

21 April 2021

Record FY21 results and strong momentum in Q4 FY21

- FY21 pro-forma ARR at least \$27.0m, which includes \$5.5m ARR from the IWS acquisition, providing a platform for strong momentum and greater cross-sell opportunities in FY22
- Achieved record FY21 standalone ARR of at least \$21.5m, increasing 21% on pcp, highlighting the strength of the core payroll business and HCM software suite
- Record new contracts signed at least \$13.0m in FY21, increasing 136% on pcp, with strongest quarterly contract wins in Q4 FY21 at least \$4.8m
- PayGroup no longer required to report Quarterly Activity Report (Appendix 4C), due to positive net operating cash flows across 4 consecutive quarters

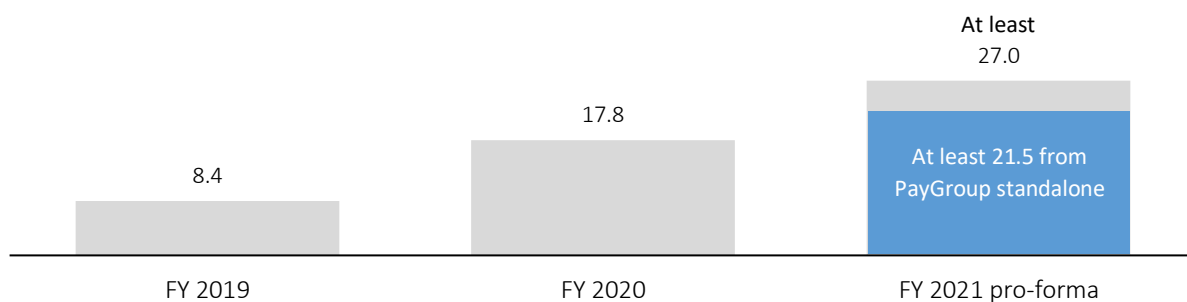
Melbourne, 21 April 2021: PayGroup Limited (“PayGroup” or the “Company”), a leading provider of payroll and human capital management (HCM) solutions is pleased to release its quarterly business update for the quarter ended 31 March 2021.

OPERATIONAL HIGHLIGHTS

PayGroup has delivered FY21 pro-forma annualised recurring revenue (“ARR”) of at least \$27.0m, from a combination of strong organic growth and the Integrated Workforce Solutions (“IWS”) acquisition. The FY21 pro-forma ARR includes \$5.5m ARR contribution from IWS and is underpinned by strong customer retention and growing customer base, providing a platform for strong momentum and greater cross-sell opportunities in FY22.

PayGroup continued to accelerate organic growth across Q4 FY21, which has contributed to record FY21 standalone ARR of at least \$21.5m. PayGroup’s growing scale as a provider of mission-critical complex payroll solutions combined with the Company’s high margin HCM modules continues to deliver strong ARR growth, as illustrated in Figure 1.

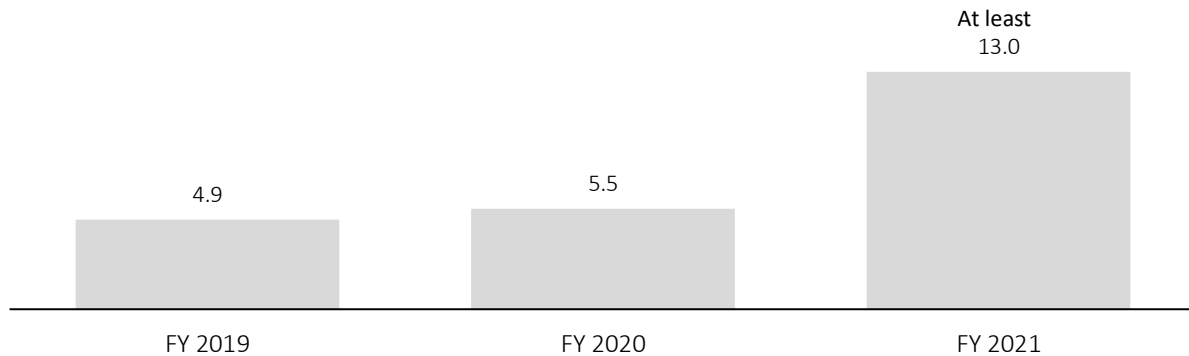
Figure 1. ARR (A\$m, unaudited)



Mark Samlal, Founder and Managing Director of PayGroup, said: “FY21 was a pivotal year for PayGroup as we continued to build significant scale across the core payroll business, deliver record ARR growth and execute on strategic acquisition opportunities to enhance our suite of HCM modules and competitive position. Building on the significant momentum of FY21, PayGroup is focused on greater monetisation opportunities and exciting automation initiatives in the interest of long-term shareholder value creation.”

In addition to the strong ARR performance, PayGroup achieved record new contract wins in FY21 of at least \$13.0m, with \$4.8m signed in Q4 FY21 alone. The 136% increase in new contracts on FY20 is a clear demonstration of the Company's significant sales and marketing capabilities as well as the substantial value opportunities in PayGroup's pipeline. During the quarter, the Company signed contracts with numerous leading multi-national companies. Figure 2 demonstrates the accelerating demand of PayGroup mission-critical payroll and HCM solutions and highlights the strong momentum heading into FY22.

Figure 2. Annual new contracts signed (A\$m, unaudited)



Throughout the year, the scale of the core payroll business continued to grow strongly with ~6.0m pro-forma annualised payslips and transactions (including IWS' ~0.4m payslips) processed in FY21 (FY20: ~4.7m). PayGroup's growing ecosystem of high margin HCM modules combined with the continued growth of payslips processed strengthens the Company's competitive position and underpins the exciting revenue growth trajectory.

During the year, PayGroup's Global Partner Program ("GPP") delivered a significant flow of new customer referrals. In FY21, the GPP contributed over \$2.0m to ARR growing more than 140% on pcp. The GPP is a highly attractive organic growth channel, generating referrals for large multinationals that require PayGroup's local compliance expertise in the Asia Pacific region. The program contributes to margin expansion due to low customer acquisition costs and expanded opportunities to sell the high margin suite of HCM modules.

CORPORATE UPDATE

During the quarter, PayGroup appointed Jerome Gouvernel as Chief Product Officer to innovate the core payroll business and enhance the broader HCM offering. Mr. Gouvernel is a highly experienced global leader in the human resources product and technology industry having held senior executive roles at ADP (NASDAQ:ADP), a global payroll and workforce management company with a current market capitalisation of more than US\$80bn. During his time at ADP, Mr. Gouvernel led the product management and development of ADP's global payroll and HCM platform, growing ARR to more than US\$500m.

On 31 March 2021, PayGroup announced the acquisition of IWS, a leading cloud-based workforce management platform specializing in solutions for the franchise sector in Australia and New Zealand. PayGroup also secured binding commitments from new and existing investors to raise \$15m and announced a share purchase plan for eligible shareholders to raise approximately \$1m (SPP offer period

closes at 5pm AEST on 27 April 2021). In addition to the IWS acquisition, PayGroup intends to use the proceeds to fund: investment in additional sales capabilities; investment in automation and artificial intelligence to enhance margins; and working capital and transaction costs.

At the end of the quarter, the Company's cash balance was \$3.0m (excluding funds from the capital raising), with PayGroup remaining debt-free and well positioned to capitalise on growth opportunities.

PayGroup expects to release its Appendix 4E preliminary final report and results for the year ended 31 March 2021 in late May 2021. Lastly, PayGroup is pleased to advise that ASX has granted the Company relief from the ongoing obligations to lodge quarterly statement of cash flows (Appendix 4C), after reporting positive net operating cash flows for each of the last 4 quarters.

-ENDS-

For further information, please contact:

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

About PayGroup

PayGroup is a leading provider of payroll and human capital management (HCM) solutions, delivering mission-critical services. Leveraging PayGroup's deep regulatory and compliance expertise, PayGroup now proudly services enterprise clients in over 40 countries, representing more than 6m payslips and transactions per annum. PayGroup's core business provides a great foundation for sustainable long-term growth, allowing it to further unlock monetisation opportunities. More information on PayGroup can be found at www.paygrouplimited.com.