Payhawk

The financial system of tomorrow

payhawk.com

The Rockstar tech team of Europe

Hristo Borisov
CEO

Boyko Karadzhov
CTO

Konstantin Djengozov
CFO

- Worked as a team at Progress Inc (Telerik acquisition $263.5 m)
- Hristo lead product innovation and new market entry at Telerik for more than 11 years as Director of Product
- Hristo & Konstantin managed a budget of $30m and lead a product organization of 180 people. Reported directly to the Telerik founders.
- Hristo & Boyko have a patent pending technologies for AI in the US as co-inventors
- Hired an all-star engineering team. 80% of dev team is ex-Telerik employees and headhunted key talent to lead sales and marketing from Germany

QED INVESTORS

>_ EARLYBIRD

Key investors

- Yusuf Özdalga, QED Partners
- Roland Manger, Co-founder & Partner at Earlybird
- Vassil Terziev, Co-founder & CEO, Telerik & Partner at Eleven
- Mark Antipof, ex-Chief Commercial Officer, Visa
- Keith Robinson, Chief Strategy Officer, Sage

Key hires

- Desiree Schildt, Head of Growth
- Thomas Westerhoven, Head of Sales
- Inigo Navas, Commercial Director, Spain
- Manuel Holzer, Commercial Director, Germany

Bank accounts were built for retail – not for business spending

Bank accounts and ERPs systems are separated with a massive gap currently bridged with a lot of manual data entry, painful reconciliation and chasing of receipts.

Finance teams are forced to manage **credit cards, payments, expenses, and out of pocket cash in multiple disconnected systems** without the ability to stay in control and have real-time visibility over company spend.

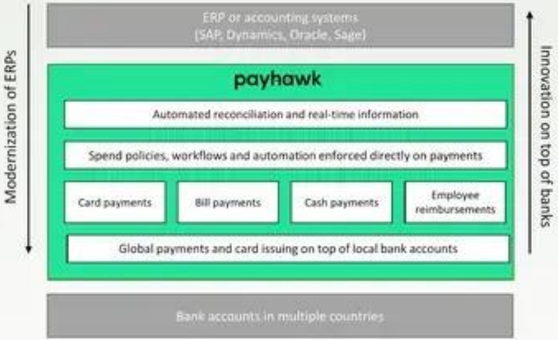
The complexity grows exponentially when a business expands internationally with new bank accounts, card issuers and local accounting systems. Leading to slow decision making, heavy processes, bulky administration and ultimately stagnating revenues.

The financial system of tomorrow

Payhawk is a next generation financial system that combines credit cards, payments, expenses, cash management and pre-accounting into one integrated experience to give CFOs maximum control and visibility over their company spend.

The product is available in 30 countries and works on top of existing bank accounts without the need to change banks or ERPs.

It's a plug & play solution transforming payments and business spending to increase operational efficiencies and unlock the full potential of every enterprise.



Enterprise software meets **global payments**

Enterprise software

Spend	Control	Intelligence	Security	Integrations
Card payments	Card controls	OCR in 60 languages	PCI DSS Level 1	Microsoft Dynamics
Bill payments	Spend policies	Reconciliation	Single-sign on / SAML	Oracle NetSuite
Reimbursements	Workflows	SaaS discovery	Four-eyes payments	SAP
Cash payments	Subscriptions	Saving Insights	Geofencing	Xero
	Budgets		ISO 27001	Quickbooks
	Trips		SOC2	Custom ERPs

Global payments

Europe	N. America	Australia	Asia	S. America
Debit cards	Credit cards	Credit cards	Credit cards	Credit cards
Deposit account	Bank payments	Bank payments	Bank payments	Bank payments
Bank payments				
Credit cards Q1'22				

Universal pain

Early product used by organizations ranging from 2 to 10,000 employees in **22 countries** across Europe and UK.

The problem is the same, but the pain grows exponentially with number of employees, countries, currencies and systems in place. Once activated, Payhawk becomes the nerve system of a finance team cutting operational work by 50% to 70%.

	Need	Discovery	Select	Buy	Adoption	Expand
Customer Objectives	• Avoid sharing the company credit card • Don't waste time chasing and matching receipts from cards • Remove expense reports • Close books faster • Free up time for strategic work to support growth & innovation	• Consult with external accountants • Talk to other finance people in the space • Read resources from accounting/ERP vendors • Follow analyst reports and industry news	• Integration with existing systems • Compliance with local regulations • Ease of use • Currency support • Country-coverage • Industry support • No dependency on IT resources or consultants	• No traps when scaling • Easy to compare to existing alternatives • Ease of use for all stakeholders	• Connect your bank account • Issue cards for big spenders to test • Connect to your accounting or ERP • Get rid of multiple disconnected system and use a single solution across the company	• Adopt more services beyond initial use case • Expand with other business entities internationally

Perfect for high growth businesses

Revenue: 5m+
Established :<8 years ago
Industries: SaaS, Technology, Sales, Marketing
If VC-funded than: Series A+
Problem: Looking for operational efficiency when scaling
Objectives: Fast scaling / operational efficiency / stay lean
Structure: Remote offices, multiple entities, global presence
Sales cycle: 2-3 months

"The initial pitch I got was that you were all about expenses and credit cards, but you are actually solving one more problem for me. The moment you introduce the ability to pay invoices, this will make you famous.

We hate all of our current online banking platforms and your simple to use interface is a game changer. If you allow us to also pay USD invoices, we will just make all payments through your system and never have to login into Barclays EVER AGAIN. This will set you apart miles ahead from Pleo and Spendesk and you need to be heavily promoting it. Bravo guys, I'm super happy."

Robbie Hadfield,
Finance Manager
Dendra Systems

Current customers

MacPaw
By Miles.
zenloop
nexo
Gtmhub
sellics

A miracle for multinational corporations – so good that banks use it

Revenue: 50m+
Industries: Manufacturing / Automotive / Distribution / Transportation / Logistics / Services / Technology / Pharma
Listing: Private & Public companies
Established: >15 years
Employees: 500+
Structure: Physical branches or distributed office
Use case: Heavy field-sales, travelling or distributed employees
Problem: Currently dealing with cash payments and multiple disconnected systems
Objectives: Digital transformation / paperless
Sales cycle: 3-4 months
Buying signals: CFO/CIO/CDTO hired in the last 12 months

Current customers

Come for the cards stay for everything else

Our spearhead is the next generation company cards within the spend & expense management market.

Once companies start shopping, they realize that other point solutions are temporarily and won't scale with the growth of the company. While Payhawk does.

A new market category will emerge with players serving the financial needs of international companies well beyond the use of cards. The Adyen play of issuing.

IBANs → Cards → Reconciliation → Payments → Workflows → Data entry → ERP connectivity

Banking and current accounts	Spend & expense management	Bill pay	Accounting processes
Revolut Business, tide, Starling Bank, PENTA, qonto, monzo	Expensify, pleo, soldo, spendesk, mooncard, moss	bill.com, roger, libeo, melio, Regate	Pennylane, Gemms.ai, indy, ReceiptBank, Regate, pilot

Negative revenue churn and never leaking revenue

Cohort	Q0	Q1	Q2	Q3	Q4	Q5	Q6	Q7
2019 Q4	100%	197%	220%	274%	357%	376%	404%	437%
2020 Q1	100%	157%	187%	357%	671%	541%	707%	
2020 Q2	100%	197%	193%	217%	286%	332%		
2020 Q3	100%	197%	219%	223%	235%			
2020 Q4	100%	263%	284%	344%				
2021 Q1	100%	432%	298%					
2021 Q2	100%	220%						
2021 Q3	100%							
	100%	238%	234%	283%	387%	416%	556%	437%

Note: Base month includes earned MRR, interchange and fees from the cohort, and each consequent month includes both MRR, interchange and fees compared to base month.

- Due to the nature of the product, the initial contract value in terms of MRR is only a fraction of the LTV
- Extremely resilient model that start with cards spearhead and expand to multiple entities, software upgrades and more turnover. International payments and exchange of funds are coming in Q1'22 adding more FX opportunities.
- The trajectory for M2 has a lot of unlocked potential as we are accelerating the integrations roadmap and making the product easier to adopt
- Expansion from a cohort might include new business entities, additional cards or extra revenue from interchange and fees

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Sound unit economics

Forecast based on customer mix 2021	
Recurring Monthly Revenue	
Subscription	x
Interchange	x
Total Recurring Monthly Revenue	x
	x
Costs	x
Setup costs (One-off)	x
KYB & KYC	x
Card Issue & Shipping	x
Monthly Recurring Costs	x
Monthly Recurring Costs Issuer & Visa Scheme	x
Google Image Processing and Storage	x
Merchant fees (payment gateway)	x
Gross Profit per Customer (1st month)	x
Gross Profit per Customer (1st month) %	x
Gross Profit per Customer (after 1st month)	x
Gross Profit per Customer (after 1st month) %	x

- We earn 100% on interchange, FX fees and transfers as revenues with Visa Corporate BINs with high interchange
- Because we are perceived as a software layer/innovation layer on top of core banking, we can afford to charge high SaaS costs
- Relatively high gross profit in the fintech space due to strong subscription revenue and multiple contracts with processors, issuers and card manufactures instead of relying on a single vendor

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P&L Forecast

	FY'19 *Actual*	FY'20 *Actual*	FY'21 *Forecast*	FY'22 *Forecast*	FY'23 *Forecast*
Customers	x	x	x	x	x
Revenue	x	x	x	x	x
Subscription	x	x	x	x	x
Interchange & Fees	x	x	x	x	x
Services	x	x	x	x	x
Total Revenue	x	x	x	x	x
Cost of Sale (CoS)	x	x	x	x	x
Issuer and Card Scheme CoS	x	x	x	x	x
KYC Checks	x	x	x	x	x
Services CoS	x	x	x	x	x
Infrastructure (CoS)	x	x	x	x	x
Headcount Customer Success	x	x	x	x	x
Total CoS	x	x	x	x	x
Gross Profit	x	x	x	x	x
Gross Profit Margin	x	x	x	x	x
OPEX	x	x	x	x	x
Headcount expense	x	x	x	x	x
Marketing	x	x	x	x	x
Facility and Admin	x	x	x	x	x
IT	x	x	x	x	x
Travel	x	x	x	x	x
Services	x	x	x	x	x
Financial	x	x	x	x	x
Other	x	x	x	x	x
Total Opex	x	x	x	x	x
EBITDA	x	x	x	x	x
EBITDA Margin	x	x	x	x	x
	x	x	x	x	x
	x	x	x	x	x
CAC (Fully Loaded)	x	x	x	x	x
LTV	x	x	x	x	x
LTV vs CAC	x	x	x	x	x

- Extremely efficient team with access to top talent in R&D and G&A in Sofia
- Built a more comprehensive and superior product with 10 times less
- Increasing the ADS by moving up market to larger accounts and more traditional businesses
- Mixing multiple revenue sources: Subscription, interchange, fees and services
- LTV significantly increases with more mature product & org, while CAC decreases
- Extremely favorable time to push the digital transformation, operational efficiency, and international team agendas with the new norm and the future of work

Why us

- Universal problem shared among every business today
- Best product on the market built extremely efficiently
- Target customers out of reach of neobanks and smaller players targeting SMEs
- Fintech already matching a neobank, so the level-playing field is software where we excel
- Strong retention from customers and good value capture during the buyer's journey
- One of the best unit economics on the market for a fintech product due to key deals
- Horizontal play with multiple issuers to cover all countries and currencies with only Amex and Citibank available as options for multinational enterprises
- No IT resources required for CFOs to push as agenda
- Existing eco-systems with SAP, Dynamics, Oracle, Sage to build a strong indirect channel

How it works

Connect

Connect your traditional bank account and instantly load funds with a single click

Control

Issue cards with built-in spend rules and automated collection of receipts

Automate

Automatically reconcile and extract data from invoices in more than 60+ languages

Pay

Pay outstanding invoices or reimburse employees after running an approval workflow

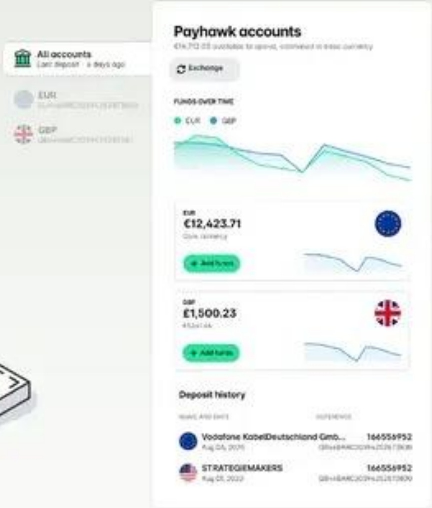
Go Paperless

Store all receipts and invoices in a tax compliant digital archive to go paperless

Connect

Innovation on top of traditional banks

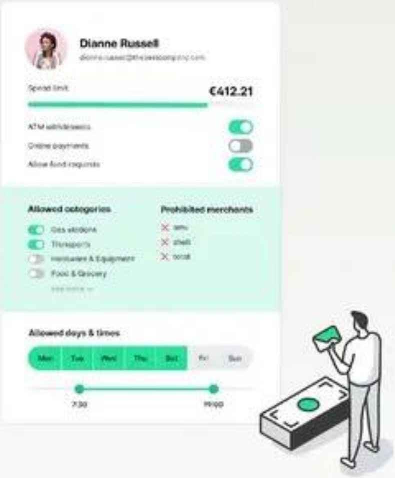
Payhawk connects directly to more than 3,000+ banks and provides you with virtual accounts and dedicated IBANs to manage your money like never before.



Real-time

Automated collection of receipts

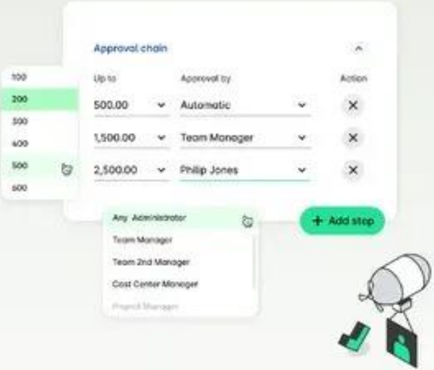
Replace petty cash funds and one-off requests with a company card. Use single process for outstanding bills, card payments and out of pocket spend that needs to be reimbursed.



Control

Ultimate control on every swipe

Spend rules are enforced on company credit cards in real-time during every swipe. Set individual spend limits, select allowed categories, special merchants or days and times when cards work.



Flexible

Multi-level approval workflow

One-click requests go through a multi-level approval workflow to cover unplanned purchases or requests for additional budgets on company cards.

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NextGen payments

SEPA, Faster Payments and multi-currency cards

Avoid paying excessive exchange fees to banks for spending abroad or handling company cards in multiple currencies. Spend with no fees in GBP, EUR and USD, and benefit from a 0.9% exchange markup on all other currencies. Pay invoices and reimburse employees with one-click SEPA & Faster Payments transfers.

AI-powered

Pre-accounting OCR that reads 60+ languages

Leverage a powerful OCR that reads invoices in 60+ languages to automate the extraction of pre-accounting data for reconciliation purposes.

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