

PayGroup to present at the Small Cap Showcase Event by Wholesale Investor

Melbourne, 16 September 2020: Human Capital Management SaaS and Software with a Service (SaaS) provider PayGroup Limited ("PayGroup", "the Group"; ASX: PYG), is pleased to announce its participation in the **Small Cap Virtual Showcase** event, to be held **Wednesday 16th September at 10:00 am**.

The showcase is free for registrants and can be streamed via the CRIISP platform and Youtube. To have access to further event information and to register to attend, please click on the links provided below.

PayGroup Limited's Chief Commercial Officer, Sachin Goklaney will provide an update on the Group's performance following its recent \$3.5 million capital raising – including its enlarged HCM SaaS technology suite, its acquisitions of TalentOz and Astute One as well as its growth scorecard and outlook.

The presentation will also cover the Group's subsidiary, PayAsia and its inclusion as a Representative Vendor for the 3rd consecutive year in Gartner's Market Guide for Multicountry Payroll Solutions. Gartner is the world's leading research and advisory company. This is an independent reference point as PayGroup seeks to grow and extend its client base over FY21 and beyond.

Event Details

Date: 16th September

Time: 12:03 pm AEST

Presentation duration: 8 minutes

Link to attend: <https://www.eventbrite.com.au/e/small-cap-virtual-showcase-tickets-116822466141?aff=PayGroupSH>

Link to the event website: <https://www.smallcaps.wholesaleinvestor.com.au/>

A recorded copy of the showcase will be made available following the event.

-ENDS-

For further information, please contact:

Mark Samlal
Managing Director
PayGroup Limited

mark.samlal@payasia.asia

Kyahn Williamson
WE Communication
+61 401 018 828

kwilliamson@we-worldwide.com

This announcement was authorised by the Board of Directors of PayGroup Ltd.

About PayGroup

Headquartered in Melbourne, Australia, PayGroup, the holding company for PayAsia, TalentOz and Astute One, is a specialist provider of payroll and human capital management solutions.

PayAsia is addressing the needs of multinational companies of any size by delivering Software-with-a-Service (SaaS) HCM and Payroll solutions by leveraging a Cloud (SaaS) based Human Capital Management platform TalentOz. Clients are typically Multi-National Companies within multiple countries across Asia Pacific and the Middle East.

The Group is also a leader in workforce management solutions for complex businesses especially for Workforce Management Companies in Australia and New Zealand with its acquisition of Astute One Ltd.

PayGroup has now 229 employees located in 11 countries are servicing over 915 client entities representing more than 5 million payslips per annum.

Source : Gartner, Market Guide for Multicountry Payroll Solutions, Ranadip Chandra, et Al, 27 July 2020.

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More information on PayGroup can be found at www.paygrouplimited.com

PAYGROUP INTRODUCTION

WHOLESALE INVESTOR

(ASX: PYG)

September 2020

WWW.PAYGROUPLIMITED.COM

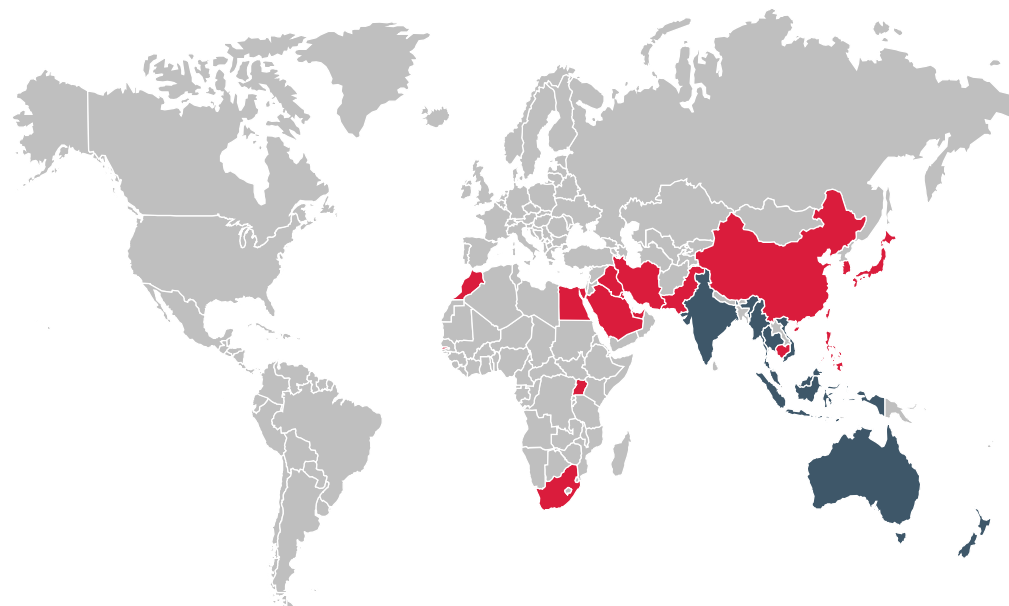
PAYGROUP LIMITED PROPRIETARY AND CONFIDENTIAL - ACN 620 435 038



PAYGROUP IS A LEADING PROVIDER OF GLOBAL HUMAN CAPITAL MANAGEMENT, PAYROLL SOFTWARE AND SERVICES, AND PAYMENTS

PayGroup performs the most critical of outsourced HCM software and services for our client's employees and contractors including payroll, pay to bill, strategic HR, social benefits compliance, and all HR related payments (including payroll)

We service SME to enterprise customers and workforce management companies, in 33 countries across Asia Pacific and the Middle East so that they can assured that they are compliant in all their complex regulatory, multi-currency and multi-lingual environments



>5m payslips processed per annum



915 Clients



Global HCM and Payroll SaaS platforms



Global Partner Program providing clients



Local geography expertise in servicing 33 countries



226 employees



Offices in 12 locations



Included in Gartner Guides – 3rd year running

Office Locations and Coverage
Service Coverage

TOTAL ADDRESSABLE MARKET

The APAC HCM market grew 11.85% in 2019 and modest growth is expected in 2020 despite recessionary conditions¹

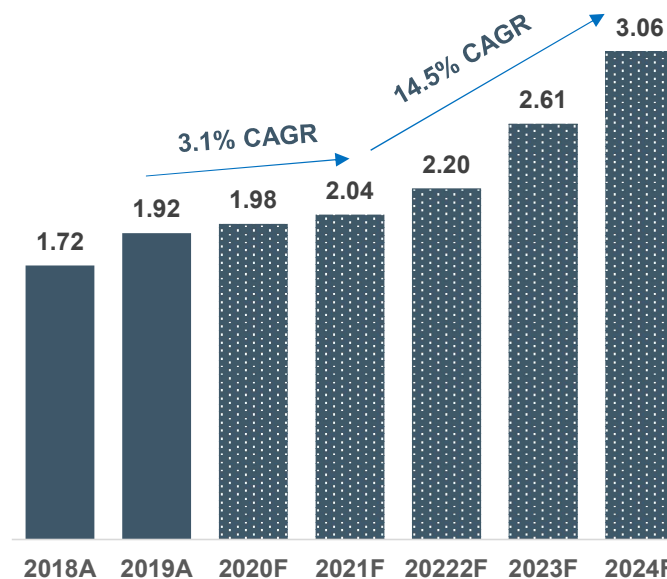
APAC BPO Market Size²

US\$26.2b

APAC HCM Software Market Size¹

US\$1.9b

APAC HCM Software Market¹



- The APAC HCM market grew 11.85% in 2019¹
- APAC HCM Software is forecast to grow at 3.1% CAGR (19A'-21F') and 14.5% CAGR (21F'-24F')¹
- Growth is driven by payroll and legislative complexity and increased adoption of cloud-based software
- HCM Software Market forecasts based on an April 2020 update to account for the most likely impacts of COVID-19 on the Enterprise Application Software Market¹.

Graphs/Charts created by PayGroup based on Gartner Research, Source⁽¹⁾ : Gartner Forecast: Enterprise Application Software, Worldwide, 2018-2024, April 2020 Update, Neha Gupta et al., 1 May 2020 APAC/Asia Pacific= Mature Asia/Pacific, Emerging Asia/Pacific, Greater China and Japan(Region). Vendor Revenue basis.

Source ⁽²⁾ Gartner, Market Share: IT Services, Worldwide 2019, Dean Blackmore et al., 13 April 2020 APAC = Mature Asia/Pacific, Emerging Asia/Pacific, Greater China and Japan(Region). Vendor Revenue basis.

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BOARD OF DIRECTORS



Ian Basser

Non-Executive Chairman (independent)

Ian was appointed to the Board in July 2017 as an independent Non-Executive Director and Chairman. Ian has over 30 years' experience in starting, running and building service companies around the world including Australia, Hong Kong, China, Singapore, USA, UK and Europe. He was Chief Executive Officer and Managing Director of Chandler Macleod Group Limited until August 2012. Prior to joining Chandler Macleod, he spent five years establishing and developing the Mettle Group as a strategic leadership and culture consultancy.

Prior to Mettle Group, Ian was Group Managing Director of Harvey Nash running operations in the UK, Europe and Asia. He was on the global management team of Michael Page International building operations in Australia, Asia and North America.



David Fagan

Non-Executive Director (independent)

David was appointed to the Board in July 2017 as a Non-Executive Director. David has over 38 years' experience in law practice including 30 years with Clayton Utz culminating in the role of Board Member and National Chief Executive Partner (2001-2010).

Current Non-Executive Director roles include ASX listed Medibank Private Limited (since 2014) including Chair of the Board Risk Management Committee, UBS Grocon Real Estate Investment Management (since March 2014), and Chair of BDO Group Holding Limited (since July 2020). David holds both a Bachelor and Master of Laws from University of Melbourne and is based in Melbourne, Australia.



Mark Samlal

Managing Director

Mark co-founded PayAsia in 2006 where he was Non-Executive Chairman until being appointed to the role of Executive Chairman and Managing Director in July 2015. In July 2017, he was appointed to the Board of PayGroup and to the role of Managing Director of the Group. Mark has over 22 years' experience in leadership roles in Asia Pacific including being a Director and General Manager of ADP in Asia Australia (1999-2003).

His previous senior roles included Chief Executive Officer VicPlas Ltd a Singapore Stock Exchange listed company in (2008-2014) and Executive Director of Omni Industries in Singapore (2006-2008). Mark is affiliated with the major shareholder and is based in Singapore.



Franck Neron-Bancel

Executive Director & Chief Strategy Officer

Franck joined PayAsia in May 2017 as an Executive Director and was appointed to the Board of PayGroup in July 2017 as the Chief Strategy Officer. Franck has over 21 years' industry experience in global HCM and payroll services with global leader Automatic Data Processing, Inc. (NASDAQ: ADP, Market Cap: US\$60.2 billion). Franck's tenure at ADP culminated in the role of Senior Vice President Strategic Account Management (2013-2017), with reporting to the ADP Global Enterprise Solutions President.

Franck holds a Bachelor's Degree (General Management, Finance & Marketing) from KEDGE Business School and is based in New York, United States of America.

HIGHLY DIVERSIFIED AND LOYAL CUSTOMER BASE

3-year repetitive revenue contracts, 95% retention rate and ~30% of our clients are Asian

Financial Services



Professional Services



Industrial



Healthcare / Pharmaceutical



Construction / Manufacturing



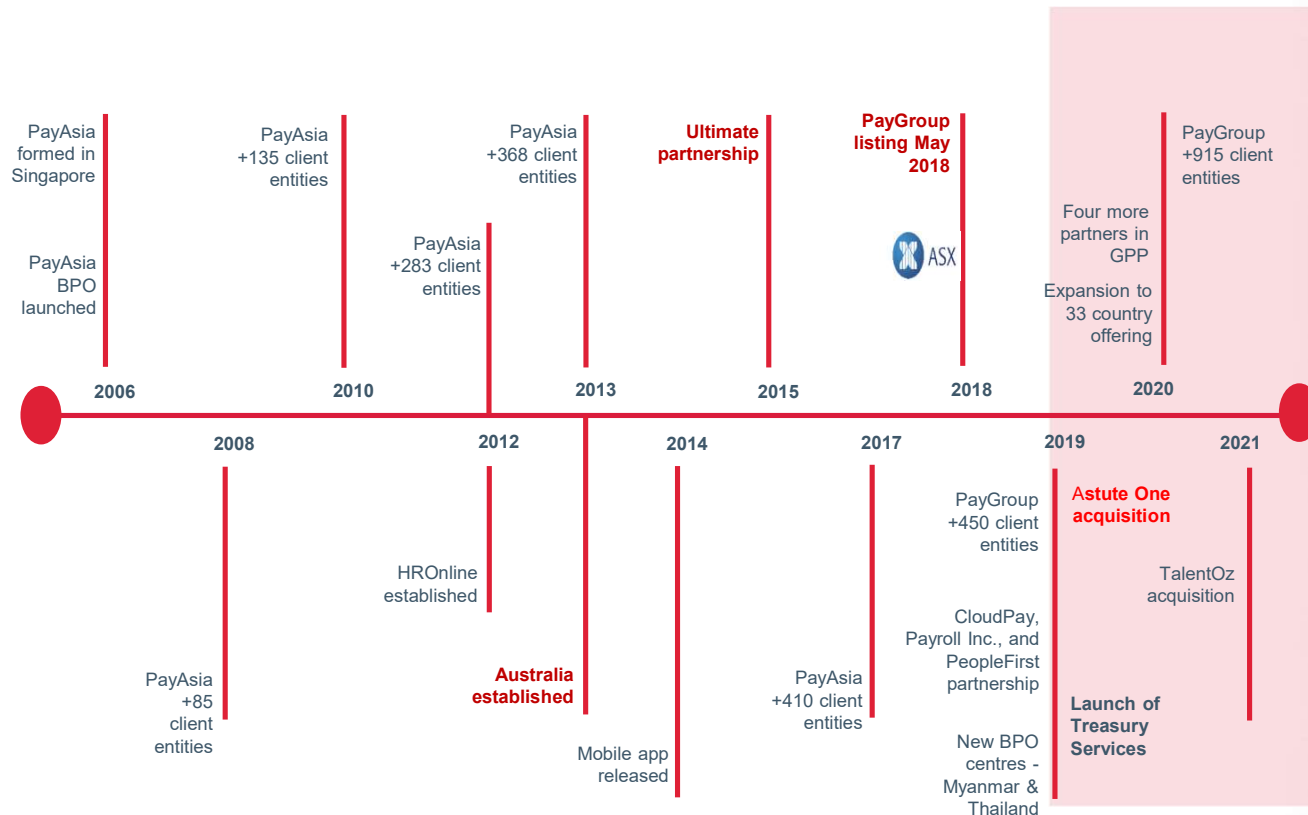
Education



Other



FY20 – THE SHIFT TO SAAS AND DIGITISATION



Group Structure



PAYGROUP - FULL SUITE OF SAAS and SWAS MODULES

Payroll and HCM 16

HCM modules

- Payroll (AU)
- Payroll (NZ)
- Timesheets
- Leave
- Claims
- Integrations
- Payslip delivery
- Employee self service
- Employee Onboarding
- Pay Conditions
- Invoicing
- Taxes, super & insurance
- Discussion board
- Document centre
- Data aggregation
- Native iOS / Android App

Strategic HCM 11

HCM modules

- Organisation
- Recruitment
- Time & attendance
- Performance
- Competency
- Learning & development
- Career management
- Talent management
- Separation
- Payroll (India)
- Payroll (Malaysia)

Significant ongoing investment to continue to enhance modules

27 HCM modules

Full service HCM suite

TALENTOZ
The Comprehensive HCM Suite On-Cloud
www.talentoz.com

No More Clicks
Now Chat!



Introducing...
Tozy: Virtual HR Assistant.

Next level of employee experience



GROWTH SCORECARD & ONE-THIRD OF OUR JOURNEY INTO FY21

	FY19	FY20	FY21 Update April – July 20	Commentary
Annual Recurring Revenue (ARR)	8.4m	17.8m	Will await half yearly audit.	Update will be provided as part of half-yearly results in November 2020
Annual Payslips Processed	630k	4.7m	>5mn	Growth across SwaS, SaaS and Treasury
Acquisitions	PayAsia India	Astute One	TalentOz	Adding to the growing SaaS HCM Modules
Clients	450	875	915	Continued growth with high retention – 95%
Internal Employees	120	183	226	As a result of TalentOz acquisition
New Sales	4.9m	5.5m	>4.5m	Continued growth and strong tailwinds for SwaS, SaaS and Treasury
Operating Cash Position	(4.8m)	(0.1m)	+1.0m*	Continues to be operating cash flow positive
Proforma NPAT	2.3m	3.9m	NA	Strong underlying growth

* As at 30 June 2020

FY21 OUTLOOK

Continuing to sign new contracts

- >\$4.5m TCV in the first four months of FY21
- This represents 82% of the total FY20 signed contract value
- Continued focus on new customer acquisition and upsell opportunities

Global Partnership Program & Treasury Services delivering results

- GPP to make growing financial contribution in FY21 as product suite expanded
- Treasury Services continuing to onboard new customers, and provides the opportunity to sell additional services

Forecast earnings growth in FY21

- Strategic focus on margins, new markets and cross-sell of service offerings
- Continuing to make considerable investments for growth
- Launch of further Treasury products and services

Pre-identified cost efficiencies

- Identified annualised cost savings and efficiencies of \$1.5M in FY21



GROWTH OPPORTUNITIES & STRUCTURAL TAILWINDS CONTINUE

PayGroup continues to be well positioned within current market , the accelerated shift to digitisation, and demonstrable success in expanding service offerings



Accelerated shift to digitisation

- Accelerated transition from manual process and on-premise software to the cloud
- Shift to online workflow and remote workplace
- Upselling and cross-selling across 27 modules of HCM



Growth in SwaS, SaaS and Treasury

- Increases multi-country payroll demand across APAC – increased complexity
- Post Covid-19 expectation of increases in contractors vs full-time employees - Astute
- Increasing suite of SaaS modules – 27 modules
- Rapid growth in Treasury Services



Strategic Acquisitions & Partnerships

- “Bolt-on” acquisitions of customer bases (payslips)
- Complementary SaaS technology to enhance product offering
- Leverage operational efficiencies to extract synergies (“lift and shift”)
- Cross-sell and upsell opportunities



Mission Critical Software and Services

- Evolving regulatory and legislative environment
- Mission critical software and services to pay and manage employees remotely
- Heightened awareness on risks around underpayment of employees
- Increasing focus on data security and privacy



APPENDICES



GLOBAL PARTNERSHIP PROGRAM

Partnerships with multinational payroll partners

Accelerating growth with low customer acquisition cost

Efficient customer acquisition cost

- PYG is the “back-end” delivery arm
- Limited marketing costs
- Limited legal fees on customer contracts
- Thin account management responsibilities

Leverages PYG extensive Asian infrastructure

- Increased utilisation in many Asian based locations
- Ability to increase work outside typical peak hours
- Smart-shoring opportunities

Attractive financial proposition → Standard service fees & delivered using existing infrastructure



COVID-19 BUSINESS CONTINUITY UPDATE

Uninterrupted service for clients & no adverse financial impact



OUR BUSINESS

- All employees across 11 global offices continue to work remotely
- Always following Government protocols for the partial re-opening offices in 2020
- Enhanced IT security & training measures to protect critical information
- Operational delivery and service has not been impacted



OUR CLIENTS

- Focus on digitiation strategies
- Continue to assist clients with rapid changes to payroll legislation & stimulus packages
- Increased demand for technology and outsourcing to ensure compliance and reduce costs
- Continuing to be a trusted HR Partner



OUR FINANCIALS

- Strong sales pipeline & contract wins in Q1 FY21
- Demonstrates size and trust of our client base
- Balancing investment for growth with cost efficiencies
- Positive operating activities cash flows since H2 FY20 (pre acquisition costs)

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
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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