory revenue **only includes 11 months** of contribution from IWS
- Continued referrals through the GPP highlight the **strength of the sales channel**
- Cross-sells have contributed strongly to direct revenue, demonstrating the **broad usability of the platform**

Strong financial performance

Maiden profit enabled by the significant growth in revenue

Income Statement

| \$m | FY22 | FY21 | Change |
|-------------------------------|-------------|--------------|---------------|
| 1 Revenue ¹ | 27.2 | 16.2 | 68% |
| COGS | (12.6) | (7.7) | 64% |
| Gross profit | 14.6 | 8.5 | 72% |
| GM% | 53.7% | 52.5% | 0.6% |
| 2 Operating expenses | (13.1) | (6.9) | [90]% |
| Statutory EBITDA | 1.5 | 1.6 | (6)% |
| 3 Normalised EBITDA | 3.0 | 2.8 | 7% |
| 4 Net profit after tax | 0.1 | (0.5) | + 0.6m |

- 1** Record revenue driven by strong focus on organic growth, sales through GPP and high margin monetisation opportunities
- 2** Increased operating expenses attributed to: ~\$1.1m in one-off costs², IWS licensing costs (\$700k), absorption of IWS team, and the strategic hires of key personnel including global and ANZ operations directors
- 3** Record normalised EBITDA of \$3.0m, highlighting strength of underlying operating business
- 4** Achieved maiden profit of \$0.1m, a \$0.6m improvement on FY21

Note: PayGroup's financial year ends March

1. Includes Other Income

2. One-off costs include consulting fees, mediation costs and acquisition costs

Strong cash position

Enhanced implementation processes drive record cash receipts

Cash flows

| | \$m | FY22 | FY21 | Change |
|---|-----|------------------------|------------------------|-------------|
| 1 Cash receipts | | 29.6 | 19.2 | 54% |
| 2 Cash payments | | (28.8) | (18.8) | 53% |
| Other | | 0.1 | 1.2 | (92)% |
| Operating cash flow | | 0.9 | 1.6 | (44)% |
| 3 Normalised operating cash flow | | 1.5¹ | 0.7² | 114% |
| 4 Investing cash flow | | (12.0) | (3.1) | 288% |
| 5 Financing cash flow | | 14.1 | 2.8 | 406% |
| Net cash flow | | 3.0 | 1.3 | 131% |
| Cash at beginning | | 3.1 | 2.0 | 57% |
| 6 Cash at end | | 6.2 | 3.1 | 100% |

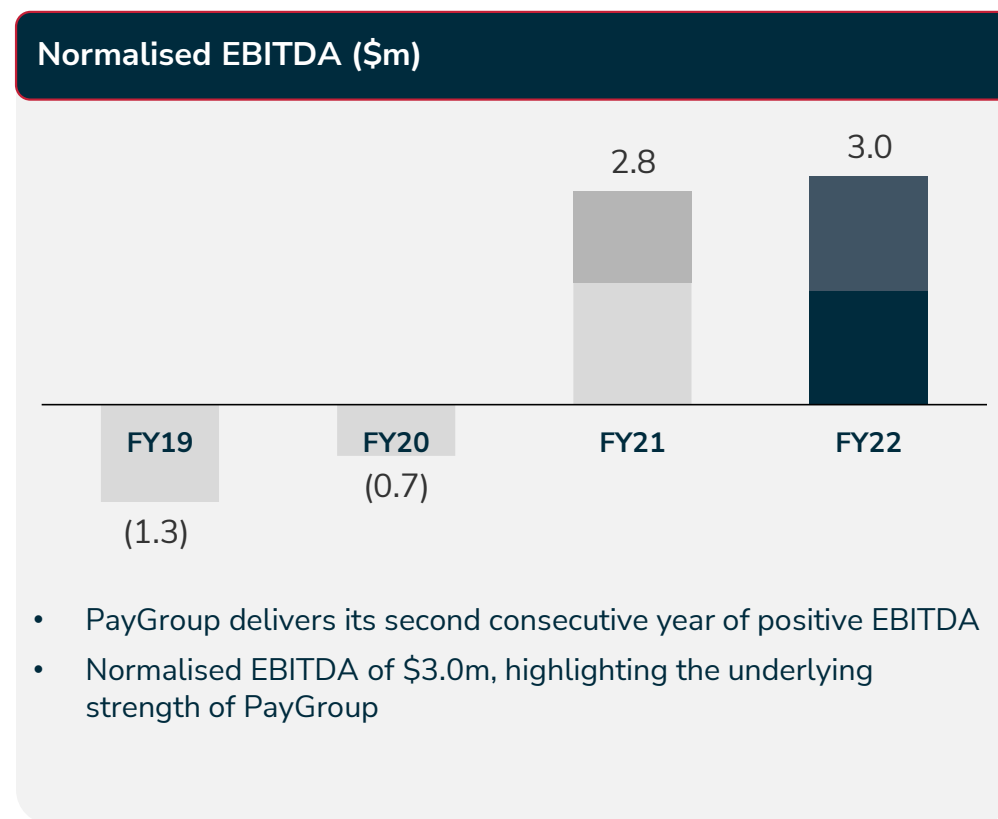
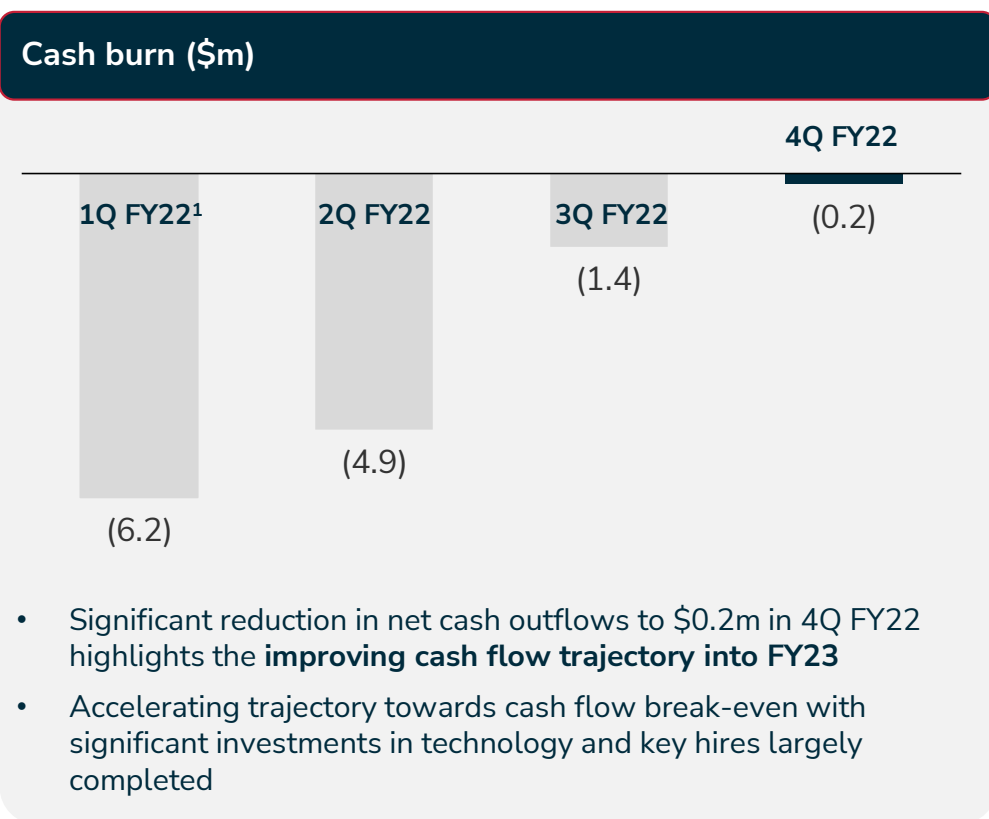
- 1** Generated record cash receipts driven by record revenue and faster implementation for new contracts
- 2** Cash payments include one-off payments and strategic investment in growing GPP with in-country partners
- 3** Normalised operating cash flow increased by 114% against FY21, excluding 'other' cash flows
- 4** Increase in investing cash flow related to the IWS acquisition and software and technology enhancements. Investment in technology in line with that reported in the 1H FY22
- 5** Financing cash flow primarily relates to the capital raising in March 2021
- 6** Strong cash position of \$6.2m to execute on strategic priorities

Note: PayGroup's financial year ends March

1. FY21 normalised operating cash flow is cash receipts less cash payments, plus one-off expenses relating to consulting and other costs
2. FY22 normalised operating cash flow is cash receipts less cash payments, plus one-off expenses relating to consulting and other costs

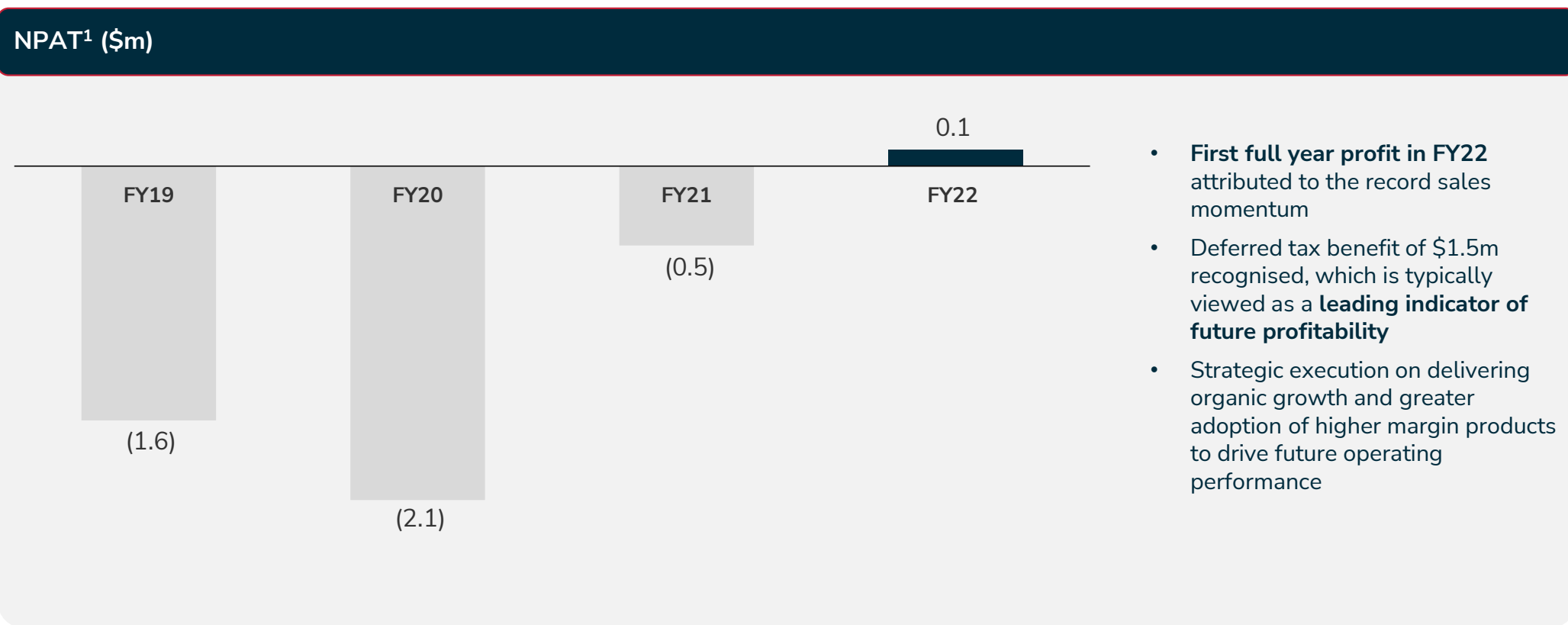
Approaching cash flow break-even

Significant improvement in cash flow profile across FY22



PayGroup achieves maiden full year profit

Management focused on sustainable growth to unlock further earnings potential of PayGroup



Commercial update

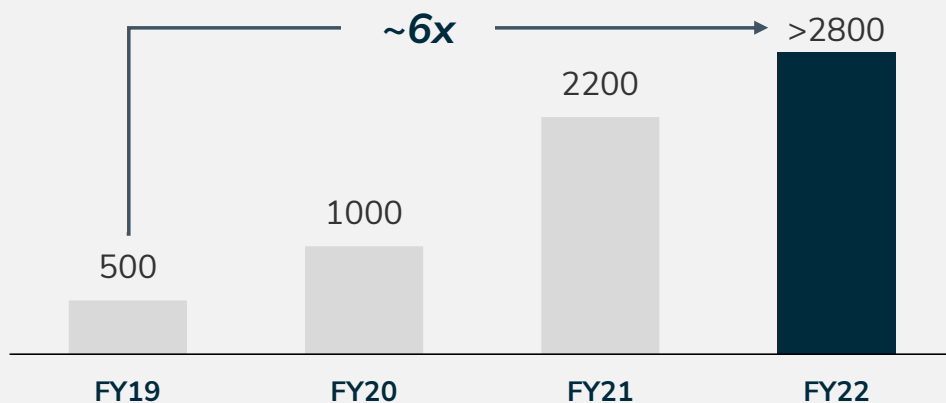


Sachin Goklaney
Chief Commercial Officer

Rapidly scaling operating metrics

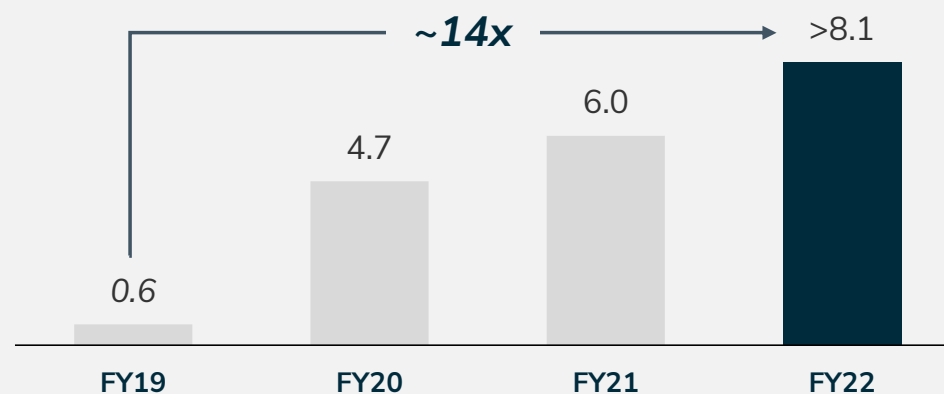
Growth across key operating metrics provide additional opportunities to increase share of wallet

Enterprise customers



- Increased number of leading domestic and global enterprise customers, such as Hudson RPO (NASDAQ:HSO) and Dexu (ASX:DXS)
- Large pool of enterprise customers provide opportunities to drive increased adoption of enterprise monetisation solutions

Payslips (m)



- The growth in payslips processed is amplified by market tailwinds such as the 'great resignation' and low unemployment
- Each new payslip is a revenue generating event, significantly expanding opportunities for further monetisation revenue streams

Unlocking value of customer base

Growing scale of core business and market tailwinds drive monetisation revenue

Enterprises – reducing complexity and improving productivity

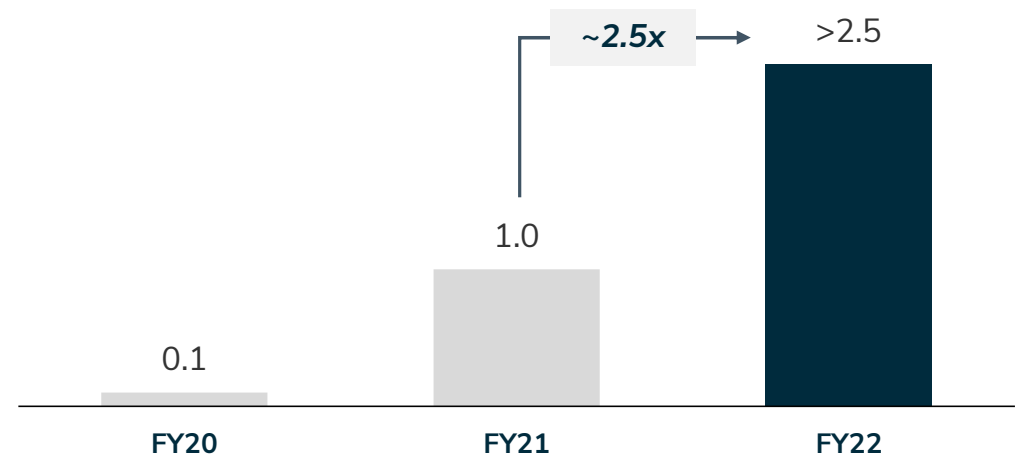
- **Payments:** Enabling customers to pay staff in regions where they do not have a presence
- **HCM Modules:** Providing customers with a full-suite of HR related modules to better manage staff and optimise productivity

Payees – promoting financial well-being

- **Superannuation choice:** Allowing customer's employees the option of choosing a superannuation fund while onboarding to new employer
- **Accessing wages earned:** Allowing payees' to access wages earned – i.e. not in advance. Paid by enterprises to promote financial well-being – i.e. no debt leverage or predatory loans involved

Annualised monetisation stat revenue¹ (\$m)

Rapid growth



Further monetisation opportunities are contracted to go live in FY23

PayGroup continues to expand its reach

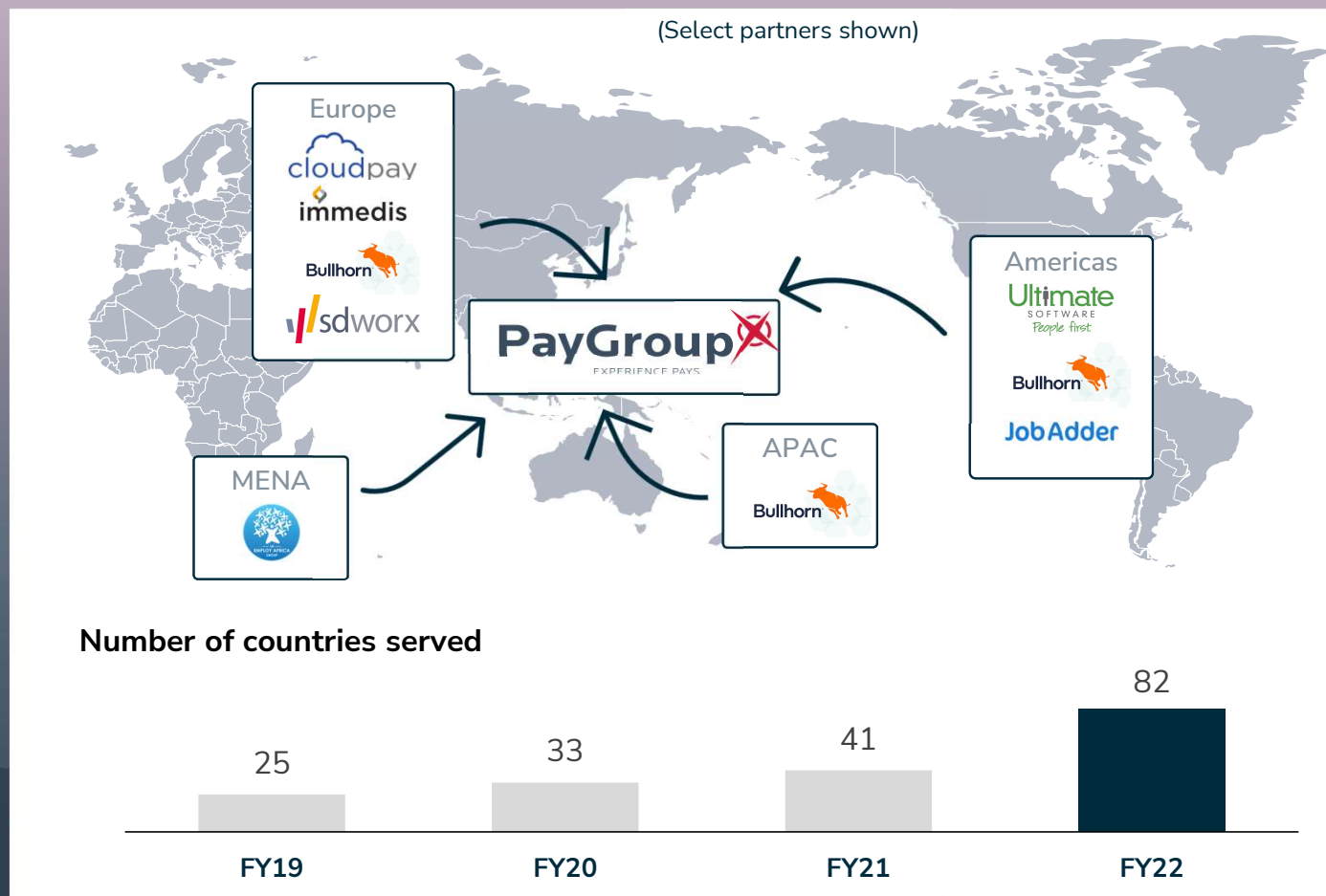
Large global partners choose PayGroup

Global Partner Program (GPP)

- Partners drive new customers from all over the world for multi-nationals needing APAC expertise
- Lower customer acquisition costs and high margin channel complement direct sales activities

New partner signed

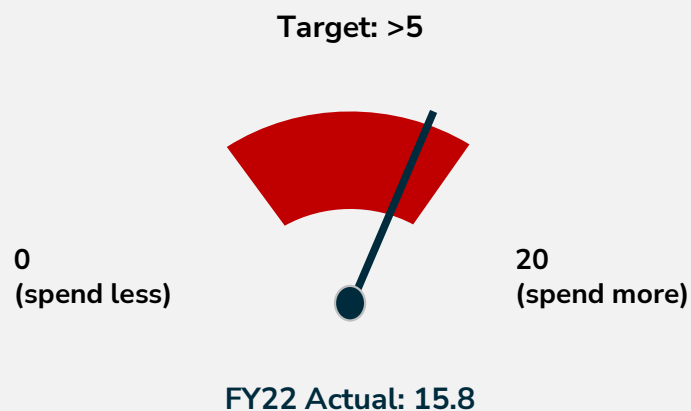
- SD Worx, signed in 4Q FY22, services over 76,000 customers across Europe
- SD Worx's APAC clients will be serviced through PayGroup's existing infrastructure



Customer lifetime value to customer acquisition cost

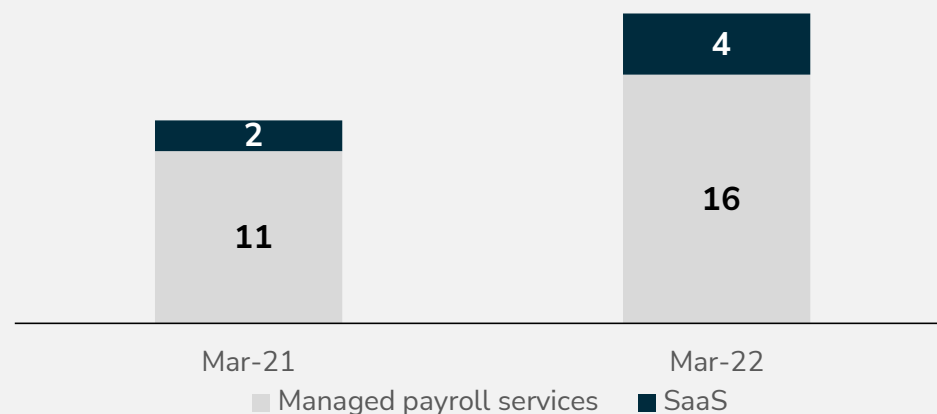
High lifetime value of customers driven by investment in sales and marketing

LTV¹ to CAC²



- PayGroup boasts a **strong Lifetime Value to Cost of Customer Acquisition ratio**, driven by strong customer retention, GPP initiatives and building upsell/cross sell wins
- GPP compliments the direct sales team, with a large network of international sales teams providing a strong sales channel

Sales personnel FTE by service (#)



- PayGroup's lean and **effective sales team** is the main driver behind the CAC cost base
- Sales personnel increased in FY22 to help support growing demand for PayGroup products
- Average cost per FTE in FY22 is \$108k

Note: PayGroup's financial year ends March

1. LTV refers to lifetime value of a customer calculated by taking the average customer lifetime (1-customer retention rate) multiplied by average revenue per customer multiplied by gross margin percentage
 2. CAC reflects the total spend on sales and marketing expenses associated with securing new customers divided by the total number of customers added in the period

Loyalty business with long-term customers

Strong loyalty economics drive significant long-term value creation

Customers stay ...

Long lifetime value and low churn

Average lifetime:

9 years

Customer retention¹:

95%

... spend more ...

Increasing customer share of wallet

Recent cross-sells:

laserclinics
A U S T R A L I A

Weatherford[®]

BOMBARDIER

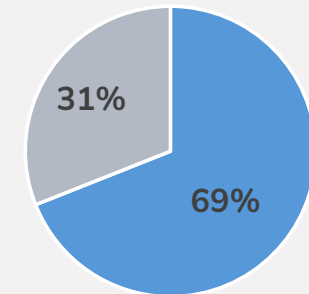
HUDSON RPO

**24% of \$22.5M sales
are cross-sells**

... and drive referrals

Accelerating growth through high margin referrals

New sales by source:



■ Direct Sales ■ GPP referrals

Outlook



Mark Samlal

Founder and Managing Director

Progress against our strategic priorities

Continued focus on strategic execution of key pillars

Deliver organic growth



- ✓ Rapid implementation processes have improved conversion of pipeline into statutory revenue
- ✓ Executed on increasing uptake of monetisation opportunities
- ✓ Enhanced platform capabilities, driving further cross-sells

Realise operating leverage



- ✓ Increased adoption of higher margin products - monetisation and HCM modules
- ✓ Increased efficiency from smart-shoring
- ✓ Enhanced technological capabilities to realise operating efficiencies

Execute on monetisation opportunities



- ✓ Phased roll-out of superannuation product to broader client set
- ✓ Increased revenue through new products (e.g. Accessing Wages Earned)
- ✓ Integration of monetisation solutions into product suite to drive increased adoption





Leverage global partners



- ✓ Large new global partners added, expanding geographic reach and pool of customers
- ✓ Channelled increased opportunity to core APAC market
- ✓ High margin channel expanded, leveraging global sales network of partners

Investable thematics of PayGroup

FY23 poised to be a transformative year for PayGroup

| | FY22 | FY23 outlook |
|---------------------------|--|--|
| Revenue | \$27.2m | Expected trend:  |
| | <ul style="list-style-type: none"> • Consistent conversion of exit ARR to statutory revenue • Revenue growth of 68% • Increasing sales team deliver record \$22.5m in new contract signed: +64% | <ul style="list-style-type: none"> • Proven conversion of ARR to statutory revenue • 7x sales pipeline even after record sales • Leverage GPP partners to drive inbound referrals |
| Operating leverage | 53.7% gross margin | Expected trend:  |
| | <ul style="list-style-type: none"> • Transition to low code technology • Established presence in 82 countries with in-country partners • Phased roll-out of new monetisation solutions | <ul style="list-style-type: none"> • Standardised onboarding processes to reduce implementation times of new contracts signed • Higher GPP contribution margins with foundational investment made • Increased adoption of monetisation / HCM products |
| Net cash flow | \$(0.2)m (4Q FY22) | Expected trend:  |
| | <ul style="list-style-type: none"> • Consistent reduction in cash outflow over FY22 • Rapid implementation processes accelerating conversion of contracts to cash | <ul style="list-style-type: none"> • PayGroup aims to be self-sustainable in the near term • Record net cash outflow in 4Q FY22 highlight the improving cash flow trajectory into FY23 |
| NPAT | \$0.1m | Expected trend:  |

PayGroup's leaders

Experienced and diverse team driving the organisation toward profitability



Mark Samlal
CEO & MD



Sachin Goklaney
Chief Commercial Officer



Franck Neron-Bancel
Chief Strategy & Alliances Officer



Elise Nguyen
Chief Financial Officer



Murali Ramakrishnan
Chief Product Officer



Chris Brunton
COO & CTO



Christine Budd
Group Operations Director



Eloise Roberts
Group PMO Director



Barry Tang
Group Partner Alliance Director



Rob Dryden
General Manager - Australia



Lawrence Pushpam
Chief Sales Officer



Douglas Tan
Group HR Director



Shelley Mackie
Client Service Director, Astute



Anish Majithia
Commercial Director &
Treasury Services



Len Grooms
Product Director



Philip Knox
Sales Director, ANZ



Krishna Prasad
Sales Director, PayAsia



Elliot Stevenson
Sales Manager, Astute

“

We are extremely proud of the record results achieved in FY22, enabled by the continued execution of our strategic priorities. This focus has been spearheaded by our experienced and diverse leadership team, who have all helped drive us to a maiden full year profit. Over the year, we have invested in growing and developing our leaders to ensure our company is well-placed for long term sustainable growth. We firmly believe we have the right people to carry us forward, as we unlock the full earnings potential of PayGroup and create value for our shareholders.

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

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