

PayGroup FY21 Trading Update

Trading conditions improve for AstuteOne as Employment Rebounds in Australia and New Zealand

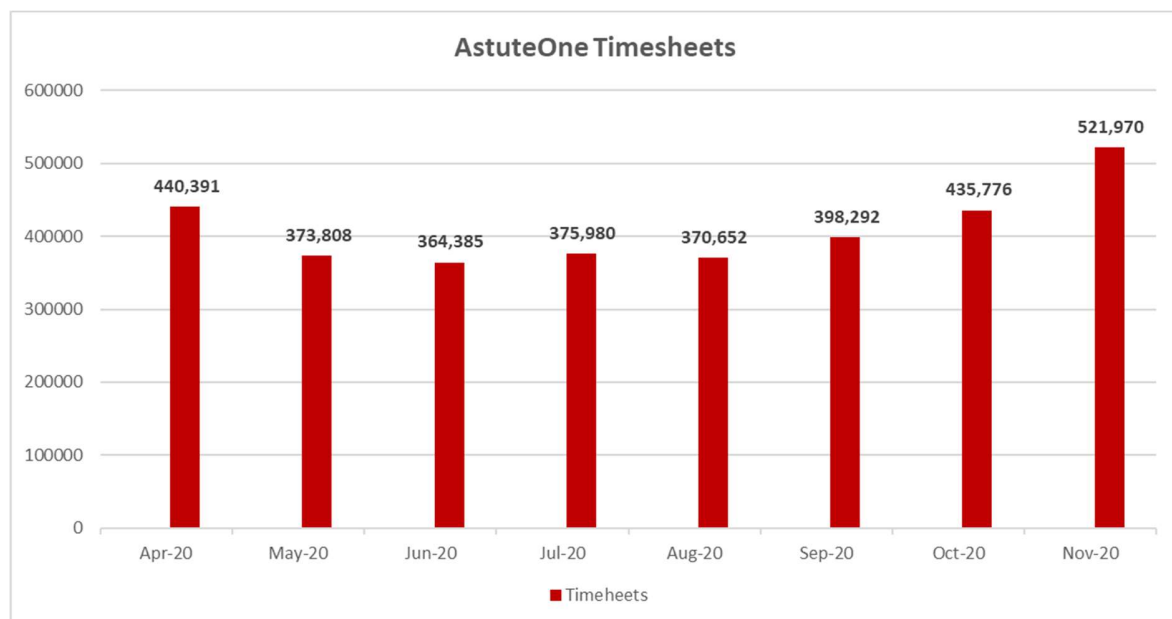
- Increase in timesheets processed by AstuteOne as workforce management companies increase placements and contracts
 - Timesheets up 43% in November 2020 from June 2020
 - Treasury revenues up more than 60% in November 2020 from June 2020
 - 37 new client entities signed to date in FY21
- Strong momentum continuing for FY21, with Government Training Organisations increasing adoption of outsourced HR services and HCM SaaS solutions
 - Group sales funnel up more than 310% PCP (Q2 FY21 vs Q2 FY20)

Melbourne, 17 December 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 November 2020, showing improved volumes for its subsidiary AstuteOne, as COVID-19 lockdown conditions ease in Australia.

AstuteOne (SaaS) – Increases in Workforce Management Indicates Recovery

AstuteOne (“Astute”) delivered a 43% increase in timesheets recorded during November 2020 in Australia and New Zealand, compared to June 2020, the month most impacted by COVID-19.

AstuteOne’s clients are workforce management companies operating in the labour hire space. These employers are often a leading indicator of employment trends, and the increase in average users and timesheets is a reflection of increased activity in this segment.



In addition to this rebound, the monetisation revenue derived from the integration with our Treasury Services partner saw an increase of over 60% in monthly revenue in November 2020 as compared to June 2020.

Astute signed 37 new clients in H1 FY21 with a Total Contract Value ("TCV") of \$1.1m, which includes growth in the Government Training Organisation ("GTO") sector. The Australian Federal Government's business stimulus support for apprentices has seen an increase in the number of GTO's digitising their back office with the Astute SaaS platform.

Payroll HQ acquisition and Geographic coverage – now servicing 41 countries

The acquisition of Payroll HQ, completed on 14 December 2020, is integral to PayGroup's growth strategy in expanding its high performing sales team and driving further sales of TalentOz in Australia and New Zealand.

TalentOz, PYG's full-service HCM product suite that covers the entire "Hire to Retire" employee lifecycle, has been fully integrated into PYG, enabling the Company's enhanced platform to be seamlessly offered across 41 countries.

Outlook

PayGroup expects to release its updated FY21 sales data in the week commencing 4 January 2021.

Mr Mark Samlal, PayGroup's Managing Director said of the AstuteOne performance, *"Increased activity for our clients in the workforce management sector is a leading indicator of economic recovery. It's very pleasing to see the increased business confidence in Australia and New Zealand, reflecting more buoyant employment conditions following the easing of lock down restrictions. This is having a positive impact on volumes for our AstuteOne business and the acquisition of new clients."*

"Our revenues will continue to grow in FY21 as new clients increase their hiring, and as existing clients increase their volumes as demand increases. Our new GTO clients have hiring volumes that are directly linked to apprentices being hired in greater numbers. These GTOs are seeing a greater need to digitise their pay-to-bill workflows. Compounding the increases in hiring and timesheets has provided an uplift in Treasury Services and monetisation revenues for Astute. We are continuing to follow the government protocols in each of our regions and we continue to prioritise employee welfare along with making client satisfaction our key priority."

-ENDS-

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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, Astute One and Payroll HQ, 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 247 employees located in 11 countries are servicing over 1,100 client entities representing more than 5.4 million payslips per annum.

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