

PayGroup successfully raises \$3.5 million via institutional placement

- PayGroup has received firm commitments to raise \$3.5 million from institutional and sophisticated investors
- The Placement received significant support from new and existing investors and will see the introduction of several leading institutional investors onto PayGroup's share register
- Proceeds will be used to accelerate PayGroup's growth plans including further strategic and synergistic benefits from the Astute One and TalentOz acquisitions

Melbourne, 2 September 2020: Human Capital Management SaaS and Software with a Service (SaaS) provider PayGroup Limited ("PayGroup", "the Group"; ASX: PYG), is pleased to announce that it has received firm commitments to raise \$3.5 million by way of a placement ("Placement") to institutional and sophisticated investors.

The Placement received significant support from new and existing investors, and will result in approximately 6.0 million new fully paid ordinary shares ("New Shares") being issued at \$0.58 per share.

Proceeds of the Placement will be used to support PayGroup's growth plans and enable the Group to realise additional strategic and synergistic benefits from the acquisitions of Astute One Limited (November 2019) and TalentOz (July 2020), which include:

- Platform enhancements;
- Expansion of the respective product & service offerings across new markets; and
- Integration of key components of existing technology.

The funds will also provide PayGroup with the resources to pursue additional strategic partnership and growth initiatives.

PayGroup Managing Director, Mr Mark Samlal said, *"We are delighted by the significant interest in the Placement, and are very pleased to welcome several new institutional investors onto our share register. The Placement will allow PayGroup to capitalise on immediate growth opportunities in our pipeline and extract greater value from the Astute One and TalentOz businesses as we further enhance our technology.*

"This additional capital will also allow us to pursue additional partnership and customer opportunities, and opens the possibility of further acquisitions, building on the momentum of the past year which has seen our paylips volumes grow rapidly and our Annual Recurring Revenues grow from \$8.4 million in FY19 to \$17.8 million in FY20.

"The business outlook for FY21 remains positive, and this has been reflected in the record sales achieved to July of \$4.5 million (on a total contract value basis). Our sales pipeline is extremely strong and are seeing a growing adoption rate by our customers for further outsourced products and services, despite the broader challenges posed by COVID-19."

Placement

New Shares will be issued under the Group's existing ASX Listing Rule 7.1 placement capacity and will rank equally with PayGroup's existing fully paid ordinary shares.

Settlement of the Placement is expected to occur on Tuesday, 8 September 2020, and New Shares are expected to commence trading on or about Wednesday, 9 September 2020.

Canaccord Genuity (Australia) Limited acted as Lead Manager to the Placement.

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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 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.

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