



## 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



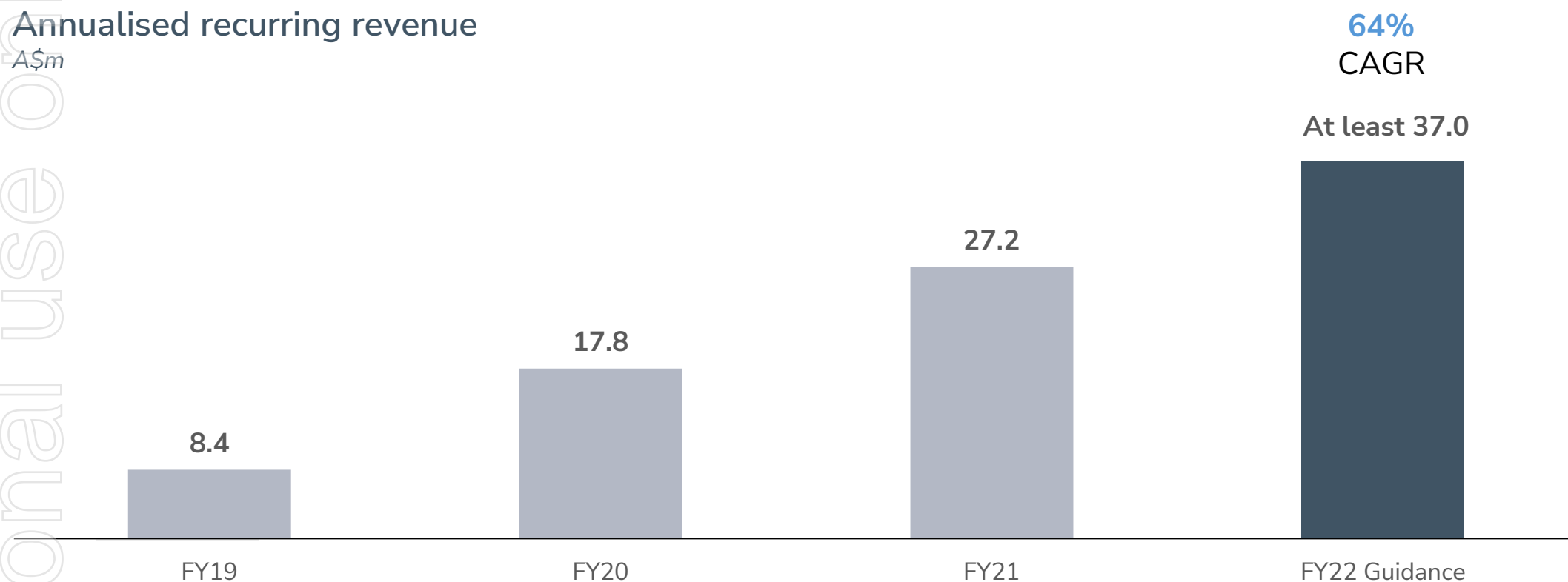
**High margin monetisation** activities enabled  
by strong loyalty economics

# 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*

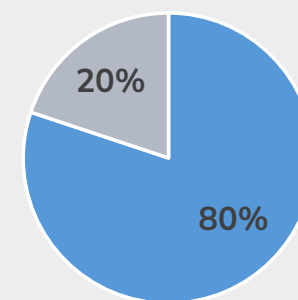
Recent up-sells



## ...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

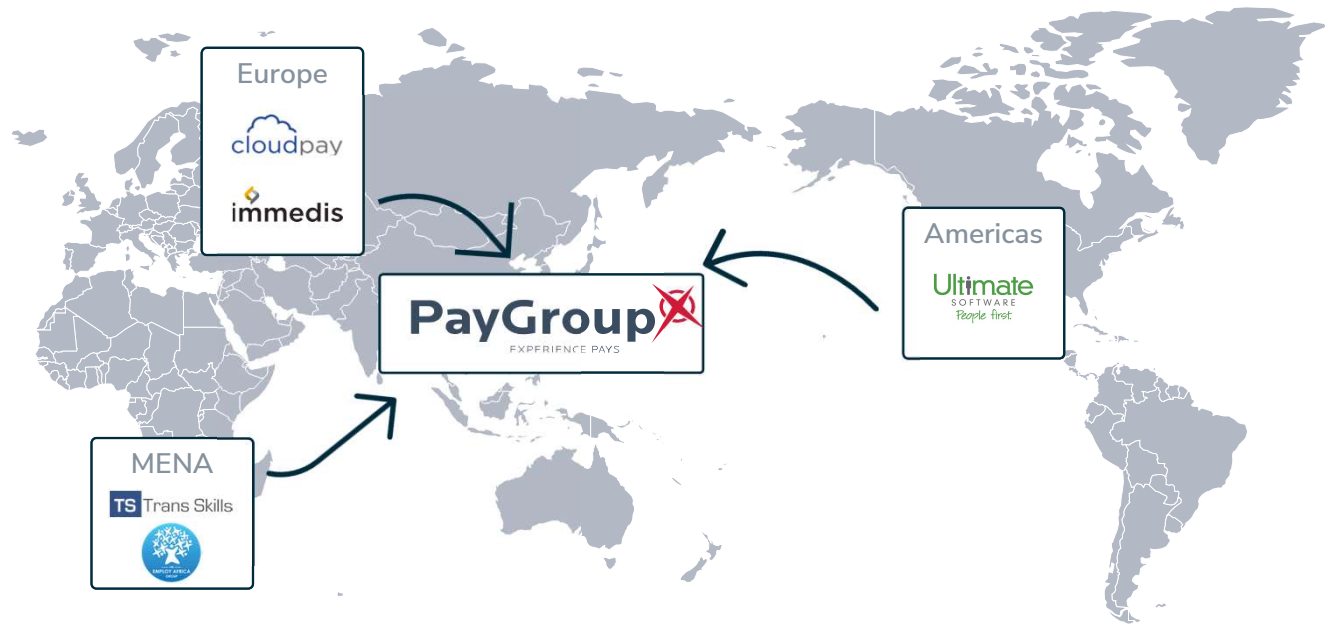


# Global payroll providers choose PayGroup

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>

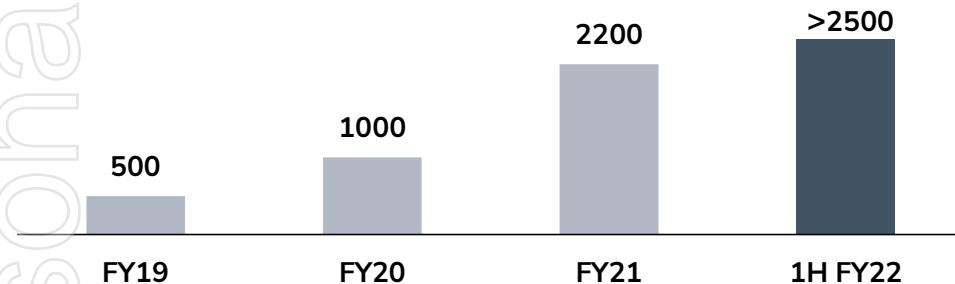
# Monetisation of large captive audience

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

Number of enterprise customers



## 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

# 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

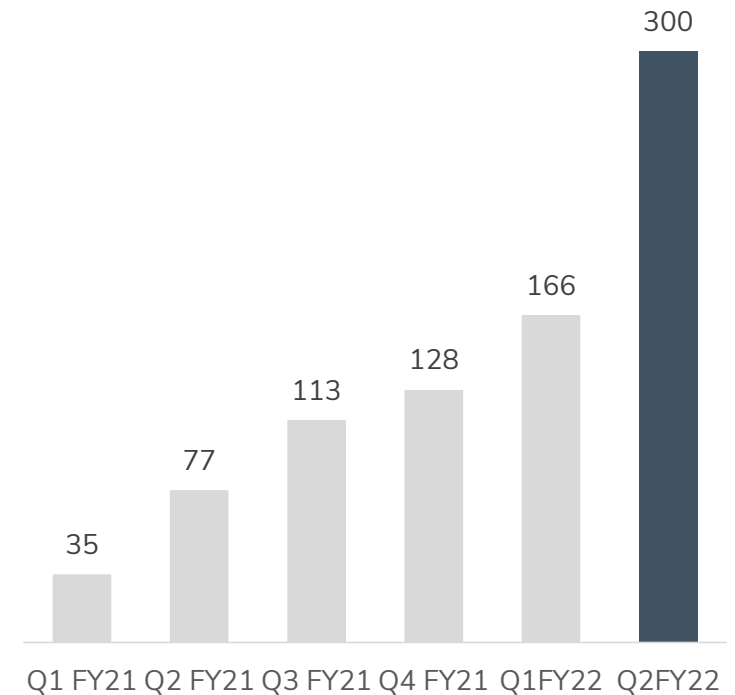


**High margin offering**, annualising at +\$1m revenue p.a.

## 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
 <b>Payroll Software and Services</b>		<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>
 <b>Enterprise Monetisation</b>		<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>
 <b>Payee Monetisation</b>		<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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