

# Memo Buk

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## Driving workplace happiness in Latam

At Buk, we are on a mission to create happier workplaces. We believe that people are the heart of every organization and its most valuable asset. Happy workplaces attract, retain, and develop the best talent in an organic and sustainable way.

In Latam, HR professionals spend most of their time on routine tasks and are often seen as an administrative department. Building happier workplaces across the region requires empowering HR teams to do their best work, giving them the time, resources, and attention to transform their companies into truly people-centric organizations at every level.

That is why at Buk, we are obsessed with empowering HR teams to take on a strategic role within their organizations, encouraging both leaders and employees to become protagonists of their own personal development. Buk enables HR teams to tackle this challenge through three main concepts:

1. Automating people processes that free up time for more strategic work.
2. Providing tools to attract, engage, and enhance talent and create better workplaces.
3. Empowering employees to bring out the best of their talent and equipping leaders to maximize the potential of their teams.

Although we already have more than 7,000 happy workplaces as clients, this represents less than 1% of Latam's market. We're just getting started.

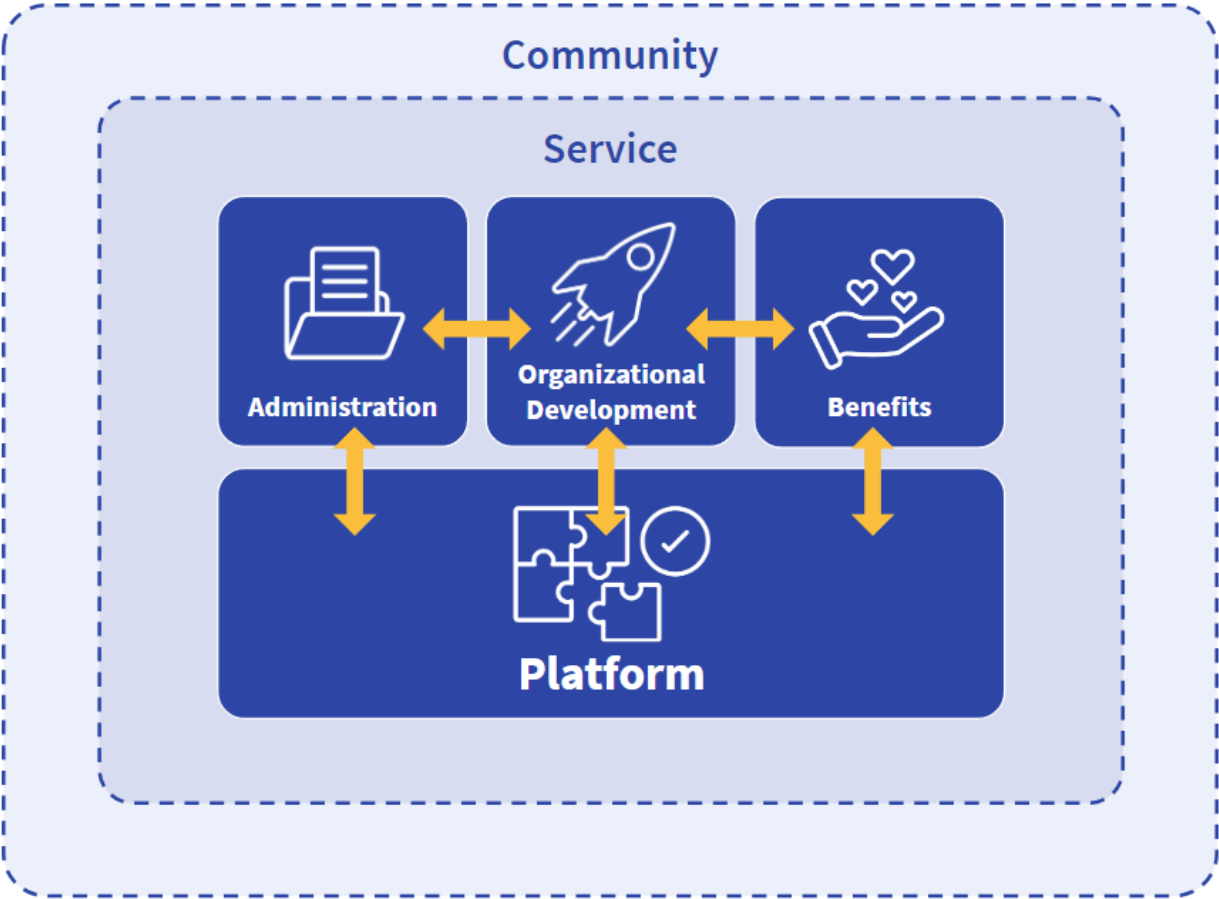
## Innovating HR technology: The Buk advantage

Our platform offers a broad set of HR solutions, grouped into three pillars: *administration*, *organizational development*, and *benefits*. Each of these pillars underpins critical functions like payroll and HCM, performance and learning management, and comprehensive benefits packages. Buk enhances HR departments' efficiency and user experience across the entire employee lifecycle—from onboarding to offboarding—whether on the browser or through our mobile app.

Most importantly, our HR solutions are built on the same employee data and platform components, allowing us to develop shared functionalities across our modules while also enjoying deep employee data integration.

Beyond the product, we've developed a robust service layer, with local teams in every country we serve to provide exceptional client support. We're also committed to making a meaningful

impact on the HR community by positioning ourselves as a trusted authority on labor issues and a driving force for positive change throughout the region.



### Data as the core center of gravity

At Buk, we didn't just build an HR solution; we built the definitive source of truth for employee data within our clients' organizations. This positions Buk as one of the most vital pieces of software in any company, serving as the foundational layer upon which all other HR-related systems depend. As the primary system of record, Buk consolidates and maintains essential employee information, from compensation and benefits to performance and tenure. This not only enhances data accuracy and consistency across the organization but also significantly amplifies the strategic value of our platform.

By owning the core employee data, we can seamlessly expand our product offerings into HR-adjacent modules that leverage this critical information. This creates a powerful product

runway, enabling us to continuously introduce new features and modules that enhance our clients' operational efficiency. Additionally, our ability to seamlessly integrate with hundreds of other software solutions within the company makes Buk indispensable, embedding it more deeply into the company's workflow with each new module adopted. This strategic position not only drives higher customer retention but also positions Buk to capture an increasing share of the growing HR tech market in Latin America.

## Payroll: The wedge for customer acquisition and retention

Among the various HR modules we offer, payroll stands out as probably the most mission-critical product for companies. Businesses depend on payroll to guarantee that their employees are paid accurately and on time, making it an indispensable and incredibly sticky service. Once a company entrusts its payroll to Buk, the dependency on our platform naturally deepens, as the stakes are high when it comes to employee compensation.

Payroll is also one of the best modules for feeding accurate and up-to-date employee data into our platform. This module involves a wide range of employee-related variables which must be kept current to ensure accuracy. This continuous flow of data strengthens Buk's position as the system of record and further integrates our platform into the daily operations of our clients.

Additionally, payroll is far from being a commodity product. Its complexity is heightened by the need to navigate local regulatory nuances, making it difficult to replicate and challenging to build. These complexities create significant entry barriers, protecting our market share and deterring potential competitors from entering the space. This makes payroll not only a critical tool for customer acquisition but also a formidable shield that helps maintain long-term client relationships. It's also worth noting that ~xx% of our ARR comes from clients who contracted our payroll module, underscoring its critical importance to our overall business strategy.

This is why, as we enter new countries, we always launch with all of our modules, including payroll. While this approach may slightly delay our expansion due to the need to localize the platform and comply with local regulations, it ultimately proves advantageous by securing our position as a comprehensive and indispensable HR solution in each market.

## The competitive landscape

The Latam market has been slower in adopting modern HR technologies, with several legacy companies still dominating the ecosystem. This challenge is compounded by the highly

specific payroll regulations in each country, which create significant barriers for local legacy providers to expand geographically. Conversely, international providers often struggle to localize their solutions, typically entering the market through acquisitions or partnerships to navigate these regulatory complexities.

Buk stands out with a top-tier payroll engine and a leading HR offering, all within a truly integrated platform. We are the only company in the region that has proven capable of offering payroll services across multiple countries, setting us apart from competitors. Our platform provides seamless integration between modules, delivering an end-to-end employee tech experience that is unmatched in the region. This integrated approach not only enhances the user experience but also allows us to accelerate our product launches, keeping us ahead of the curve.

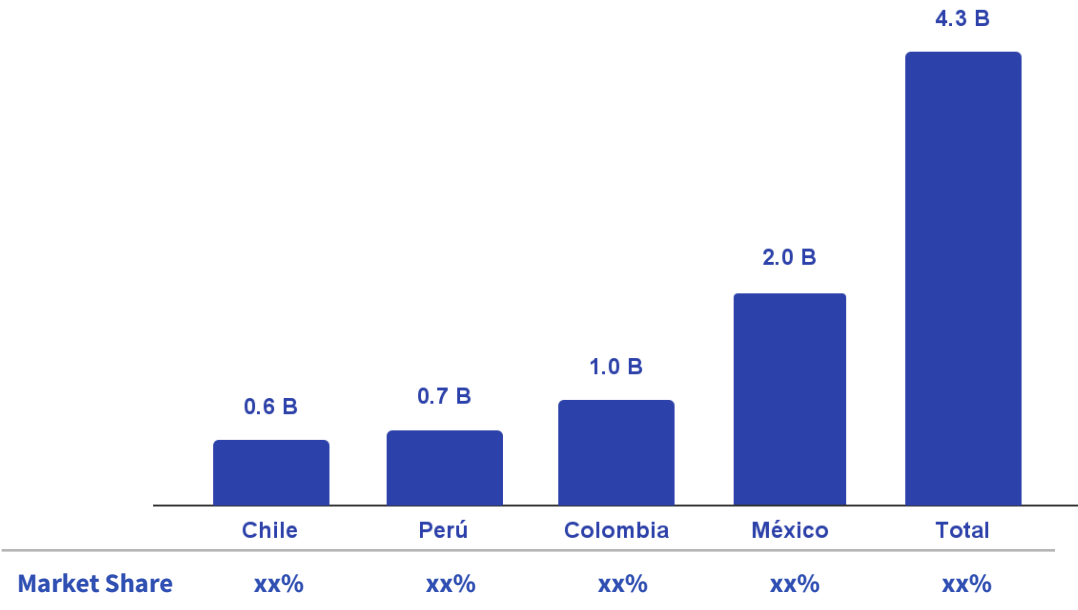
This is further evidenced by the remarkable growth we have shown and the scale we have achieved, surpassing other players in the region. We have maintained and expanded our product advantage by investing heavily in R&D (close to 50%), significantly outpacing our competitors. This ongoing commitment to innovation solidifies our leadership position in the Latam HR tech market.

## The Latam opportunity

The HR tech market in Latam is ripe for disruption, presenting immense potential for growth. The region's slower adoption of modern HR technologies, combined with highly specific country regulations, has resulted in a fragmented market with significant opportunities for an integrated solution like Buk.

Just considering our current module offerings and the geographies we serve, we are addressing a market valued at ~US\$ 4B. Despite our significant progress, we have penetrated ~xx% of this market, highlighting the vast opportunity that lies ahead.

**Current Geos TAM (US\$)**

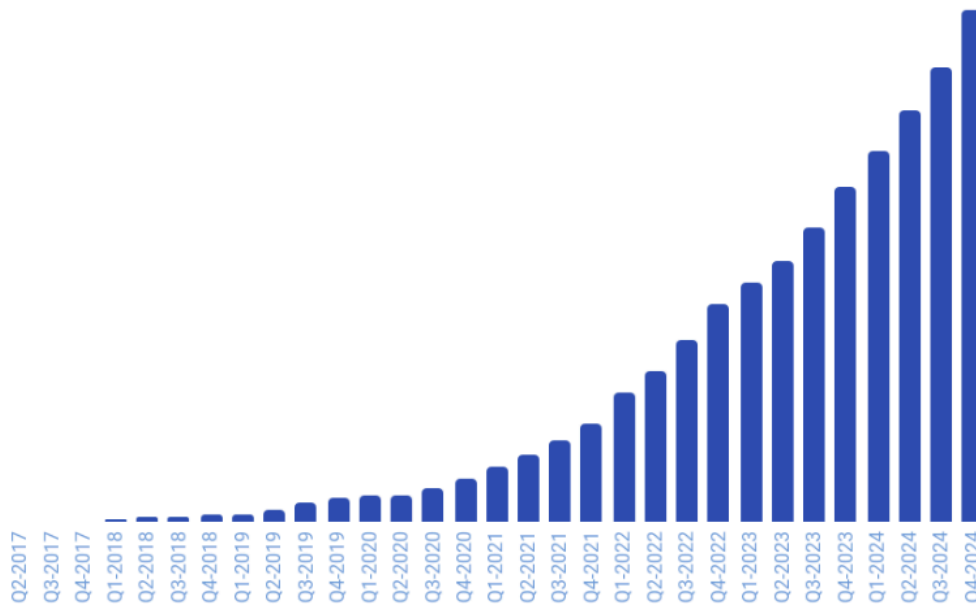


Moreover, we expect to launch our operation in Brazil beginning 2025. This market is ~3x México, unlocking a US\$ 5.5B opportunity. Furthermore we have already begun expanding into adjacent markets such as benefits, which alone represents an additional ~US\$ 4B market. Recently this year, we solidified our position in this space *[In the original version, we detailed the actions taken, but these have been omitted here to protect sensitive information.]*

## Mapping our journey

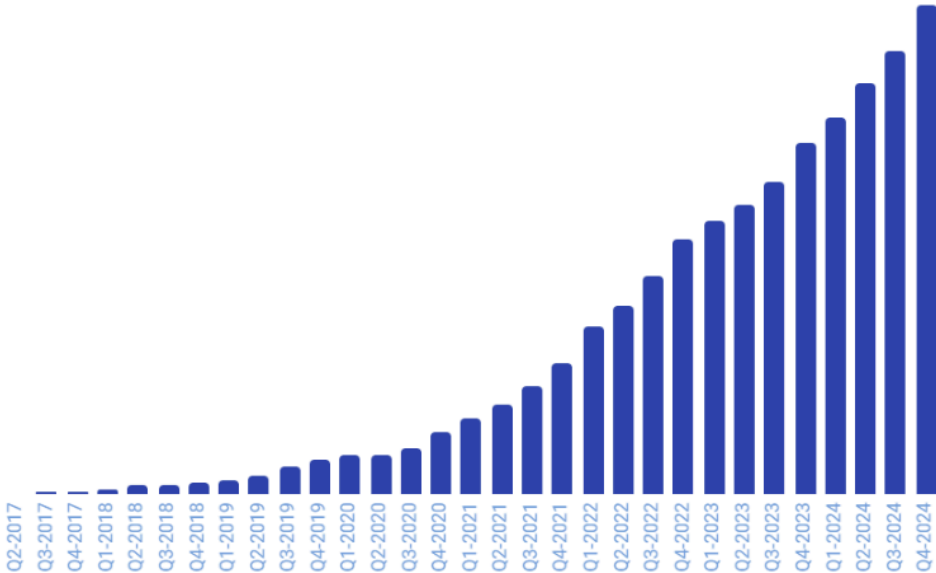
Our growth has been exponential. In our inaugural year, we achieved an ARR of US\$ xx. By mid-2024, we are on track to reach US\$ xx in ARR. In the last quarter alone, we increased our ARR by US\$ xx, equaling the total added during our first four years combined.

## ARR (US\$ mm)



Chile, where we began our journey, has reached an ARR of US\$ xx, with market penetration close to xx% and still continuing to accelerate. With a strong customer base established, we have focused on upsell efforts, resulting in a xx% increase in PEPM (price per employee per month) over the last 12 months by offering more and better modules. Chile is also a highly efficient operation, boasting a xx% operating margin when considering local-only costs.

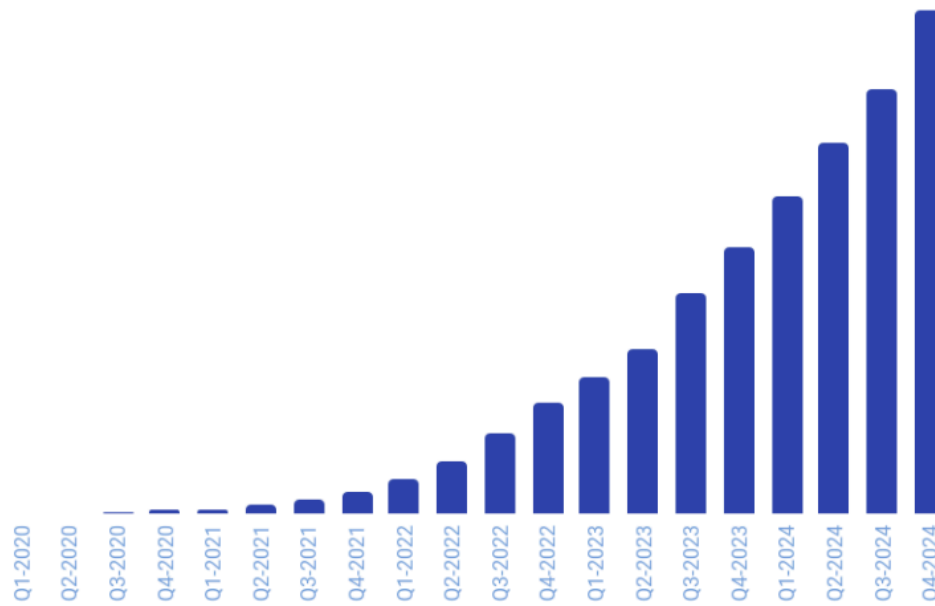
Chile ARR (US\$ m)



Our expansion into new geographies—Perú, Colombia, and México—has demonstrated Buk's unique ability among payroll providers to scale within Latam. These markets have shown impressive growth, allowing us to diversify ARR across regions as we experience strong traction in each country. México, our newest market, reached US\$xx million in the second quarter of 2024, making it the fastest of our geographies to achieve that milestone.

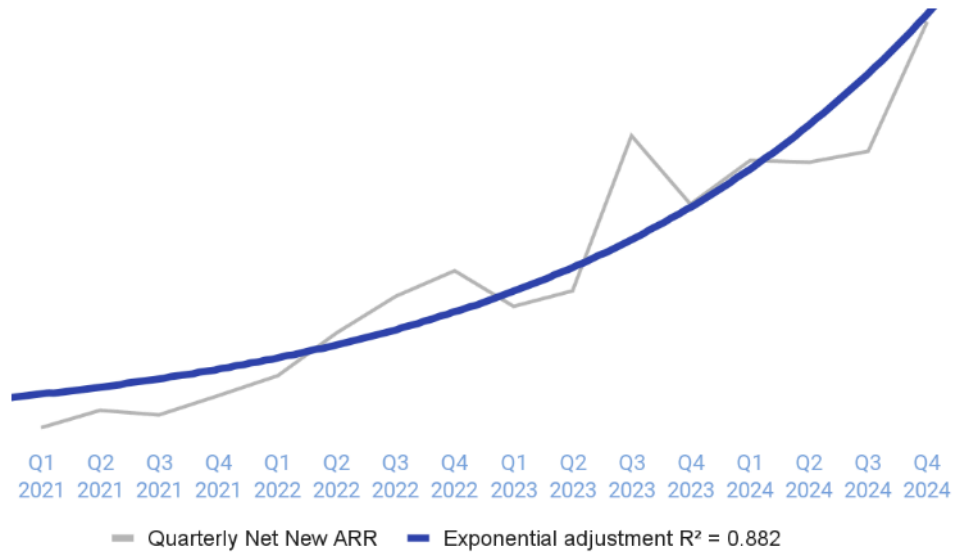


### New Geos ARR (US\$ m)



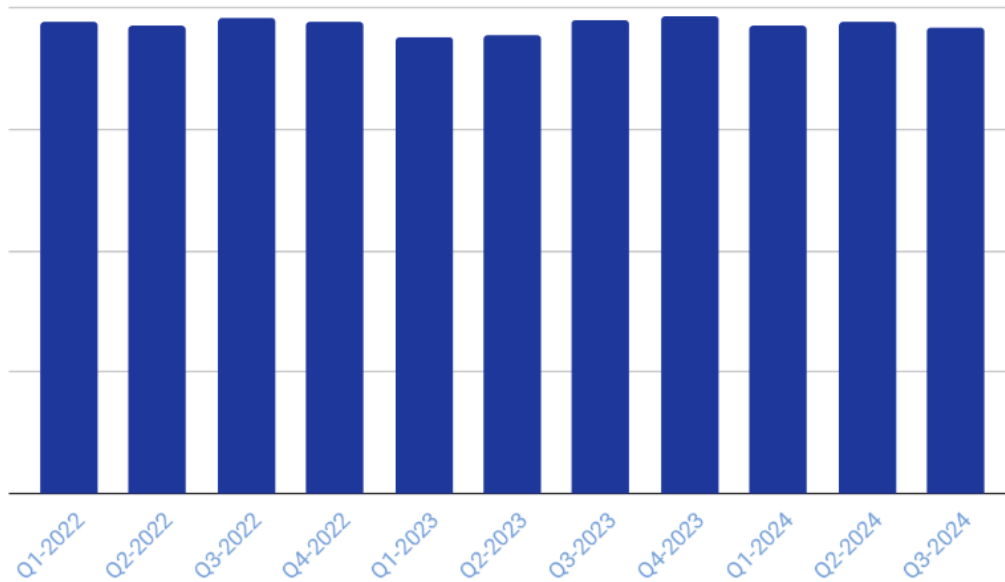
We have consistently increased net new ARR in these regions, underscoring the critical role of acceleration in sustaining high growth rates. As we scale, our ability to quickly gain traction in new markets not only ensures diversification but also positions us to capitalize on early adoption advantages. By continuously refining our go-to-market strategies and expanding our product capabilities, we are well-equipped to maintain the momentum needed to achieve our ambitious growth objectives across Latam.

### New Geos - Net New ARR (US\$K)



Our strategy is not merely to expand our client base but to enhance the value we deliver, ensuring our clients are not just using Buk but are achieving significant benefits from it. This approach has resulted in an exceptionally **low average monthly churn rate, which has allowed us to consistently lose less than xx% of ARR on an annual basis** for the last two years, even as macro conditions have worsened and we have entered new markets.

### Annualized ARR Churn Rate (%)



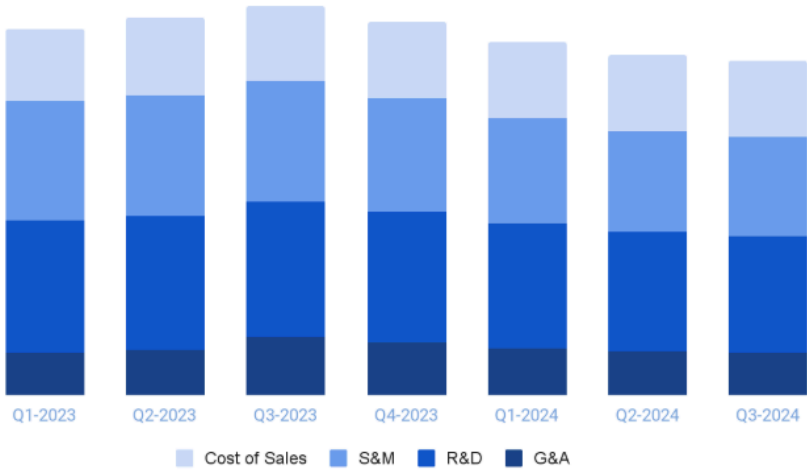
# Fueling innovation with precision efficiency

The strategy described above requires substantial initial investment in R&D. In the last couple of years, our efforts were focused on building a robust product team, including a dedicated “platform” team. As a result, ~50% of our revenue goes towards increasing our product moat (R&D investment), far exceeding the 10-20% allocation seen in public HR companies.

As we continue scaling, R&D as a percentage of revenue is starting to come down, thanks to platform improvements that allow the product team to build better and faster, decreasing marginal costs. Our strong investment in R&D has been supported by a rigorous focus on operational infrastructure efficiency. Our back-office and COGS teams operate lean but maintain top service levels, as reflected in our average NPS of 58 over the last year.

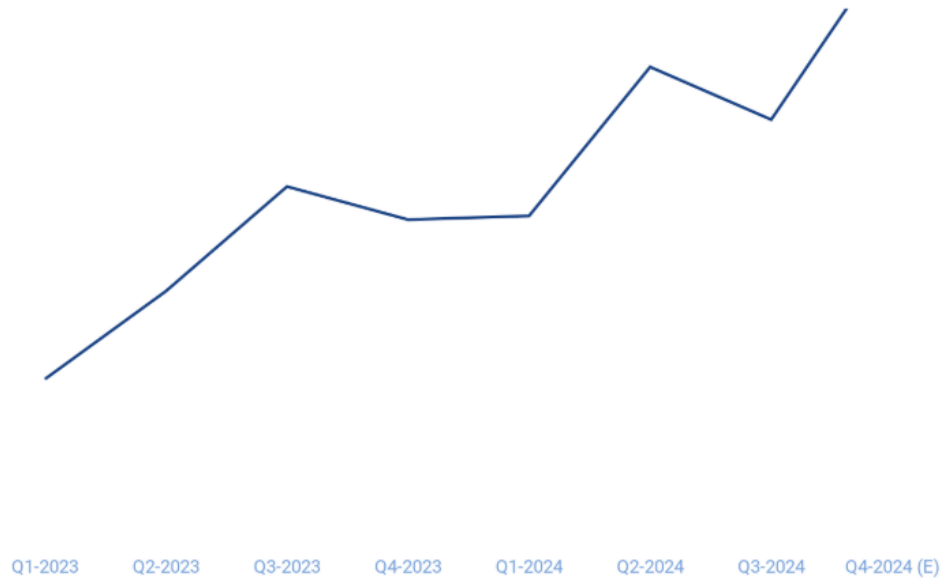
Our GTM approach remains highly efficient, even as we expand to new geos and deploy client-facing teams locally: our magic number has consistently remained above 1 over the past 12 months, averaging xx. This explains why we are converging to healthy financials, especially for a US\$ xx ARR company.

**P&L (% of revenue)**



Our efficiency improvements are clearly reflected in our efficiency score, measured as net new ARR addition over operating burn. We are now generating xx dollars of ARR for every dollar we burn. This is 3x more efficient than we were a year ago.

### Efficiency score (Net New ARR / Burn)



## Envisioning tomorrow: Buk's roadmap for growth and innovation

As we look to the near future, Buk is actively expanding its footprint and capabilities:

*[This section outlines several key initiatives we are actively pursuing to drive medium- and long-term growth. These details have been excluded from this version to maintain confidentiality.]*

Over time, we have built a very robust HR solution, continually enhancing our platform with innovative modules and features. In the short term, we plan to keep adding cool, cutting-edge functionalities to ensure Buk remains at the forefront of HR technology.

Admin		Talent		Benefits	
Payroll Chile 2017	Documents & e-signature 2019	Performance Evaluation 2017	Surveys 2017	Benefit Management 2018	EWA: Earned wage access 2022
Payroll Colombia 2020	Payroll Perú 2021	ATS 2018	Communication & recognition portal 2019	Health Insurances Chile 2024	Wellness & health benefits 2024
Time & Attendance Chile 2021	Payroll México 2023	LMS 2021	[REDACTED] 2025	[REDACTED] 2025	[REDACTED] 2024
Onboarding 2023	Whistleblower Channel 2024	[REDACTED] 2025			
[REDACTED] 2025	Time & Attendance Mexico / Perú 2024				
[REDACTED] 2025	[REDACTED] 2025				
Device & Asset 2024	[REDACTED] 2025				
Platform					
HCM 2017	Workflows 2019	Custom attributes & forms 2019	Permissioning 2019	API 2018	SSO 2018
System Log and Audit 2020	Buk Copilot 2024	Advanced Notification system 2024	[REDACTED] 2025	[REDACTED] 2025	

In the long term, while refining our execution and continuing to integrate our platform, the next logical step is to expand beyond traditional HR boundaries. Given our position as the system of record for employee data, Buk is uniquely positioned to develop products that heavily rely on this information, leveraging our robust platform capabilities. This approach will enable us to create new value streams and extend our impact across other business processes.

Latin America still lags in the adoption of software solutions for business processes, but this is poised to change. It's only a matter of time before the region reaches a tipping point in software adoption. When this transition occurs, Buk will be optimally positioned—not just to participate in this wave but to lead it. We are set to capitalize on this shift more effectively than any other SaaS provider, harnessing our deep insights and proven solutions to empower businesses across the continent.