

Results Presentation First Half FY21

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H1 FY21 PERFORMANCE SNAPSHOT – GROWTH IN ALL AREAS

REVENUE

\$6.8M

vs H1 FY20:
\$3.4M

EBITDA

\$1.6M

vs H1 FY20:
\$(1.0)M

NPAT (reported)

\$0.44M

vs H1 FY20:
\$(1.4)M

OPERATING CASH FLOW

\$2.1M

vs H1 FY20 :
\$(0.6)M

ANNUALISED PAYSLIPS/ TREASURY¹

>5.2M

+15.6% vs H1 FY20: 4.5M

NEW CONTRACTS SIGNED²

\$5.4M

+92.9% vs H1 FY20: \$2.8M

Notes:

1 Payslips and treasury transactions processed in last month of period (September 2020)

2 Measured in Total Contract Value (TCV) terms

H1 FY21 PERFORMANCE – KEY HIGHLIGHTS

CREATION OF FULL SERVICE “HIRE-TO-RETIRE” OFFERING

- Acquisition of TalentOz in July added 11 new HCM modules (A\$1.7m)
- Positioned to capitalise on fast-growth HCM SaaS outsourcing market
- First full service HCM & payroll contract with Volvo Group Singapore
- Acquisition of Payroll HQ announced 4 Nov 2020 (A\$3.8m)

DELIVERING ON STRATEGIC SCORECARD

- Expansion strategy delivering growth
- Acquisitions, new product extensions & customer up-sells
- Record new contract growth \$5.4M in H1 FY21 (98% of total FY20 new contract TCV)
- On-track to meet operating cost efficiencies FY21 target (\$1.5M annualised basis)
- Global Channel Program & Treasury Services making strong financial contribution

SUSTAINED OPERATING PERFORMANCE DESPITE COVID-19

- Revenue growth in the face of COVID-19 & economic challenges
- H1 FY21 NPAT of \$0.44M, +\$1.9M from H1 FY20 \$(1.4M net loss)
- Consistent positive operating cash flow generation – 4th quarter in a row since H2 FY20

SUCCESSFUL CAPITAL RAISING

- New investors & broadened register
- Strengthened balance sheet



FACTORS OF GROWTH

CONTINUED ORGANIC GROWTH

- ↑ Payslips
- ↑ Monthly users
- ↑ Direct sales

NEW ACQUISITIONS

astutepayroll

TALENT0Z
The Comprehensive HCM Suite On-Cloud

Accretive impact
to PayGroup
financials

NEW GLOBAL PARTNERSHIPS

immedis

ENSAAN
TECHNOLOGIES

flare

TS Trans Skills

payroll HQ

Over 120K annual payslips • More than 100 clients • Effective mid-Dec 2020

A TRANSFORMATIVE 12 MONTHS

- 3 x acquisitions
- 2 x capital raisings
- Creation of a full HCM & payroll suite

NOVEMBER 2019

Astute One acquisition completed

\$3.0M institutional placement

JANUARY 2020

Transition to positive operating cash flow generation

JULY 2020

Acquisition of TalentOz (\$1.2M + \$0.5M 12-mth earn out).

Added 11 new SaaS HCM modules

SEPTEMBER 2020

Successful \$3.5M placement

OCTOBER 2020

First material combined contract for full service SaaS HCM + payroll (\$120K - Volvo Group Singapore)

NOVEMBER 2020

Agreement to acquire Payroll HQ for \$3.8M (inclusive of 12-mth earn out).
Settlement planned for mid December 2020

PAYGROUP - THE BUSINESS TODAY

Performs the most critical of outsourced business services for corporate customers



Leading provider of Human Capital Management (HCM) and payroll software and services – included in Gartner Guides, 3rd year running



Scalable SaaS platform offering full-service “hire-to-rehire” suite (27 modules)



Full payroll outsourcing, processing over 5.2m payslips/treasury transactions (annualised)



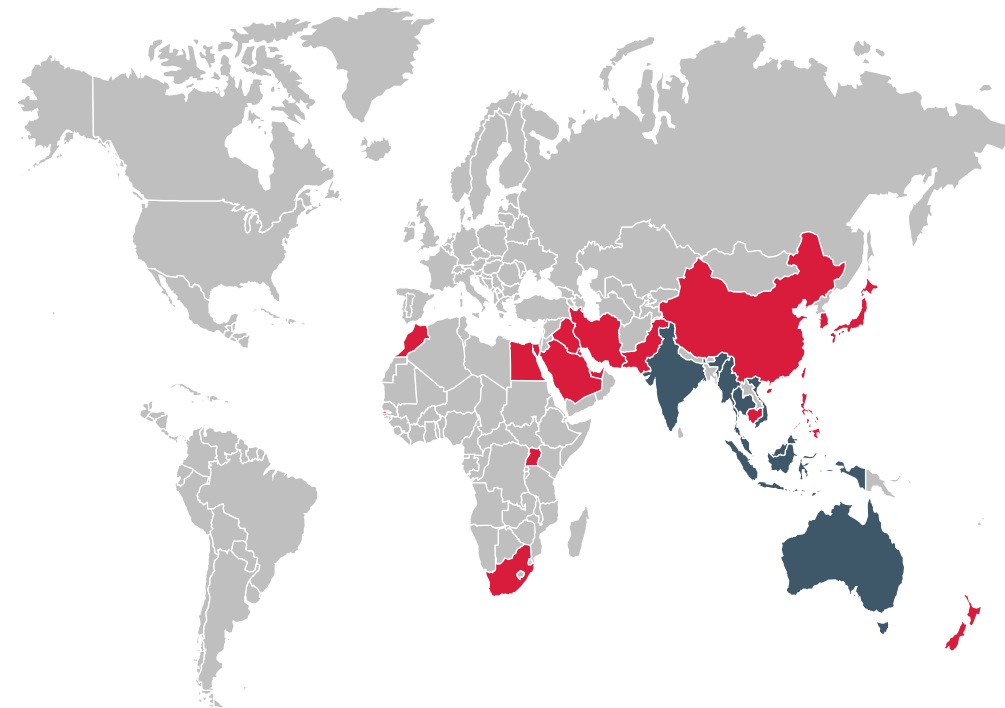
Cash generative and profitable (in H1 FY21) supported by strong base of repetitive, 3-year contracted revenues, with >95% client retention



Geographical reach – Local expertise in **41** countries serviced by offices in 11 countries



Highly experienced Board + Mgt team - Newly Appointed Director, Mr Shane Gild



Office Locations and Coverage



Service Coverage



INVESTOR PRESENTATION

HIGHLY DIVERSIFIED AND LOYAL CUSTOMER BASE

Financial Services



Professional Services



Industrial



Healthcare / Pharmaceutical



Construction / Manufacturing



Other





H1 FY21 FINANCIAL PERFORMANCE

H1 FY21 FINANCIAL SUMMARY

PayGroup's H1 FY21 financials include contributions from the Astute & Talent Oz acquisitions

A\$M				
Full year ending 31 Mar	H1 FY21	H1 FY20	Growth	Commentary
Revenue	6.8	3.4	100%	<ul style="list-style-type: none"> H1 FY21 includes: <ul style="list-style-type: none"> 6 month contribution from Astute One 3 month contribution from TalentOz
Operating Expenses	(5.2)	(4.4)	18.2%	<ul style="list-style-type: none"> Focus on G&A cost containment in accordance with cost efficiency program Includes benefit from COVID-19 related Government wage subsidy programs in Australia & Asia
EBITDA	1.6	(1.0)	+\$2.6M	<ul style="list-style-type: none"> Strong revenue growth and continued cost efficient delivery
NPAT	0.44	(1.4)	+\$1.9M	<ul style="list-style-type: none"> Transition to profitability
Operating cash flow	2.1	(0.6)	+\$2.7M	<ul style="list-style-type: none"> Transition to cash flow generation since Q3 FY20
Net cash (excluding cash held on behalf of clients)	5.3	0.9		<ul style="list-style-type: none"> Capital raisings and lower cash burn



H1 FY21 SEGMENT PERFORMANCE



SaaS - H1 FY21 PERFORMANCE

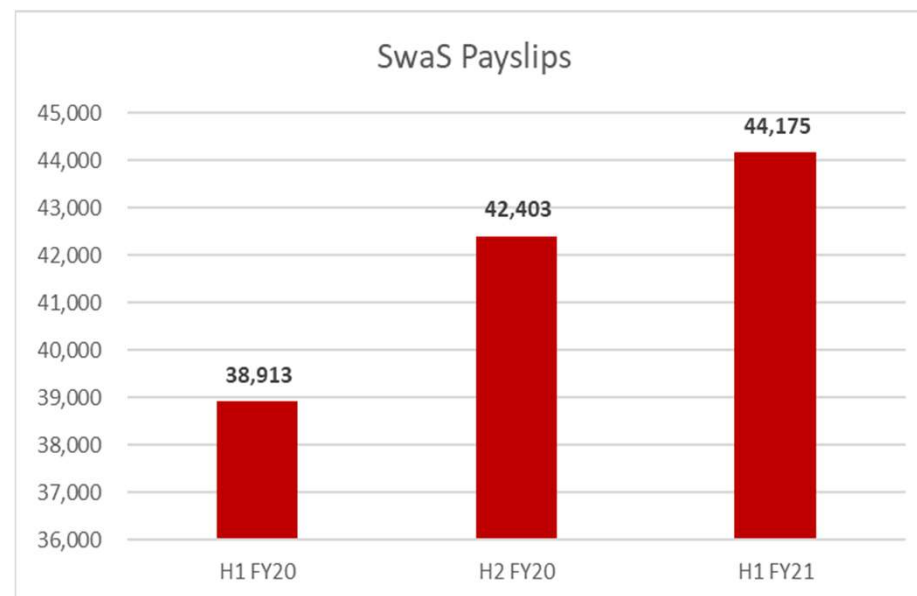
Payroll SaaS (Asia Pacific & Middle East)

- Continued growth in payslips (+13.5% vs H1 FY20)
- Strong business confidence rebound in Asia in H1 FY21 following initial COVID-19 lockdowns
- First full service HCM & payroll contract with Volvo Group Singapore (\$120K TCV, 3 year term)
- Payroll HQ acquisition will further strengthen growth in SaaS payslips from H2 FY21 onwards (settlement scheduled for mid Dec 2020)

New Contracts Signed

~ 65% of H1 FY21 TCV - \$3.5m

SaaS – payslips processed (at month end)



SaaS / Payroll

~ 50% of H1 FY21 revenue

SaaS - H1 FY21 PERFORMANCE

Human Capital Management suite of modules

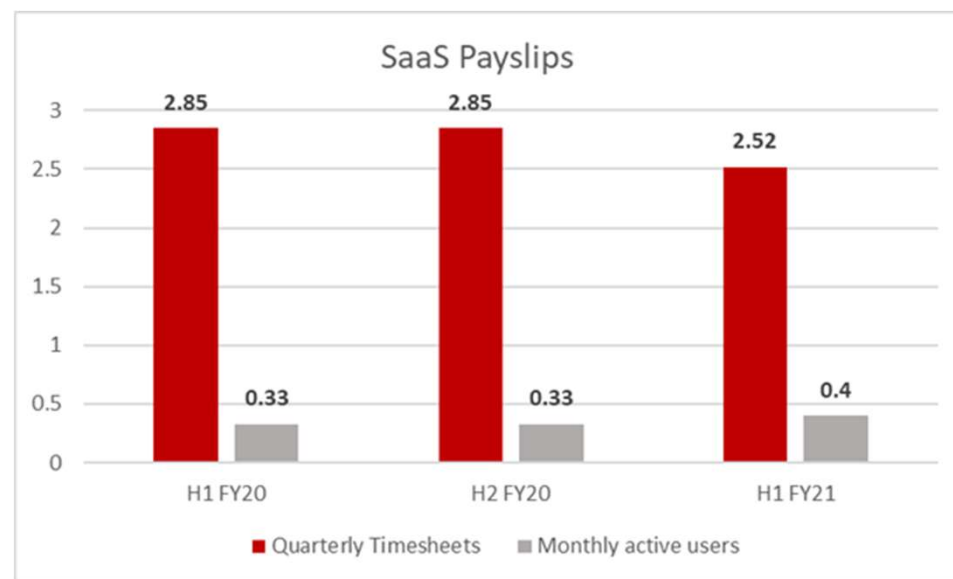
Digitising pay and bill for Workforce Management Companies

- Includes Astute, TalentOz and PayAsia SaaS active users
- Astute Timesheet volumes affected by Q1 COVID-19 challenges
 - Volumes started to recover in Q2 FY21 as business confidence improved and strict lock-down restrictions removed in most Australian states
 - VIC performance starting to recover in Q3 FY21
 - Federal Government initiatives expected to provide further support into Q3 & Q4 FY21
- TalentOz users continue to grow with strong contracted pipeline being onboarded in H2 FY21 following integration in H1 FY21

New Contracts Signed

~ 18% of H1 FY21 TCV - \$1.0m

SaaS - Active Users & Timesheets (millions)



SaaS

~ 45% of H1 FY21 revenue

TREASURY SERVICES - H1 FY21 PERFORMANCE

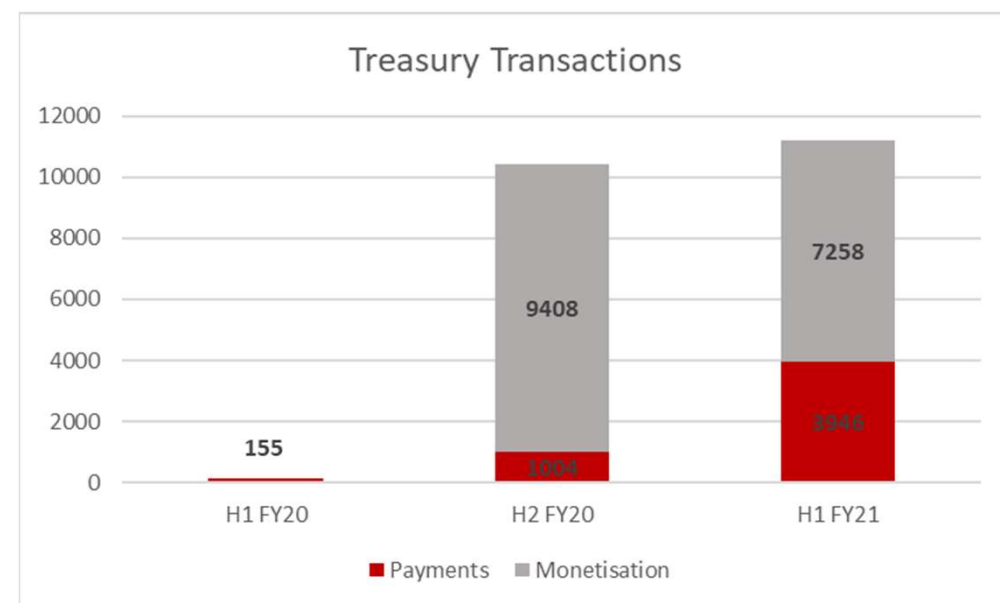
Payroll and statutory payments, financial wellness monetisation

- Payments
 - Continued exponential growth, with >2,500% increase in monthly transactions from pcp
 - A further 3,892 monthly transactions to be onboarded from signed contracts
- Monetisation
 - Continued activity despite COVID-19 challenges
 - With the core focus in Australia, volumes impacted due to Covid-19 have started to recover and strong growth is expected in H2 FY21
- Accessing Wages Earned launched in November 2020 in Singapore, with expansion planned over the next 2 quarters

New Contracts Signed

~ 17% of H1 FY21 TCV - \$914K

Treasury Services – transactions (at month end)



Treasury services

~ 5% of H1 FY21 revenue

Notes:

- 1 Monetisation refers to revenue generated from Astute's partnership with Flare, providing a choice of superannuation funds to onboarding contractors



STRATEGY & OUTLOOK



GLOBAL PARTNERSHIP PROGRAM H1 FY21 UPDATE

- Strong momentum with GPP now accounting for more than 7% of group revenue
- PYG now have 8 partners (up from 4 at end of H1 FY20)
- GPP now expands to all business divisions, being SwaS, SaaS and Treasury Services
- Contributed to the expansion of geographic capability from 25 in H1 FY20 to 41 in H1 FY21, allowing PayGroup to increase share of client wallet

BENEFITS OF PROGRAM

Partnerships with multinational payroll partners

Accelerating growth with low customer acquisition cost

Treasury Services partners delivering increased payments and monetization opportunities

Delivered using Asia based infrastructure



GROWTH STRATEGIES

Four key pillars



Organic growth



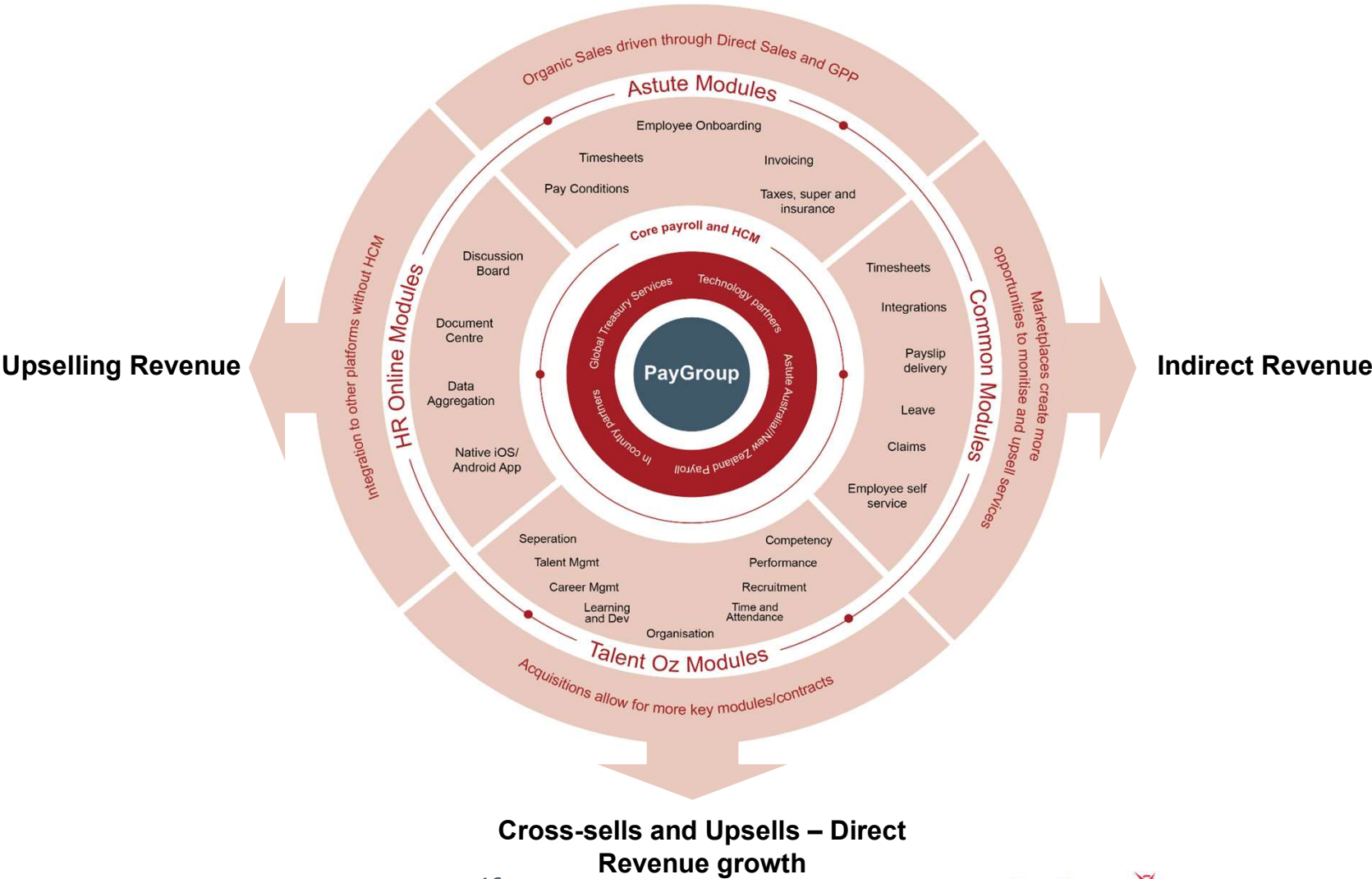
Acquisition pipeline



Global Channel Partner Program



Efficient Service delivery model enhancing Margins



PLAN FOR CONTINUED REVENUE GROWTH

Direct Sales and Global Partner Program

- Organic sales generate new customers across more geographies
- GPP continuing to provide increasing revenue with a low cost of acquisition
- Targeting a growing EBITDA margin by leveraging existing efficient infrastructure

Focus on Service Delivery and Margins

- Delivering using our existing infrastructure
- Upsells and cross-sells creating additional revenue with a lower incremental cost of delivery

Acquisition Strategy – clear vision

- New opportunities leveraging all our 27 modules for upsells
- Further strengthening SwaS, SaaS and Treasury revenues, using service delivery models
- Key growth studies underway

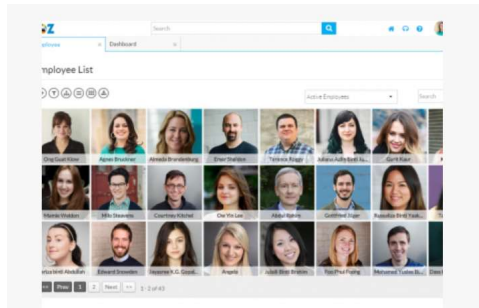
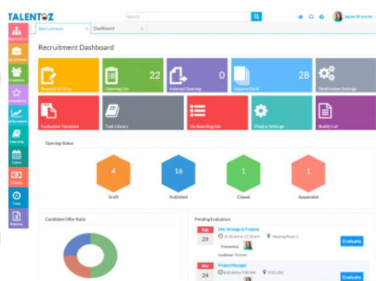
ACQUISITION STRATEGY – TALENT OZ

PayGroup acquired TalentOz on 14 July 2020



Business Overview

- Headquartered in Malaysia, owned by SMRT Holdings (Malaysia) & private shareholder
- Leading SaaS HCM provider with 11 modules
- 40 clients & 30,000 active users
- Highly experienced development team, based in Asia
- Delivered revenue CAGR of 170% p.a over past 3 years



ACQUISITION BENEFITS

- ✓ Creation of full-service “hire-to-retain” product offering – HCM SaaS modules & payroll
- ✓ Increased addressable markets & cross-sell opportunities
- ✓ Addition of experienced & proven Asian-based sales and development team
- ✓ Attractive financial returns – acquisition multiple of 1.7x SaaS revenue

ACQUISITION STRATEGY – PAYROLL HQ

PayGroup entered into a binding agreement to acquire Payroll HQ Pty Ltd on 4 November 2020

- Acquisition price of \$3.83M (inclusive of earn-out)
- To be funded by PYG scrip issued @ \$0.62/share



- Headquartered in Sydney, privately owned
- Provides full SwaS payroll outsourcing solution for its clients
- Processes over 120K payslips p.a
- Contract terms of 3 years with automated renewals in place
- Over 100 high quality clients – such as Alstom, BBC Studios, ASICS Oceania
- Led by Mr Ross Heron, leading industry expert
- Highly experienced sales team with proven track record

ACQUISITION RATIONALE

- ✓ Immediately adds 100 new corporate clients
- ✓ Significant cross-sell opportunities for PayGroup's HCM product suite across Australian client base
- ✓ Appointment of highly experienced AU-based management & sales team to drive PayGroup's Australia growth strategy
- ✓ Increased market exposure to Australia's fast growing outsourced HCM & payroll sector in post pandemic economy

FY21 OUTLOOK

Continued growth in new contract sales

- H1 FY21 new contracts sold (in TCV) already significantly above H1 FY20
- Strong sales pipeline, looking to deliver new clients and cross-sells
- GPP to continue to deliver payslips and transactions

Acquired growth strategy

- Integrating Payroll HQ high growth revenue into the Group – and leveraging existing infrastructure to increase EBITDA margins
- Growth study underway with PwC to identify acquisition targets which fit into the Group's criteria – creating key upsell opportunities

Forecast earnings growth in FY21 (vs pcp)

- Contribution from acquisitions
- Strategic focus on margins, new markets and cross-sell of full suite of service offerings
- On-track to meet cost efficiency target of \$1.5M (annualised)





Q&A





APPENDICES



Glossary of Terms

Active Client Employees:	A key performance indicator to count the number of active (working) unique employees on the Astute platform
Annualised Recurring Revenue (ARR):	Annualised Recurring Revenue represents contracted recurring revenues of term subscriptions normalised to the single calendar year
Customer Retention Rate:	Customer retention rate designates the percentage of customers the company has retained over a given time period
The Cloud:	Refers to software and databases that run over the internet. Cloud servers are located in data centers all over the world
Global Partnership Program (GPP):	PayGroup's partnership and mutual referral agreements with leading global payroll and HCM providers who do not operate in Jurisdictions within Asia Pacific
Human Capital Management (HCM):	HCM is a set of practices related to human resource management and the organisational need to provide specific competencies
Monetisation	Monetisation refers to revenue generated from Astute's partnership with Flare, providing a choice of superannuation funds to onboarding contractors
Software as a Service (SaaS):	SaaS is a method of software delivery in which software is accessed online via a subscription rather than purchased and installed on individual devices
Software with a Service (SwaS):	Managed payroll and outsourcing using software with a range of physical delivery models
Total Addressable Market (TAM):	The annual revenue opportunity or market demand available for a product or service
Total Contract Value (TCV):	TCV measures how much value a contract is worth over the life of that contract. It includes recurring revenues as well as one-off charges like implementation fees
Treasury Services:	Transaction services derived from the handling of client funds as an extension of providing payroll services. Revenue is generated through a per transaction per client employee basis.

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