

# Zellis Mid-Year Statement

In an exciting half-year for product and service transformation, Zellis Group (“Zellis”), the market leader in enterprise payroll and HR solutions for the UK and Ireland announces its highlights for the six months ending 31<sup>st</sup> October 2020.

## *Overall financial performance*

Zellis’ positive mid-year financial position reflects the resilience of its business model and the critical nature of the solutions it offers, especially during the current period of uncertainty. Despite the challenges created by the COVID-19 pandemic, the group has maintained year-on-year increases in Revenue and EBITDA.

## *Injection of new equity from Bain Capital*

Zellis is pleased to have received backing from both its major shareholder Bain Capital, which is injecting £40m of new equity, and the option of additional support from lenders. This significantly enhances Zellis’ balance sheet to accelerate the company’s inorganic and organic growth including taking its new cloud-based solution, Zellis HCM Cloud, to market.

## *Zellis HCM Cloud moved closer to market*

In September 2020, Zellis undertook a soft launch of its new cloud-based human capital management (HCM) solution, Zellis HCM Cloud.

Zellis HCM Cloud provides on-demand access to a suite of best-of-breed payroll, HR, benefits, and recognition tools, while also functioning as an open platform that allows customers to integrate easily with other key applications. By transforming two critical factors – people and data – Zellis HCM Cloud drives process efficiency, unlocks powerful business intelligence, and provides superior digital experiences for employees.

Zellis looks forward to the full launch of Zellis HCM Cloud in March 2021.

## *Managed Services transformation*

Over the last year, Zellis’ Managed Services division has embarked on a transformation programme to revolutionise its payroll service delivery, as well as how customers access key information and insights. A key element of this programme has been the development of a modern, data-driven and secure customer collaboration portal, which is underpinned by the Zellis HCM Cloud platform.

The portal acts as an “open kitchen” into Zellis Managed Services; customers can drop data to be instantly verified and processed, access intelligent payroll reports for verification and approval, benefit from complete transparency around the checks being completed by the Zellis team, and see a countdown to the closure for each and every payroll. The portal also facilitates automated payroll processing and reconciliation, moving away from a manual approach and delivering an exceptional customer experience.

## *Industry awards success*

Zellis has received wide industry recognition for its dedication to innovation and customer success. This year alone, the company has achieved seven award nominations for its payroll and HR solutions.

In October, ResourceLink won the prize for ‘Software Product of the Year’ at the CIPP Annual Excellence Awards, and in November the Zellis Managed Services division received ‘Highly

Commended' for 'In-Country Payroll Provider of the Year' at the Global Payroll Association Awards.

#### *Response to COVID-19*

Zellis was also nominated for a further three awards for its customer support initiatives during the ongoing COVID-19 crisis.

At the outset of the first national lockdowns in the UK and Ireland, Zellis worked rapidly to ensure business continuity, including mobilising its 700+ Managed Services colleagues for secure homeworking in just 72 hours.

Zellis also closely monitored emergency legislation which would impact customers' payroll calculations, such as the Coronavirus Job Retention Scheme in the UK and the Temporary Wage Subsidy Scheme in Ireland, and rapidly developed software patches to make processing these changes as easy as possible.

Over 1,700 hours have been spent to date on developing emergency software patches, including changes to approximately 300 functions in ResourceLink, to support compliance and help save valuable time through automation.

As a result of Zellis' comprehensive customer programme during the crisis, which also included emergency payroll services and a free advisory service, it achieved a significant uplift in its Net Promoter Score (NPS).

#### *Acquisition of Capita Employee Benefits*

In addition to the half-year highlights outlined above, in November, Benefex (a Zellis company) announced the acquisition of the people, platform and customers of Capita Employee Benefits, the Benefits and Brokering division of Capita Employee Benefits Ltd. The acquisition will take the form of a trade and asset purchase, including all customers, the Orbit benefits platform, and employees across benefit consulting, broking and related administration.

Zellis are delighted to be welcoming the Capita Employee Benefits team and customers to Benefex. The newly combined business will help solve even more of the employee benefits and pension challenges Benefex's customers are facing, helping them to deliver exceptional employee experiences, every day.

#### *John Petter, CEO, Zellis, commented:*

"I'm very pleased with the progress we have made in 2020. We are very excited about the opportunities which lie ahead of us to introduce more innovative solutions and are pleased that Bain Capital has chosen to support our vision by investing further in Zellis."

"We had a successful soft launch of Zellis HCM Cloud ahead of the full launch in March, and have made real progress in transforming service delivery in our Managed Services division, which will provide our customers with enhanced resilience, security, accuracy, and cost improvements. Our acquisition of Capita Employee Benefits will add scale to our fast-growing Benefits division, and I am looking forward to working with them as we integrate the business into Benefex."