

Zellis Group Mid-Year Statement FY23

Zellis Group (“the Group”), the market leader in enterprise payroll, HR and benefits solutions for the UK and Ireland, here announces highlights for the six months of its 2023 financial year, ending 31st October 2022.

Overall financial performance

The Group has continued to perform strongly in the first half of the year reflecting the resilience of its business model and the critical nature of the solutions it offers, especially during the current period of uncertainty. The Group has continued to grow EBITDA and Revenue in the first half of FY23, building on the reported year on year growth highlighted in its FY22 financial statements.

The Group completed the first half of the year with revenue of £98.4m, £14.9m (18%) higher than the same period in the prior year (16% YTD organic growth after excluding the Wrkit acquisition in early 2022) and ahead of the FY23 Budget. Revenue growth has been achieved across all core revenue streams but has been mainly driven by software revenues with increasing sales of Zellis HCM Cloud and Moorepay (a Zellis company) NextGen, as well as continued strong growth in Benefex (a Zellis company) OneHub sales. In addition to strong domestic sales in all group companies, Benefex has seen an increase in sales to international customers who want to take its benefits solution globally.

Half-year EBITDA of £33.0m is ahead of budget and £6.8m ahead of the prior year.

Zellis HCM Cloud grows user base significantly

Zellis has continued to develop its flagship cloud-based human capital management (HCM) solution, Zellis HCM Cloud, which combines core HR, payroll, recognition, and benefits applications. The solution has now been taken up by over 150 customers and has grown with the addition of new features and connectors for integration with third-party platforms, expanding usability and enhancing the customer experience.

Moorepay

Moorepay has seen sustained growth and in November was awarded 'Best Payroll & HR Software Product of the Year' at prestigious industry event The Rewards. Customers and their employees are now enjoying new features launched with their Next Generation software like outlook integration, the new Document Centre and features in the mobile app including viewing payslips, booking leave, and submitting expenses.

Benefex and Wrkit

Benefex (a Zellis company) continued to perform strongly, a significant rise in new sales bookings, and similar strong growth in customer accounts through upsell and cross-selling. The company's acquisition of Wrkit in January 2022 has also been a success, with Wrkit on track to grow significantly over its previous year. The business has continued to introduce new innovative and beneficial schemes, including 'Trees with Benefits', where each benefit selected by a colleague will contribute to the goal of planting over 1 million new trees by 2025.

Zellis brings new leadership expertise

In September, the Group announced the appointment of leading HR and payroll software expert David Woodward as its new Chief Product and Technology Officer (CPTO). From December 2022, David joined the Zellis Group Executive Committee and assumed leadership of technical and product development. He is now guiding the next wave of innovation on the award-winning Zellis HCM Cloud platform, bringing the benefit of his twenty years' experience with leading brands in the sector.

Customer and industry events

Zellis hosted several successful and engaging live events for customers. Zellis Connect in London and Dublin welcomed HR directors and senior leaders for thought leadership and discussion. Zellis User Summit gathered 150 payroll and HR professionals in Birmingham for the annual customer conference, featuring product knowledge and demonstrations, expert panels, and networking. Zellis also had a prominent presence at the Festival of Work 2022, the major UK exhibition for people professionals.

Research and thought leadership

Zellis commissioned and published authoritative research addressing key questions in two areas of special interest for the payroll and HR industries.

In June 2022, Zellis launched Financial Wellbeing 2022: Your Employees Are Counting on You, with valuable insights from a survey of 2,000+ employees across the UK and Ireland. This was followed up in November with Employer's Guide to Protecting Financial Wellbeing for the Workforce, providing practical guidance to organisations on supporting their people through the cost-of-living crisis.

Diversity, equity, and inclusion (DEI) was the focus of Zellis' third research publication, in November 2022: Closing the Gap Between Talk and Action. This report explored employee experience and perceptions, leadership and workforce implications, and the role of data strategy.

Response to payroll changes

Changes in tax policy, shifting compliance requirements, and other government announcements have required Zellis to deliver swift and accurate changes for customers over the past three years. In 2022, Zellis has responded to multiple changes including national insurance adjustments, the minimum wage increase, and new Irish legislation including gender pay gap reporting. Throughout, the group has provided expert guidance and support to customers, keeping them up to date and ahead of a rapidly shifting legislative landscape.

Expanding the Group's ESG strategy

At Zellis Group, it's our responsibility to make a positive difference to our colleagues, customers, and the communities we operate in, across three key areas of influence: wellbeing for all, diversity of thought and experiences, and strong communities.

The Group has begun offering interactive digital payslips empowering individuals to better understand pay and benefits, while proactively providing access to information about managing challenges and protecting against risk. The business has demonstrated its commitment to helping organisations improve diversity, equity, and inclusion (DEI) with a focus on collecting diversity data at scale to support positive change. Zellis Group has also demonstrated its commitment to supporting the communities in which it operates, illustrated by the Group's offer of free implementation of the Pennies from Heaven tool to facilitate seamless charitable giving through payroll.

Partnering for success

The Group understands that its customers value and expect interoperability and easy integration between its software and that of other platforms. In the first six months of the year, the company has expanded its range of partnerships, delivering new functionality, greater efficiency, and a smoother product experience for many customers.

One such partnership with social media and internet background checking specialist Neotas, which offers Zellis' customers an advanced option to quickly screen candidates' social media and online presence, while eliminating unconscious bias in the process through a trusted third-party application.

John Petter, CEO, Zellis, commented:

"These results illustrate the strength and resilience of Zellis Group; FY2022 saw us continue to grow in revenue, profitability, and customers despite the wider backdrop of economic instability. The significant acquisition of new users for our flagship Zellis HCM Cloud, the arrival of our new CPTO, and resumption of in-person events are all set to be a catalyst for renewed energy and growth over the rest of FY2023."