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## Investor presentation

October 2021



# PayGroup at a glance

A leading payroll technology and services provider across APAC



**Fully compliant payroll solution** processing >7.5m payslip transactions<sup>1</sup>



**Processing over \$10+ billion** in payslips



**Trusted by >2,500 customers** across a growing number of market segments



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



**High margin monetisation** activities enabled by strong loyalty economics

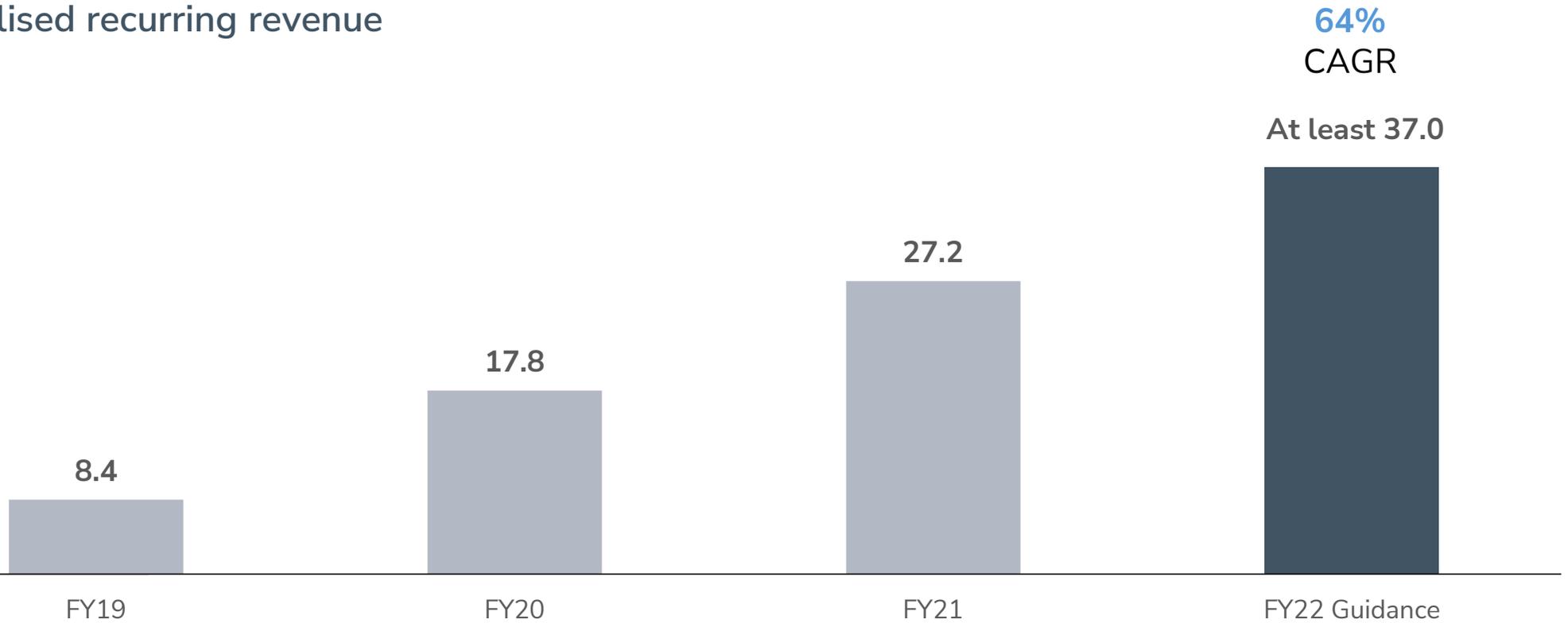
1. Annualised

# A high growth technology-led business

Continued strong performance underpinned by organic growth and strategic acquisitions

Annualised recurring revenue

A\$m



# World class technology trusted by leading companies

>2,500 valuable enterprise customers, underpinning continued growth



# Strategic overview

Established core business with exciting monetisation opportunities

## Core business – APAC Payroll Software and Services

- ✓ Mission critical and compliant solutions
- ✓ Unique and differentiated offering
- ✓ Diverse and growing enterprise client base
- ✓ Profitable core business, with focus on margin

*(See slides 6-10)*

~90%  
of total revenue

## Monetisation opportunities – captive audience providing new revenue streams



**Enterprises** - reduce complexity and improve employee productivity



**Payees** - offering payees greater financial flexibility and opportunity

*(See slides 11-14)*

~10%  
of total revenue

# APAC payroll software and services

Core offerings capture the full payroll opportunity set

| PayGroup-managed Payroll  | VS.   | Employer-managed Payroll  |
|---|---|---|
| ✓   |  PayGroup software         | ✓   |
| ✓   |  PayGroup payroll services | -   |
| ✓   | 3 year contracts & automated renewals   | ✓   |
| ~70%  |  Revenue split             | ~30%  |
| ~30%  |  # payslip split          | ~70%  |
| <ul style="list-style-type: none"> <li>Attracts large multi-nationals providing significant opportunity to further monetise enterprises</li> <li>Contracted long term, high value revenues</li> </ul> | Commentary  | <ul style="list-style-type: none"> <li>Scalable offering, attracting large numbers of payees for monetisation</li> <li>Contracted long term, high value revenues – underpinned with high gross margins</li> </ul> |

# 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 retention<sup>1</sup>

98%

## ...spend more...

Increasing customer share of wallet

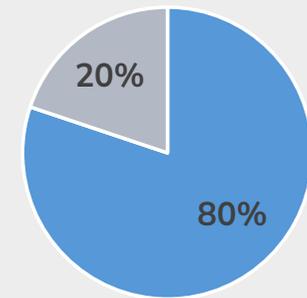
Recent up-sells



## ...and drive referrals

Accelerating growth through referrals

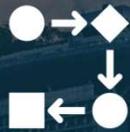
New sales revenue by source<sup>2</sup>



■ Direct Sales ■ GPP referrals

# Differentiated ability to provide payroll solutions

Established and hard to replicate offering in APAC



## Country expertise

PayGroup country specific software and process to support payroll lodgement



## Deep knowledge

Understanding of local compliance and regulatory environments



## Physical presence

Payroll staff located in key countries across the APAC region



## Full-service solution

Underpinned by technology offering, including last mile payroll

# Global payroll providers choose PayGroup

Growing pipeline of new core payroll customers from large global partners

## Global Partner Program (GPP)

- ✓ Partners provide new customers from all over the world, for large multi-nationals needing APAC expertise
- ✓ Evidence of differentiated position with global payroll companies choosing PayGroup as partner of choice
- ✓ Lower customer acquisition costs and high margin channel complementing direct sales activities



(Select partners shown)

# Supportive industry tailwinds

Growing, under-served market as clients face increasing scrutiny

## Increasing regulation



**Ongoing regulatory reform** means companies must stay across highly changeable employment laws, across multiple jurisdictions

## Reputation risk



**High profile underpayment scandals** leading to significant reputational risk

## Under-served market



Multi-national companies want to **partner with a single payroll provider**, rather than provider in each individual country

## APAC exposure



**Asia accounted for over half** the world's foreign direct investment in 2020<sup>1</sup>

# Monetisation of large captive audience

Core payroll business is building a large captive audience of enterprises and their payees

## Enterprises

- **Providing enterprise customers with services to reduce payroll complexity and improve employee productivity**
- **Payments:** Enabling customers to pay staff in regions where they do not have a presence
- **Strategic HR:** Providing customers with a full-suite of HR related modules to better manage staff and optimise productivity

## Payees

- **Providing payees high value, complementary services**
- **Leverage growing enterprise customers** to increase captive payee audience
- **Offer both country specific or worldwide** payee monetisation avenues
- **Superannuation choice:** Allowing customer's employees the option of choosing a superannuation fund while onboarding to new employer
- **Near-term launch:** On-demand pay and novated lease

Number of enterprise customers



# Enterprise monetisation: Payments

Reducing payroll complexity for customers while furthering our trusted relationship



**Cross-border and domestic payment solutions** ensuring employee and statutory bodies are paid on time, reducing complexity for MNCs



Payments is **complementary to core payroll services** and solutions, representing a natural adjacency with high margins



**Deepens PayGroup's customer relationships**, which underpins other potential monetisation opportunities

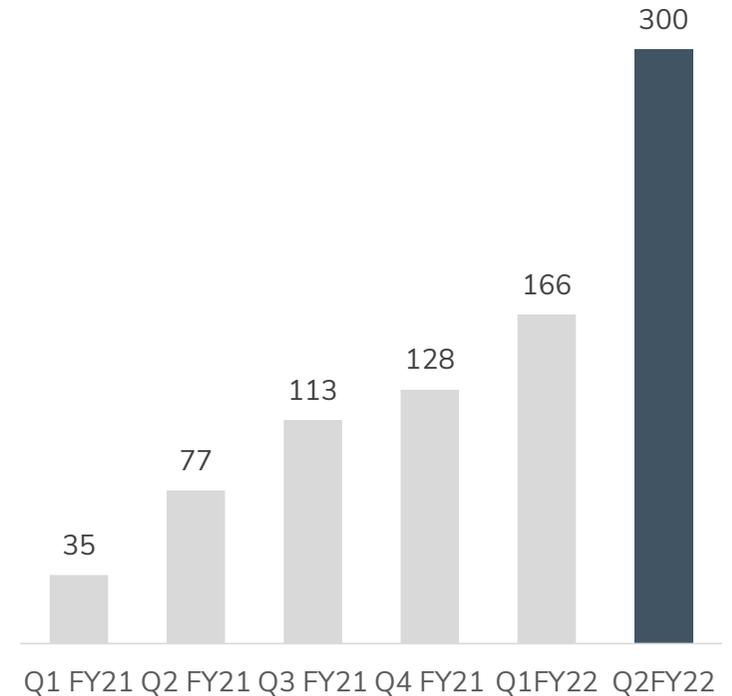


**High margin offering**, annualising at +\$1m revenue p.a.

## Payments Revenue

A\$K

**+54%**  
QoQ Growth



Note: PayGroup's financial year ends March

# Enterprise monetisation: Strategic HR software

Established suite of modules delivering further monetisation opportunities



PayGroup is uniquely positioned to identify and understand clients' increasing HR requirements



PayGroup's fulsome HR technology solution is highly complementary to core payroll solution



Currently focused on targeting the **significant and growing APAC markets**, with further potential in other key markets



Enhanced HR offering ensures PayGroup's continues to innovate solutions and **becomes deeply embedded in enterprise clients**

## Extensive range of HR modules



# Payee monetisation: Superannuation choice

High margin and high value opportunity, with large captive growth potential



Enables payees to select a super fund while onboarding through PayGroup platform



Represents a **incremental monetisation event** paid by chosen superfund anytime an payee selects a new fund



PayGroup continues to optimise solution to drive **increased penetration** of offering



**+95% margin**, as solution is embedded into existing PayGroup software workflow

## Significant growth opportunity



# PayGroup is at a major inflection point

Well positioned to accelerate growth, and drive margin accretion

| Opportunity  | Outlook   | Revenue drivers   | Margin  |
|--|---|---|---|
|  <p><b>Payroll Software and Services</b></p> |    | <ul style="list-style-type: none"> <li>Continued organic growth in APAC</li> <li>Customer account expansions</li> <li>New customers from GPP</li> </ul> | <ul style="list-style-type: none"> <li>Automation of core payroll services and smart shoring</li> <li>Growing scale across APAC driving growing operating leverage</li> </ul> |
|  <p><b>Enterprise Monetisation</b></p>       |    | <ul style="list-style-type: none"> <li>Increased adoption of payment solutions</li> <li>Greater up-selling of HR software solutions</li> </ul>          | <ul style="list-style-type: none"> <li>High margin and scalable solutions with low implementation costs</li> </ul>  |
|  <p><b>Payee Monetisation</b></p>          |  | <ul style="list-style-type: none"> <li>Increase adoption across user base</li> <li>Implement new products to increase payslip monetisation</li> </ul>   | <ul style="list-style-type: none"> <li>High margin 'plug and play' solution embedded into existing software</li> </ul>  |

# Investment highlights

PayGroup is an appealing long-term investment proposition

1

Profitable and growing core payroll business

2

Unique and highly differentiated offering

3

Contracted long term revenues with growing enterprise customer base

4

Attractive monetisation opportunities that have only just commenced

5

Founder-led company with strong equity alignment



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