

PayGroup H1 FY21 Trading Update

Record new contract growth and increasing addressable market

- **\$5.4M in new contract wins, up 93% on H1 FY20 and represents 98% of all of FY20 TCV (\$5.5M)**
- **80 new client entities signed in H1 FY21 from both new client entities and client upsells**
- **Treasury Services to launch “Accessing Wages Earned” module in Q3 FY21**
- **Expanded Global Partner program, now with the capability to service 39 countries (up from 33)**
- **Outlook for FY21 remains strong with clients looking for increased SaaS solutions as well as HR & payroll services, despite broader COVID-19 economic challenges**

Melbourne, 8 October 2020: Human Capital Management SaaS and Software with a Service (SaaS) provider PayGroup Limited (“PayGroup”, “the Group”; ASX: PYG), is pleased to provide a trading update for the half year ended 30 September 2020 (H1 FY21).

The COVID-19 pandemic has provided structural tailwinds to the Company, driving increased opportunities to help an increasing number of companies digitise their HCM, Payroll, Treasury, and Workforce Management functions. These additional opportunities have led to \$5.4 million in new contract wins in H1 FY21, measured in total contract value (“TCV”), a 93% uplift compared to H1 FY20 (the prior corresponding period). During H1 FY21, 80 new contracts were executed and these included both existing client upsells as well as new customers. The new contract wins for the first half of FY21 of \$5.4M represent 98% of the total new contract wins for FY20 (\$5.5M), an indication of continued growth for the Company.

The Company continues to deliver its full suite of mission critical solutions and services without disruption to clients, and continues to operate remotely in the majority of its office locations.

Astute (SaaS) - Digitising Pay and Bill for Workforce Management Companies

Astute has continued its strong growth momentum in Treasury Services and payroll, particularly in Q2 FY21 as New Zealand and many states of Australia continue to trade strongly. Astute has signed 27 new clients in H1 FY21 with a TCV of \$724k.

PYG expects to see further growth in contractor payroll in H2 FY21, driven by reduced restrictions on business operations in Victoria as the COVID-19 lock down lifts and Australian Federal Government business stimulus measures support further business investment.

PayAsia and TalentOz - Global Human Capital Management and Payroll SaaS and SaaS

The acquisition of TalentOz, completed in July 2020, is integral to PayGroup’s expansion strategy in creating a full services HCM product suite that covers the entire “Hire to Retire” employee lifecycle. TalentOz has been fully integrated into PYG, enabling the Company’s enhanced platform to be seamlessly offered across 39 countries.

The rapid integration of TalentOz into the Company’s existing operations has enabled the first material contract win for a combined offering of SaaS payroll and SaaS HCM.

Treasury Services - Services for Payroll, Pensions and Financial Wellness

Treasury Services continued the strong growth trajectory seen since the product was launched in Q2 FY20, with total Treasury Services transactions increasing by 279% since the end of FY20.

In H2 FY21, PYG plans to launch its new "Accessing Wages Earned" module within Treasury Services. This new module will allow employees to access on demand their accrued wages before payday, and will form another part of PYG's financial wellness programs for our clients to assist their staff manage the impacts of COVID-19. The new module is expected to drive further revenue momentum in our Treasury Services business, particularly given the COVID-19 impacted economy and global focus on financial wellness.

Global Partner Program

Our Global Channel Partner Program continued to grow during H1 FY21 and we are now providing services in 39 countries. This increases the addressable market for PYG, and provides a basis for us to cross-sell our growing HCM modules and payroll services into new geographies.

Outlook

Paygroup will release its Q2 FY21 Appendix 4C in the week commencing October 19 2020.

Mr Mark Samlal, PayGroup's Managing Director said, *"We're very pleased with the performance that we have achieved in the last six months, despite the challenging environment. We are continuing to follow the government protocols in each of our regions with respect to operating and re-opening safely, with employee welfare and client service satisfaction as our key priority. Our service standards have not been compromised during this period."*

"The new contract wins that have been achieved this half year, being a significant increase on the previous half, reflects strong underlying demand for our mission-critical SaaS and SwaaS products across Asia Pacific and the Middle East. We are well positioned to weather the current business environment and are increasingly seeing clients seeking to outsource HR and payroll functions to drive greater business efficiencies. Our successful capital raise in September 2020 will allow us to more rapidly capture these growing business opportunities."

-ENDS-

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This announcement was authorized 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 995 client entities representing more than 5 million payslips per annum.

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