

## **PayGroup executes binding purchase agreement to acquire Astute One Limited**

- **PayGroup now on track to deliver proforma Annual Recurring Revenue (ARR) for FY20 in excess of \$17.5m (versus \$8.4m on a standalone basis in FY19)**
- **100% scrip-based acquisition, with total acquisition consideration of \$11M to be issued at \$0.85 per PayGroup share representing a premium to the current share price**
- **Significantly increases PayGroup's range of service modules and Software as a Service (SaaS) revenue**
- **Combined group will deliver over 4.7m payslips annually, spread across 780 clients in 25 countries**
- **Further strengthens PayGroup's workforce management business offering following the Indian-based business acquisition in February 2019**
- **Highly complementary acquisition expected to be immediately earnings per share accretive**

**Melbourne, 24 October 2019:** Human Resources SaaS and Software with a Service (SaaS) provider PayGroup Limited ("PayGroup", "the Group"; ASX: PYG), today announced that it has executed a binding Share Purchase Agreement to acquire 100% of the shares in Astute One Limited and its wholly owned subsidiaries (Astute). This follows the Group's previous announcement to the ASX on 29 August 2019 that it had executed a term sheet for the proposed acquisition of Astute.

The acquisition is consistent with PayGroup's stated strategy of expanding its product offering within its core payroll and HR markets and will deliver significant growth in both ARR and payslips processed. Following the acquisition, PayGroup is on track to achieve proforma Annual Recurring Revenue (ARR) for FY20 in excess of \$17.5m (vs FY19 PayGroup standalone ARR of \$8.4m).

Astute is a leading SaaS platform provider to workforce management companies and the corporate sector, with over 300 clients in Australia and New Zealand. Astute will add \$6.9 million (+82%) to PayGroup's ARR base on a FY19 pro forma basis, mostly in the SaaS business segment.

Total consideration for the acquisition of Astute is \$11.0 million payable in PYG shares (to be issued at \$0.85 per share). These shares will be subject to an escrow period of 24 months. A further contingent consideration payment of up to \$1.5 million in PYG shares will be payable subject to the earnings performance of Astute in the 12-month period following completion.

The acquisition remains subject to customary conditions precedent and is expected to formally complete in November 2019.

PayGroup's Managing Director Mark Samlal commented on the announcement saying: *"We are very pleased to have executed a binding purchase agreement with Astute. The Astute acquisition is strategically attractive and is consistent with our long-term growth plans. It increases our direct presence in Australia as well as our ARR. Astute also delivers a significant increase in our annual payslips which is a key revenue driver, extending our addressable markets and expanding our SaaS module and technology offering."*

-ENDS-

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**About PayGroup**

Headquartered in Melbourne, Australia, PayGroup Limited (ASX: PYG). The Group is a provider of Software with a Service (SaaS) payroll solutions and APP enabled Cloud (Software-as-a-Service or SaaS) Human Capital Management (HCM) platform for multinational companies. Clients are typically medium to large multinational companies with employees in multiple countries across Asia Pacific. The Group operates as a trusted partner to perform the outsourced payroll process for the client employees, contractors, banking, treasury, lodgement of statutory submissions including taxation, superannuation, pension, provident funds, and other social benefits. Beyond its SaaS Payroll Services, the Group's SaaS HCM software platform supports clients in managing aspects of their employees' life cycle, plus regional and mobile-enabled workflows for critical processes (such as employee and manager self-service, leave management and expense management).

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