

Q4 2022

Financial Technology Sector M&A Review





2022 ANNUAL REVIEW

M&A Overview – Review of 2022

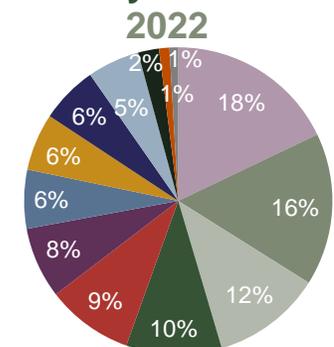
The digital ecosystem has transformed the global financial landscape in 2022. As part of the trend of collaboration and partnerships that has emerged during this transformation, mergers and acquisitions have risen considerably in FinTech. We recorded a total of 546 M&A transactions in the FinTech sector compared to 600 in the previous year.

The most active buyers in 2022 were DNA Payments with 3 acquisitions, Investnet with 3 acquisitions and Allianz X with 2 acquisitions. In total, 25 acquirers completed multiple transactions in the period with over 450 diverse buyers each completing a single transaction.

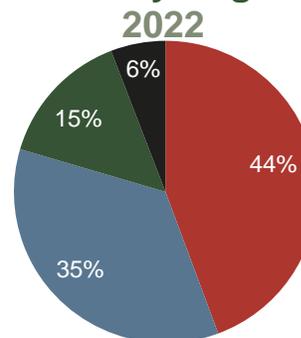
Strategic buyers remained the largest category of acquiror representing 87% (2021: 89%) of transactions.

The geographic mix was like the prior year with roughly 45% of all buyers headquartered in North America and 41% of transactions being cross-border.

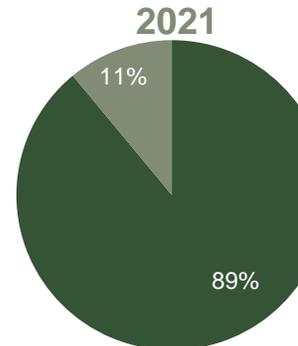
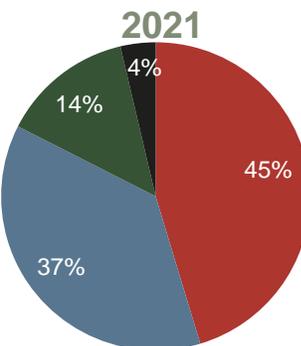
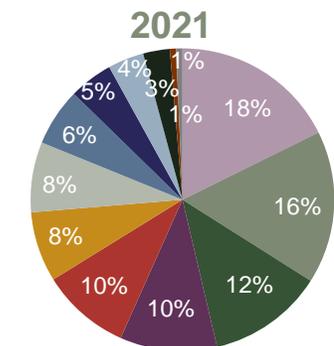
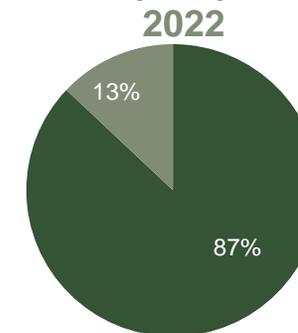
Deals by Subsector



Deals by Region



Deals by Buyer Type



- Payments
- Banking Software
- Asset and Wealth Management Software
- InsureTech
- Treasury and Capital Markets Software
- RegTech
- Blockchain
- Data and Terminals
- Financial Services Consulting
- ESG
- Other
- Life and Pensions Administration Software

- North America
- Europe
- Asia-Pacific
- Rest of World

- Strategic Buyers
- Financial Buyers

Public Markets Overview – Review of 2022

The aggregate market cap for our selected public companies in the sector saw their aggregate market capitalisation decline by \$130bn. Publicly traded Financial Technology companies and indices underperformed against both broader financial services and technology in 2022. A vulnerability to higher interest rates, the disappearance of many pandemic-era catalysts and a more general reckoning for companies that followed 'growth at all costs' playbooks contributed to the fall from growth of many Financial Technology valuations.

The public companies in our selected large cap data set with the largest declines in 2022 were Q2 Holdings, Temenos and Coupa who lost 66%, 60% and 49% in value, respectively. Uniquely, FICO, a data analytics company, outperformed the category with a 26% annual gain.

Outlook

Over the last few years, private equity firms have been priced out of deals from strategic buyers that were willing to hand over significant multiples. It is likely that private equity firms will make a return and re-establish their presence amongst M&A activity, as valuations have come down.



A myriad of stakeholders including public companies with large balance sheets, private equity with dry powder and traditional financial services companies will be on the lookout for FinTech assets at a discount in 2023.

Algorithmic trading partnerships are on the horizon

The penetration of modern technologies and the proliferation of developing economies has led to the increasing use of automated algorithmic trading platforms, thus changing the way of traditional investment models or trading methods.

Algorithmic trading solutions are not differentiated by their investment in switches and routers infrastructure, but rather by their ability to leapfrog the competition and deliver innovative techniques designed to deliver performance alpha for their clients. Differentiation can come from several elements, such as employing the latest innovative techniques or intellectual property, leveraging a firm's own proprietary internal data, or harnessing and accessing a firm's own unique natural liquidity.

Algorithmic platforms that embrace change through financial technology partnerships will be better able to stay ahead of the technology curve compared to those that remain shackled to the legacy infrastructures of past generations. Banks and brokers must form more partnerships with FinTech specialists to leapfrog the intensifying competition in innovation and deliver improved execution performance outcomes and alpha for clients.

Acquisitions in this vertical include that of Algotmerchant, a developer of an algorithmic trading platform designed to provide fully AI-driven services for stock traders and portfolio managers by Two Alpha.

57% of EHS decision-makers strongly agree that they will be driving ESG initiatives during the next two years.

The interaction between EHS and ESG

Verdantix's Green Quadrant: EHS Software 2023 survey shows that the EHS software market had more than 50 transactions in the past two years and predicts that it'll grow from \$1.6 billion in 2022 to around \$2.7 billion by 2027.

Most measurable metrics in ESG are reported by EHS professionals and put EHS professionals at the forefront of the company. Hence, it can be expected that as ESG gains more value for both internal and external stakeholders in the future, causing businesses to make long-term commitments to ESG targets, EHS issues will become more material to business leadership. More capital spending will be put into solutions and technologies used by EHS managers to monitor and report complete, accurate, and timely ESG/EHS metrics such as greenhouse gas emissions and possible hazards. More investment will also be put into training EHS managers and hiring seasoned EHS professionals to stay current.

Acquisitions in this vertical include that of Canada based Frostbyte Consulting, a provider of consulting services focused on environmental, health and safety (EHS) and quality business information by J.S. Held. Similarly, ProcessMAP, a software platform for environment, health, safety, sustainability and compliance information management was acquired by Ideagen.

M&A Overview

This quarter saw 116 transactions in the Financial Technology sector, 70 of which we are highlighting in this report. The overall number of deals has materially decreased compared with the previous quarter. This is reflective of the wider M&A market, which traditionally sees an upsurge in acquisitions during the final quarter of the year, however, the opposite occurred in Q4 2022.

Aggregate disclosed deal values decreased significantly compared with the previous quarter, with just 4 deals that were ≥\$1bn in deal value, most notably Centerbridge Partner's acquisition of Computer Services for \$1.6 bn at a 4.9x revenue valuation.

Revenue multiples ranged between 1.3x to 9.0x with an average multiple of 6.0x across the deals that were disclosed. Like the previous quarter, Payments accounted for the most deals at 15% followed by Blockchain at 14%. There was a notable drop in the number of Data and Terminals deals this quarter which fell from an 8% share to a 4% share of all transactions.

North America remains the most active region in deal activity, albeit with a decline in deal volume compared to the previous quarter. Asia-Pacific also saw a noteworthy drop in deal volume.

Public Companies Overview

Q4 2022 saw an increase in average revenue multiples from the previous quarter across large cap, mid cap and small cap companies. As of 31st December, the average forward revenue multiple overall was 4.9x, going up to 6.1x for large cap companies.

Revenue growth continues to be one of the most important drivers for higher valuations – the companies exhibiting the highest expected revenue growth this year are Enfusion, Computershare and Gresham.

Financial Technology companies need a strong recurring revenue and by extension strong fundamentals stream to insulate themselves from investors prioritising value over growth. Recurring revenue as a proportion of total revenue continues to average at over 70%, with large cap companies averaging at 84%.

FinTech Subsectors



Asset and Wealth Management Software

Systems developed for institutional asset and private wealth managers



Banking Software

Software that facilitates or enhances banking practices



Blockchain

Software and services related to the application of Blockchain technology



Data and Terminals

Companies providing data and specialised terminals to financial industry players



Financial Services Consulting

Companies that provide consulting within financial services



InsureTech

Innovations in the insurance industry through technology



Life and Pensions Administration Software

Advancing and facilitating the administration of life insurance & pensions



Payments

Innovative solutions to make faster and more efficient payments



RegTech

The use of technology to facilitate the delivery of regulatory requirements



Research Management Software

Tools to enhance and simplify financial research



ESG

Software, data and services for Environmental, Social and Governance related analytics



Treasury and Capital Markets Software

Software designed for all aspects of Treasury and Capital Markets



Other

All other company types within the financial technology spectrum

DEALS SNAPSHOT



Transaction Value: \$150m



Transaction Value: \$105m



- TrustQuay provides entity management, client accounting, practice management, compliance and workflow software for trust, fund and corporate service providers around the world.
- Over the next phase of growth, TrustQuay aims to scale further as a global leader by accelerating the digitalisation of this segment, including with the roll-out of TrustQuay Online, a brand new, sector-leading and feature-rich SaaS offering that will revolutionise how customers operate in this industry.
- TrustQuay serves more than 360 customers and 26,000 users in over 30 jurisdictions, through eleven offices worldwide in key jurisdictions including Australia, Guernsey, Jersey, Luxembourg, Singapore, and the United Kingdom.
- As part of the transaction, the TrustQuay management team continues in the business whilst the former majority owner Silverfleet Capital has fully exited its position.

- NeoXam was created in 2014 following a carve-out from SunGard (FIS Global) and a series of acquisitions adding complementary solutions. It now has 550 employees, of which half are in R&D, across 15 offices worldwide. The company provides “data-centric” solutions used by more than 120 clients – large asset managers, financial institutions, and global banks.
- Through its investment plan, Eurazeo is willing to support NeoXam in continuing ramping up growth, particularly in the Data Management and Reporting segments, and expanding internationally (particularly in Asia, the UK and US).
- Eurazeo also plans to provide NeoXam with its internal resources, helping NeoXam to pursue its buy-and-build strategy to complement its range of services and client base, and to accelerate its international expansion.

- Founded in 2015, Cobalt provides core shared ledger infrastructure for banks in foreign exchange trading and digital assets. The company’s platform leverages blockchain-derived concepts to create a single, shared view of every transaction and remove the need for reconciliation across silos and multiple systems.
- The acquisition elevates United FinTech’s position as the leading end-to-end solution connecting financial institutions with innovative FinTech companies to accelerate digital transformation.
- This is United Fintech’s fifth acquisition since launching in 2020 and has rapidly scaled its team to 150 across New York, London and Singapore. The acquisition of Cobalt is in addition to the acquisitions of FairXchange, TTMZero, Athena Systems and NetDania; demonstrating the ability to scale and grow despite the slowdown in FinTech.
- United Fintech will onboard Cobalt, its clients and employees onto its platform while Cobalt will continue to operate as a standalone company under United FinTech.

M&A HIGHLIGHTS Q4 2022

\$9.4bn

Aggregate Deal Value

\$154m

Average Deal Size¹

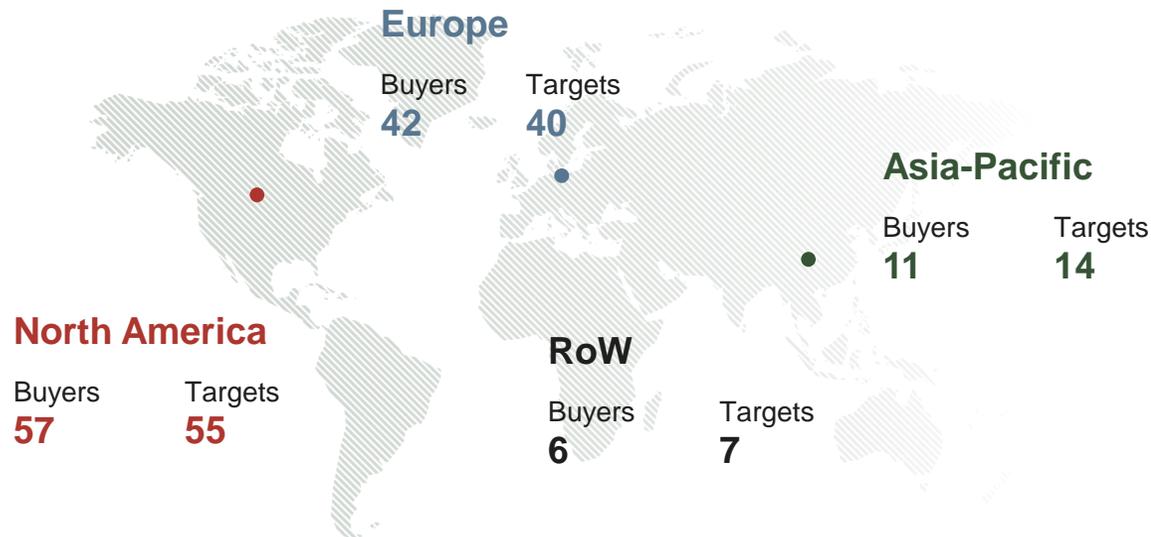
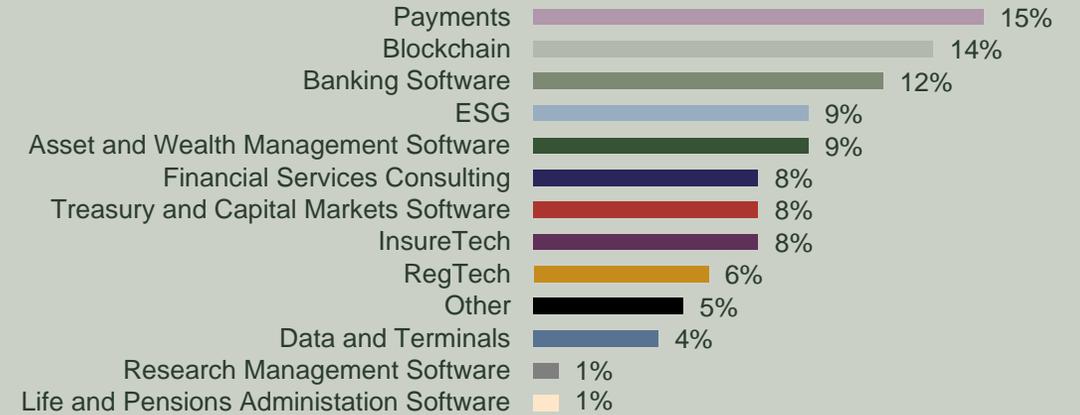
6.0x

Average Revenue Multiple

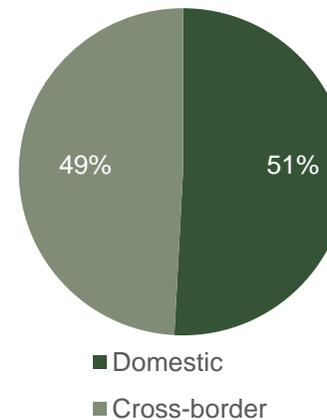
Deals by Volume



Deals by Subsector



Deals by Type



Deals by Buyer Type



¹ Excluding 4 acquisitions with deal values greater than or equal to \$1bn



SELECTED TRANSACTIONS: ASSET AND WEALTH MANAGEMENT SOFTWARE

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Oct-22	Hg Capital (US)	TrustQuay (UK)	A leading technology provider to the global trust, corporate and fund services industry.	150.0	n/a	n/a	Over the next phase of growth, TrustQuay aims to scale further as a global leader by accelerating digitalisation, including with the roll-out of TrustQuay Online, a brand new, sector-leading and feature-rich SaaS offering that will revolutionise how customers operate in this industry.
Oct-22	eToro (Israel)	Bullsheet (Portugal)	A provider of portfolio management tools.	n/a	n/a	n/a	As part of the deal, eToro will integrate Bullsheet's offering into its platform and João and Filipe have joined eToro's product development team. They will support eToro's goal of integrating user feedback and requests into its product offering.
Nov-22	Ontra (US)	Captain Technologies (US)	Developer of software for fund managers and investors intended to build the future of digital funds lifecycle management.	n/a	n/a	n/a	Through this deal, Ontra hopes to further augment its legal operating system for private markets and offer a more streamlined and efficient experience for private markets transactions to asset managers.
Nov-22	Trellance (US)	2020 Analytics (US)	Developer of financial data analytics platform designed to evaluate factors such as portfolio composition, interest rates, and other relevant attributes.	n/a	n/a	n/a	By adding 2020 Analytics' advanced portfolio analysis models, Trellance will offer deeper business intelligence to credit unions.
Nov-22	Eurazeo (France)	Neoxam (France)	Provides a set of functional modules which answer to the specific requirements of financial institutions such as asset managers, asset owners, custodians, fund administrators and investment banks.	105.0	80.8	1.3	Through its investment plan, Eurazeo is willing to support NeoXam in continuing ramping up growth, particularly in the Data Management and Reporting segments, and expanding internationally.



SELECTED TRANSACTIONS: ASSET AND WEALTH MANAGEMENT SOFTWARE

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Nov-22	Quantifeed (Hong Kong)	ALPIMA (United Kingdom)	A portfolio construction, visualisation, and analytics FinTech company.	n/a	n/a	n/a	This transaction accelerates Quantifeed's mission to increase the productivity of investment professionals and to create better investment outcomes for their clients.
Dec-22	STP Investment (US)	Wealthsite (US)	A portfolio management tool for wealth management companies that helps them reduce their workload by providing reports for both internal use and their clients, contact management, document management, and social components.	n/a	n/a	n/a	The acquisition brings STP's total assets under administration to over \$400 billion and will propel forward the technology roadmap for STP's proprietary, cloud-based BluePrint™ platform.
Dec-22	Euroclear (Belgium)	Goji (UK)	Developer of a peer-to-peer investment and wealth management platform intended to empower direct lending.	n/a	n/a	n/a	The combination of Euroclear's open infrastructure and Goji's innovative technology will provide a digital platform enabling end to end access to the private fund market. This will create a compelling offering for all market participants, including investors, asset managers and fund service providers.



SELECTED TRANSACTIONS: BANKING SOFTWARE

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Oct-22	Alogent (US)	AccuSystems (US)	Developer of bank document management and imaging software designed to reduce risk and increase efficiency.	n/a	n/a	n/a	The addition of AccuSystems to Alogent's process automation suite will allow the company to extend workflow experiences to new market segments with complementary capabilities proven to drive higher asset growth, improved efficiencies, and profitability for banks and credit unions.
Oct-22	Arcadea Group (Canada)	Identifi (US)	A leading independent provider of enterprise content management and workflow software for banks and credit unions.	n/a	n/a	n/a	The institutional scale Arcadea will bring to Identifi and its customers will allow for accelerated execution against the company's go-to-market and product strategies.
Nov-22	MeridianLink (US)	OpenClose (US)	OpenClose is the preeminent FinTech provider that developed the mortgage banking industry's first SaaS based lending automation software platform.	n/a	n/a	n/a	The acquisition will enable customers to deliver seamless digital lending experiences to consumers, while reducing costs and time to close. The deal will also support the continued market expansion of MeridianLink's full system capabilities serving depository organisations.
Nov-22	Reorg Research (US)	FinDox (US)	A provider of software and technology solutions for financial services businesses across the entire value chain of lending activity.	n/a	n/a	n/a	Adding FinDox's data management capability together with its compliance management tools and ESMA reporting will further enhance Reorg's portfolio of data, analysis and workflow tools.
Nov-22	CRED (India)	Creditvidya (India)	Developer of a financial data technology designed to provide lenders with credit information to decide whom to lend to.	80.0	n/a	n/a	The acquisition allows Cred to expand its customer base and ecosystem as CreditVidya, which caters to customers who do not have a credit score.



SELECTED TRANSACTIONS: BANKING SOFTWARE

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Nov-22	Komgo (Switzerland)	GTC (Canada)	Developer of multi-bank trade finance platform designed to connect global corporations to their financial institutions by automating and digitising letters of credit, bank guarantees, documentary collections and supply chain finance.	n/a	n/a	n/a	Together Komgo and GTC will provide the widest coverage, and biggest volumes, for Komgo's corporate and bank users. Komgo's combination with GTC's industry expertise, consolidating the market for digital trade services.
Dec-22	Kereis (US)	Particeep (US)	Developer of a FinTech platform designed to provide services for the online distribution of banking, insurance, and investment products.	n/a	n/a	n/a	The addition of Particeep will further strengthen the company's range of SaaS solutions. Particeep's teams bring agility and expertise in the field of front-end sales, which will be key to Kereis' growth in the coming years.
Dec-22	FinTech Galaxy (United Arab Emirates)	Underlie (Egypt)	Developer of open banking platform solutions catering to banks and FinTech companies.	n/a	n/a	n/a	Through the deal, FinTech Galaxy hopes to further its open banking and open finance ambitions in the region, develop and launch new digital solutions and promote financial inclusion.
Dec-22	Thoma Bravo (US)	SMA Technologies (US)	Developer of a workload automation platform for banks, credit unions, insurance companies, and other financial services businesses.	n/a	n/a	n/a	The investment will enable SMA to significantly expand its offering of automation solutions for its clients while accelerating growth geographically and into tangential industries over time.



SELECTED TRANSACTIONS: BLOCKCHAIN

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Oct-22	Centurion Invest (Estonia)	ABStocks (Turkey)	Owner and operator of a blockchain application and software solutions company.	n/a	n/a	n/a	This partnership will provide a \$40m innovation fund, for a technology-based project in the Bodrum region of Turkey to expand Centurion Invest to this region which is experiencing an increase adoption and interest in cryptocurrency.
Oct-22	Amberdata (US)	Genesis Volatility (US)	Developer of a crypto options analytics platform intended to find edge and capture alpha.	n/a	n/a	n/a	The acquisition enhances Amberdata's digital asset data solutions with best-in-class options and derivatives data, analytics, and research, as well as accelerating strategic product initiatives.
Oct-22	Acheron Trading (Singapore)	Hedge Tech (US)	Provider of trading algorithms and infrastructure development solutions intended to cater to digital assets markets.	24.8	n/a	n/a	The acquisition of HedgeTech comes as a natural step in the steady growth of AcheronTrading. By acquiring the resources, expertise, and innovation of HedgeTech, AcheronTrading is working towards its goal of creating global adoption of digital assets. Through their vertical integration, the two companies can fulfil their mission to build the financial markets of tomorrow.
Nov-22	Quetzal Capital (UK)	Tap (Gibraltar)	Developer of cryptocurrency trading application intended to make crypto accessible to users.	200.0	n/a	n/a	The acquisition presents Quetzal's shareholders with an exceptional opportunity to invest in a new and disruptive technology business at the inflection point of its growth trajectory as it seeks to benefit from the considerable turmoil in the fortunes of other, non-regulated crypto platforms.
Nov-22	Bitcoin Depot (US)	Bitaccess (US)	Developer of cryptocurrency platform designed to offer integrated trading and investment through licensing arrangements with broker-dealers and financial advisors.	885.0	n/a	n/a	Bitaccess' high quality and dynamic software infrastructure is a synergistic match for Bitcoin Depot's objectives. This acquisition has positioned Bitcoin Depot to have the flexibility to scale existing products and create new ones



SELECTED TRANSACTIONS: BLOCKCHAIN

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Nov-22	Bakkt (US)	Apex Crypto (US)	Developer of cryptocurrency platform designed to offer integrated trading and investment through licensing arrangements with broker-dealers and financial advisors.	200.0	n/a	n/a	This acquisition is expected to significantly bolster Bakkt's cryptocurrency product offering and expand its footprint into additional client verticals including FinTech companies, trading app platforms, and neo-banks.
Dec-22	Galaxy Digital (US)	GK8 (Canada)	Developer of custodian technology designed to manage and safeguard digital assets.	44.1	n/a	n/a	The transaction will accelerate Galaxy's product innovation and development by adding a team of nearly 40 people, including cryptographers and blockchain engineers. The deal will also expand Galaxy's geographic reach with the addition of an office in Tel Aviv.



SELECTED TRANSACTIONS: DATA AND TERMINALS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Oct-22	Finsight Group (US)	Docoh (US)	Developer of an investment research platform designed to provide professional quality information about public companies and stocks.	n/a	n/a	n/a	This acquisition will bolster Finsight's robust market data solutions and extend its offerings to institutional equity capital markets.
Oct-22	RFI Global (US)	MacroMonitor (South Korea)	Provider of data and insights intended to serve financial services clients.	n/a	n/a	n/a	Combining RFI Global's dataset with MacroMonitor's comprehensive proposition in the US market will provide MacroMonitor's client base with enhanced services and solutions, including access to RFI's global datasets and deep FS expertise across 49 international markets in areas such as buy now pay later, digital innovation, SME and commercial banking, international and business payments and many more.
Oct-22	CoinAnalyst (US)	QuantGate Systems (US)	Market data intelligence solutions for investment, charting and analytics platforms powered by artificial intelligence.	n/a	n/a	n/a	The addition of CoinAnalyst's technology fits into QuantGate's overall strategy to expand its product offerings and distribution. CoinAnalyst would bring big data expertise and AI technology, subscribers to a monthly electronic newsletter, and AI Based analytic tools for cryptocurrency investors.
Nov-22	TMX Group (US)	Wall Street Horizon (UK)	Provider of institutional traders and investors with the most accurate and comprehensive forward looking corporate event data.	n/a	n/a	n/a	The acquisition of Wall Street Horizon, an established provider of high-quality and unique market-leading solutions, is another important step forward for TMX Datalinx as the company works to expand and enhance the content it provides to clients around the world.
Nov-22	OTC Markets Group (US)	EDGAR Online (US)	Edgar Online creates and distributes company data and public filings for equities, mutual funds and other publicly traded assets.	n/a	n/a	n/a	Integrating the EDGAR Online data and domain expertise into OTC Markets' platform will provide investors, traders, and compliance teams with a more comprehensive view of an issuer and its securities.



SELECTED TRANSACTIONS: ESG

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Oct-22	Ideagen (UK)	ProcessMAP (US)	Provider of software platform for environment, health, safety, sustainability, and compliance information management.	n/a	n/a	n/a	By combining with Ideagen, ProcessMAP will create a category leading EHS&Q software business, sharing talent, technology, innovation, and geographical reach to expand globally, leveraging each other's infrastructure and customer base.
Oct-22	The Sage Group (UK)	Spherics (UK)	Developer of carbon accounting software intended to reduce carbon emissions.	n/a	n/a	n/a	The acquisition reinforces Sage's commitment to sustainability, in line with its purpose of knocking down barriers so everyone can thrive.
Oct-22	Environ Energy (US)	Scope 5 (US)	Developer of ESG reporting and sustainability management software designed to improve environmental and economic impacts.	n/a	n/a	n/a	By joining with Environ, Scope 5 are able to leverage the concise carbon data management that its team is known for with on-the-ground sustainable energy development and management.
Nov-22	Infogrid (UK)	Aquicore (US)	Provider of EHS&S regulatory compliance information.	n/a	n/a	n/a	The acquisition will strengthen both companies' capabilities, merging Infogrid's leading AI powered technology with Aquicore's best-in-class ESG reporting and analytics know-how.
Nov-22	Climate First Bancorp (US)	Ecountabl (US)	Operator of a technology platform intended to democratise, productise, and personalise ESG data.	n/a	n/a	n/a	The purchase will accelerate growth and strengthen the core capabilities of OneEthos, the digital banking FinTech under the Climate First Bancorp umbrella.
Nov-22	J.S. Held (US)	Frostbyte Consulting (Canada)	Provider of consulting services focused on environmental, health and safety (EHS) and quality business information.	n/a	n/a	n/a	The Frostbyte team brings cutting-edge ESG and EHS advisory and technology expertise to the firm and bolsters J.S. Held's sustainability solutions.



SELECTED TRANSACTIONS: FINANCIAL SERVICES CONSULTING

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Oct-22	Capgemini (France)	Quorsus (United Kingdom)	A firm specialising in consultancy services to financial institutions.	n/a	n/a	n/a	The acquisition comes as part of Capgemini's move to increase its offering in the capital markets space as regulatory requirements on financial companies across Europe ramp up.
Oct-22	Copper Street Capital (UK)	Thistle Initiatives Group (UK)	Provider of compliance consultancy solutions intended to support firms operating in financial services.	n/a	n/a	n/a	The investment will support the long-term growth of Thistle Initiatives Group, with a goal to more than double in size over the next three years through both organic growth and acquisition.
Nov-22	Bridgepoint (US)	fscom (Italy)	fscom is one of the leading specialist consulting firms providing governance, risk and compliance solutions to financial services institutions.	n/a	n/a	n/a	The investment will also see the company widen its areas of expertise into new services and grow its client base.
Nov-22	Holland Mountain (UK)	PE Stack (US)	Provider of comprehensive listings and consulting intended for private equity or venture capital data providers, software, SaaS and networks.	n/a	n/a	n/a	The combination of the two firms further enhances Holland Mountain's award-winning services for private capital firms, helping them establish the people, processes, technology and data capabilities they need to achieve their strategic objectives.
Nov-22	Accolite Digital (US)	TeamTek Consulting (UK)	Provider of digital and technology services intended for the banking and financial services.	n/a	n/a	n/a	With the acquisition, Accolite Digital will expand its offering. TeamTek will continue to serve as a strategic partner to enterprises focused on their Capital Markets digital transformation initiatives.
Dec-22	IQ-EQ (UK)	Laven Compliance (UK)	An integrated compliance consultancy with its own regulatory software, servicing the financial industry.	n/a	n/a	n/a	The firm writes that this acquisition adds further strength and depth to IQ-EQ's existing regulatory compliance business offering clients a range of additional products and services delivered by an expanded and highly experienced team.



SELECTED TRANSACTIONS: FINANCIAL SERVICES CONSULTING

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Dec-22	SaltPay (Argentina)	A-Heads Consulting (Argentina)	Provider of IT consulting, custom software development, and integration services to clients in the financial services industry.	n/a	n/a	n/a	The acquisition of A-Heads Consulting is part of SaltPay's plan to expand its engineering capabilities.
Dec-22	Eraneos (Switzerland)	Deutsche Consulting Partner (Germany)	A management consulting company specialising in financial services.	n/a	n/a	n/a	DCP is a strategic reinforcement for the Eraneos Group. This further strengthens the position as a leading international management and technology consulting group and makes the company even more attractive to its financial services clients.



SELECTED TRANSACTIONS: INSURETECH

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Oct-22	Munich Re (Germany)	Apinity (Germany)	Operator of an online insurance marketplace platform.	n/a	n/a	n/a	Apinity will play a key role in driving forward the digitalisation of the insurance value chain and of primary insurance.
Oct-22	Next Level Solutions (US)	Root Signa (US)	Developer of software platform intended to provide support and implementations solutions for insurance tech users.	n/a	n/a	n/a	The addition of Root Signa's offering compliments what Next Level Solutions are already doing and marries well with the company's onshore/nearshore approach. As the firm strives to be the dominant partner in the P&C insurance space, its acquisitions like this that continually bring Next Level Solutions closer to the goal of growth.
Oct-22	Allianz X (Germany)	Innovation Group (UK)	A leading global provider of claims and technology solutions to the insurance and automotive industries.	n/a	n/a	n/a	Partnering with Allianz X will provide Innovation Group with the support to accelerate the investment in its technology and global services capabilities, benefiting both clients and employees. Importantly, following the transaction, Innovation Group will maintain its operating independence, management team, brand and culture.
Oct-22	Pollen Street Capital (UK)	PAIR Finance (Germany)	Developer of an automated and data-based technology designed for claims management and debt collection.	213.0	31.8	6.7	Pollen Street's investment will support PAIR Finance to continue its strong growth trajectory, expand into new geographies and grow its customer base.
Dec-22	Applied Systems (UK)	Risk Handler Software (UK)	Developer of a single entry comparative rating platform intended for independent insurance agencies.	n/a	n/a	n/a	This complementary acquisition will expand Applied's commercial quoting and distribution connectivity solutions to create a more valuable and digital distribution experience at each stage of the insurance lifecycle.



SELECTED TRANSACTIONS: LIFE AND PENSIONS ADMINISTRATION SOFTWARE

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Dec-22	Lumera (Sweden)	Axyware (Netherlands)	Developer of an account management software designed for processing pension plans and life insurance and communicating about them with participants.	n/a	n/a	n/a	The Dutch pension reform, which involves occupational pension schemes and is expected to be finished by 2027, is actively supported by AxyWare's administration software. The pensions administration industry will be significantly impacted by this, and the companies believe that the combination of AxyWare and Lumera will have capabilities to meet new client demands as a result of the reform.



SELECTED TRANSACTIONS: PAYMENTS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Oct-22	Kaseya (US)	ConnectBooster (Puerto Rico)	Developer of automation software that eliminates late payments and streamlines the transaction records intended for IT service companies.	n/a	n/a	n/a	This acquisition enhances Kaseya's platform, IT Complete, adding a suite for automated billing and collections.
Oct-22	Tyler Technologies (US)	Rapid Financial Solutions (US)	Providing frictionless FinTech, payment and engagement solutions through technology innovation.	68.0	n/a	n/a	Through this acquisition, Tyler will offer Rapid's payments platform to local, state, and federal government clients to enhance their payments disbursement process and improve the timeliness and accuracy of their transactions with consumers.
Nov-22	PayTabs (Egypt)	Digital Pay (Saudi Arabia)	Developer of digital payment software catering to the FinTech sector.	n/a	n/a	n/a	By acquiring Digital Pay, PayTabs will be able to execute its presence in both online and offline payment offerings as well as achieve its commitment to Saudi Arabia's Vision 2030.
Dec-22	Twig (UK)	Vybe (France)	Developer of a payment technology designed to streamline transactions and payments.	1700.0	189.2	9.0	The addition of Vybe to Twig's portfolio further solidifies its commitment to being a leader in the Gen Z market. With its focus on circular economy principles, Twig is looking to make a long-term impact on the industry and provide its users with the best products and services available.



SELECTED TRANSACTIONS: REGTECH

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Oct-22	ACA Group (US)	Compliance Resource Partners (US)	Developer of software solutions intended to solve the regulatory challenges of the financial services industry.	n/a	n/a	n/a	This acquisition continues to reinforce ACA's suite of leading GRC professionals and diversified services.
Nov-22	Realwise (Australia)	Kyckr (Australia)	Developer of data intelligence software supporting the processes of narrative reporting and disclosure management.	n/a	n/a	n/a	This acquisition facilitates Kyckr's growth and development plans.
Nov-22	Regnology Group (Germany)	b.fine (Belgium)	Developer of customer identity and access management platform intended to make access to online services simple and secure.	n/a	n/a	n/a	Regnology says that b.fine's cloud technology complements its own offering, and that the acquisition will enhance its last-mile reporting capabilities and allow it to serve an expanded pan-European market.
Nov-22	Centerbridge Partners (US)	Computer Services (US)	Provider of technology solutions for financial institutions and corporate entities.	1600.0	328.0	4.9	Centerbridge Partners say the acquisition will allow CSI to advance its technologies for the public cloud, accelerate speed-to-market and increase the scalability of its solutions. It will also support the advancement of CSI's mission to become a leading provider of RegTech and FinTech resources through expanded investment in research and development, complementary product partnerships and strategic acquisitions.
Nov-22	IMTF (Switzerland)	Siron Compliance & AML (US)	Developer of financial software intended to provide anti-financial crime solutions to the organisations with analytics-driven applications for end-to-end financial crime compliance.	n/a	n/a	n/a	In partnering with Vista, Avalara will look to build on its successful platform by refining its go-to-market strategy, expanding its international workforce, streamlining its systems architecture, and continuing to pursue value-accretive M&A opportunities.



SELECTED TRANSACTIONS: REGTECH

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Nov-22	MangoPay (Luxembourg)	Nethone (Poland)	A machine learning-based fraud prevention SaaS company that allows online merchants and financial institutions to holistically understand their end users.	n/a	n/a	n/a	By folding Nethone's expertise into their own offer, Mangopay aims to provide anti-fraud solutions specifically designed for platform businesses.
Nov-22	Estancia Capital Partners (US)	Investorcom (Canada)	Provider of regulatory compliance software and communications solutions for financial services.	n/a	n/a	n/a	The investment is intended to accelerate Investorcom's continued expansion across North America and globally.



SELECTED TRANSACTIONS: RESEARCH MANAGEMENT SOFTWARE

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Nov-22	Symphony (US)	Amenity Analytics (US)	Developer of AI-driven professional research and portfolio analysis platform designed to help analysts with research stocks, as well as build and manage active portfolios.	n/a	n/a	n/a	This acquisition enhances WTW's ability to bring clients best-in-class products and solutions to help them achieve a climate-resilient future.



SELECTED TRANSACTIONS: TREASURY AND CAPITAL MARKETS SOFTWARE

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Oct-22	BNP Paribas (France)	Kantox (UK)	Developer of a currency management automation software intended to automate corporate foreign workflow.	n/a	n/a	n/a	By leveraging its integrated business model, BNP Paribas is well positioned to accelerate and extend Kantox's offering to a wide range of corporate clients across the globe. The acquisition of Kantox is supported by the global markets business of BNP Paribas' CIB division and the business centres of the commercial, personal and banking services division.
Dec-22	United Fintech (US)	Cobalt (US)	Developer of a post-trade foreign exchange platform designed to re-engineer the institutional foreign exchange market from the ground up.	n/a	n/a	n/a	The acquisition elevates United FinTech's position as the leading end-to-end solution connecting financial institutions with innovative FinTech companies to accelerate digital transformation.
Dec-22	Tradition Securities and Derivatives (US)	MTS Markets International (US subsidiary) (US)	Operator of an electronic credit trading platform. The company offers access to real-time execution and liquidity on its all-to-all order book.	n/a	n/a	n/a	The sale of MMI was implemented as a result of the conclusion of a strategic review initiated following the integration of Borsa Italiana and the decision to divest from non-core assets. MMI joined Euronext in 2021 as part of the acquisition of Borsa Italiana, as a fully owned subsidiary of MTS S.p.A.
Dec-22	London Stock Exchange Group (UK)	Acadia (US)	Developer of collateral management software designed to provide risk and collateral management services for the non-cleared derivatives community.	n/a	4.5	n/a	The acquisition furthers LSEG's strategy to enhance and grow its multi-asset Post Trade offering for the uncleared derivatives space.

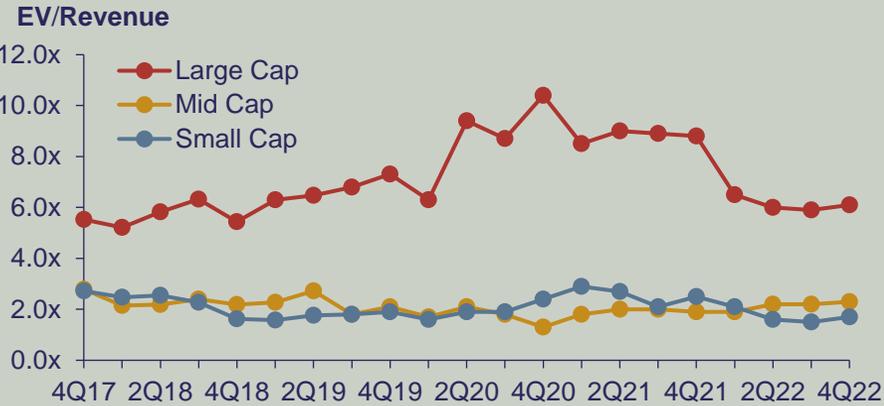
PUBLIC COMPS HIGHLIGHTS Q4 2022

4.9x
Avg. EV/Revenue CY2022E

16%
Avg. Revenue Growth CY2021

79%
% Recurring Revenue

Historic Revenue Multiples



Large Cap

6.1x Avg. EV/Revenue **16%** Avg. Revenue Growth **84%** % Recurring Revenue

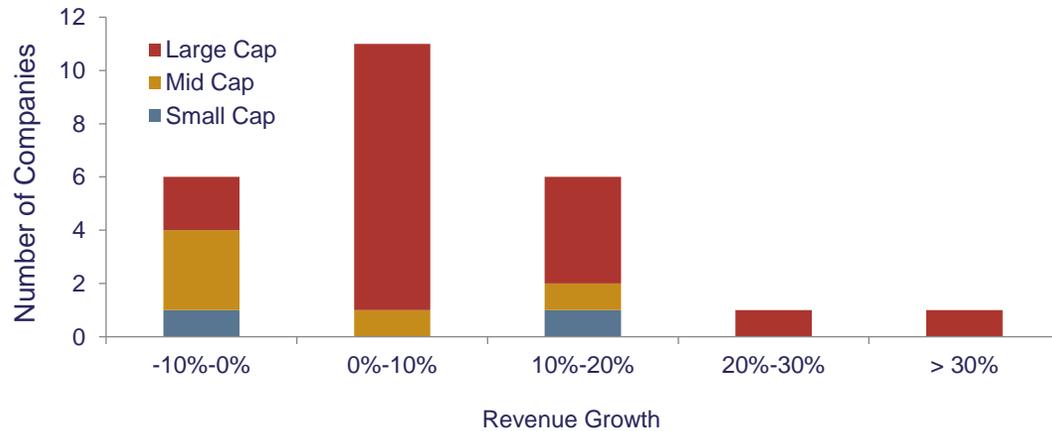
Mid Cap

2.3x Avg. EV/Revenue **19%** Avg. Revenue Growth **73%** % Recurring Revenue

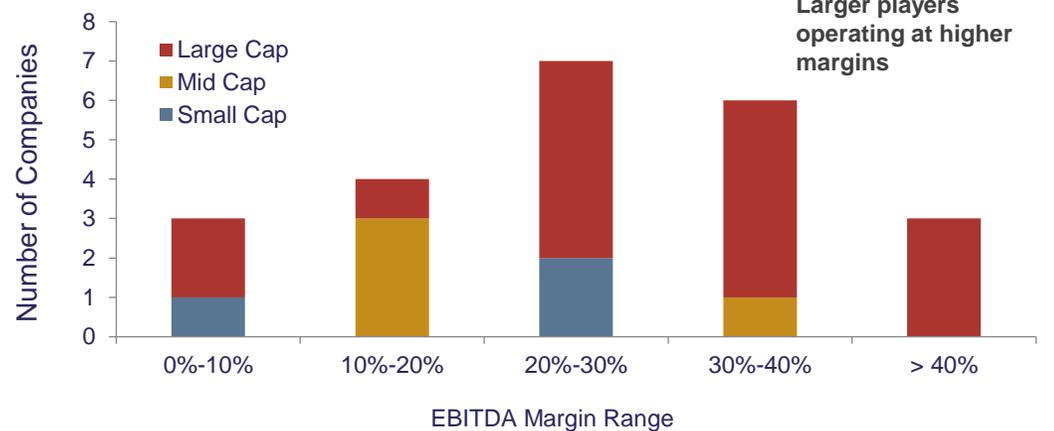
Small Cap

1.7x Avg. EV/Revenue **16%** Avg. Revenue Growth **66%** % Recurring Revenue

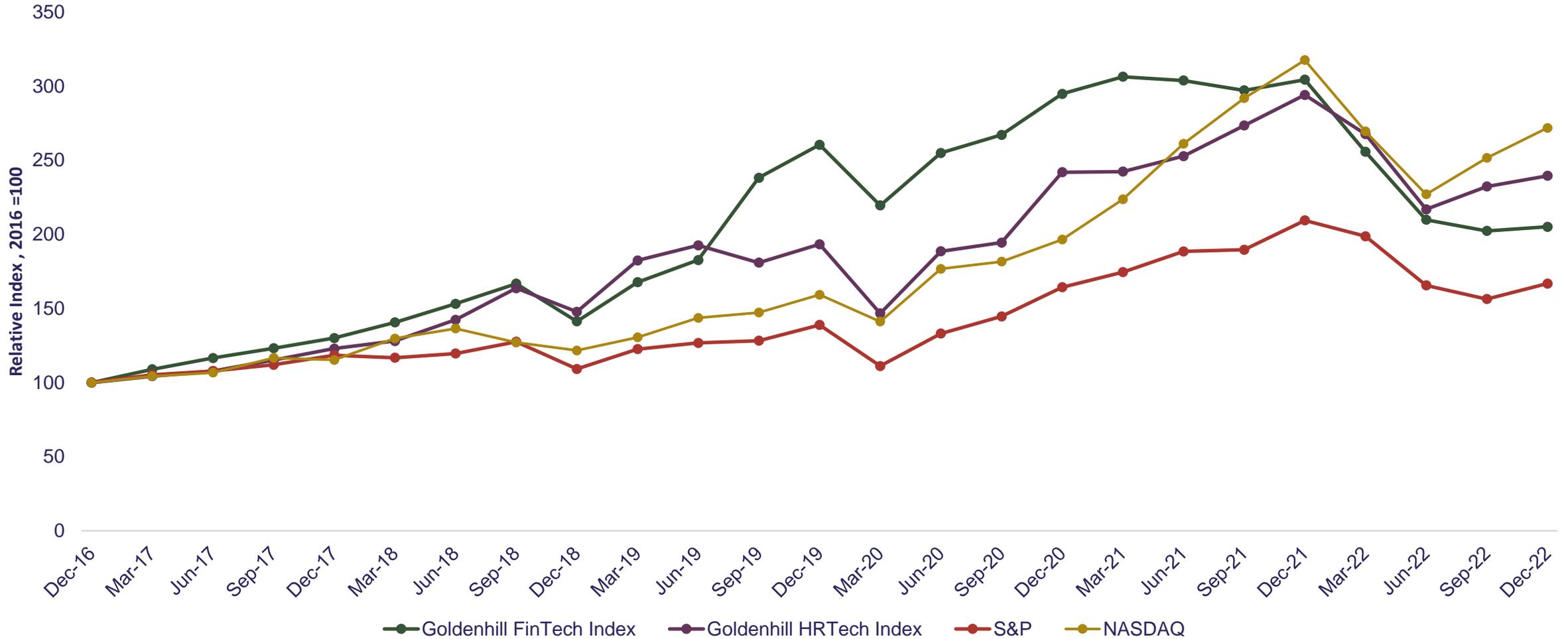
Revenue Growth Distribution



EBITDA Margin Distribution

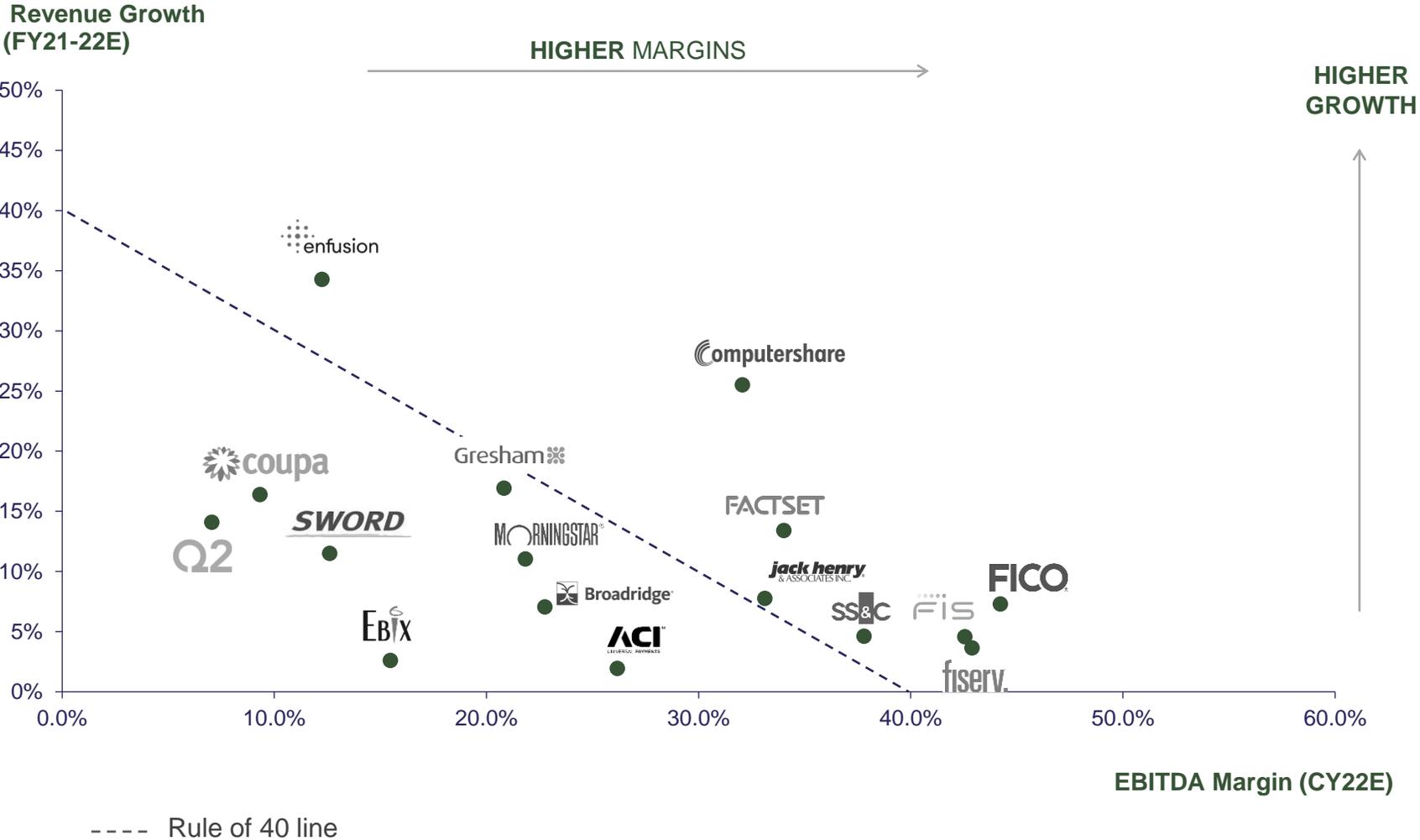


GOLDENHILL FINTECH INDEX



PERFORMANCE QUADRANTS

The Rule of 40 is a recognised measure of health for SaaS companies, which states that Revenue Growth % and EBITDA Margin (profitability) should ideally add up to roughly 40%.



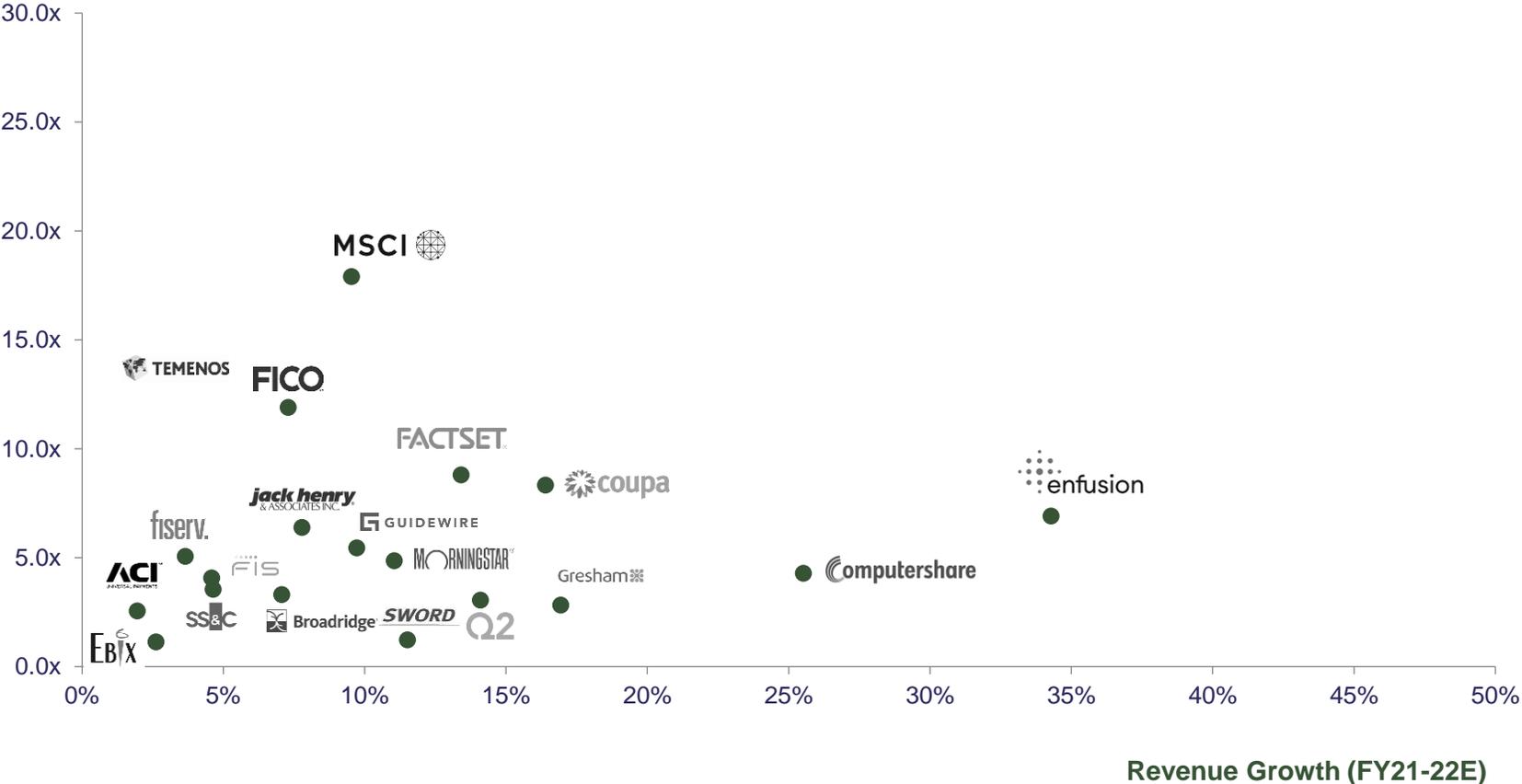
REVENUE GROWTH AS A VALUE DRIVER



Revenue growth continues to be one of the most important drivers for higher valuations. The companies exhibiting the highest expected revenue growth this year are Enfusion (supplier of asset management software), Computershare (provider of computer services to businesses that need to automate processes) and Gresham (automation software for financial services).



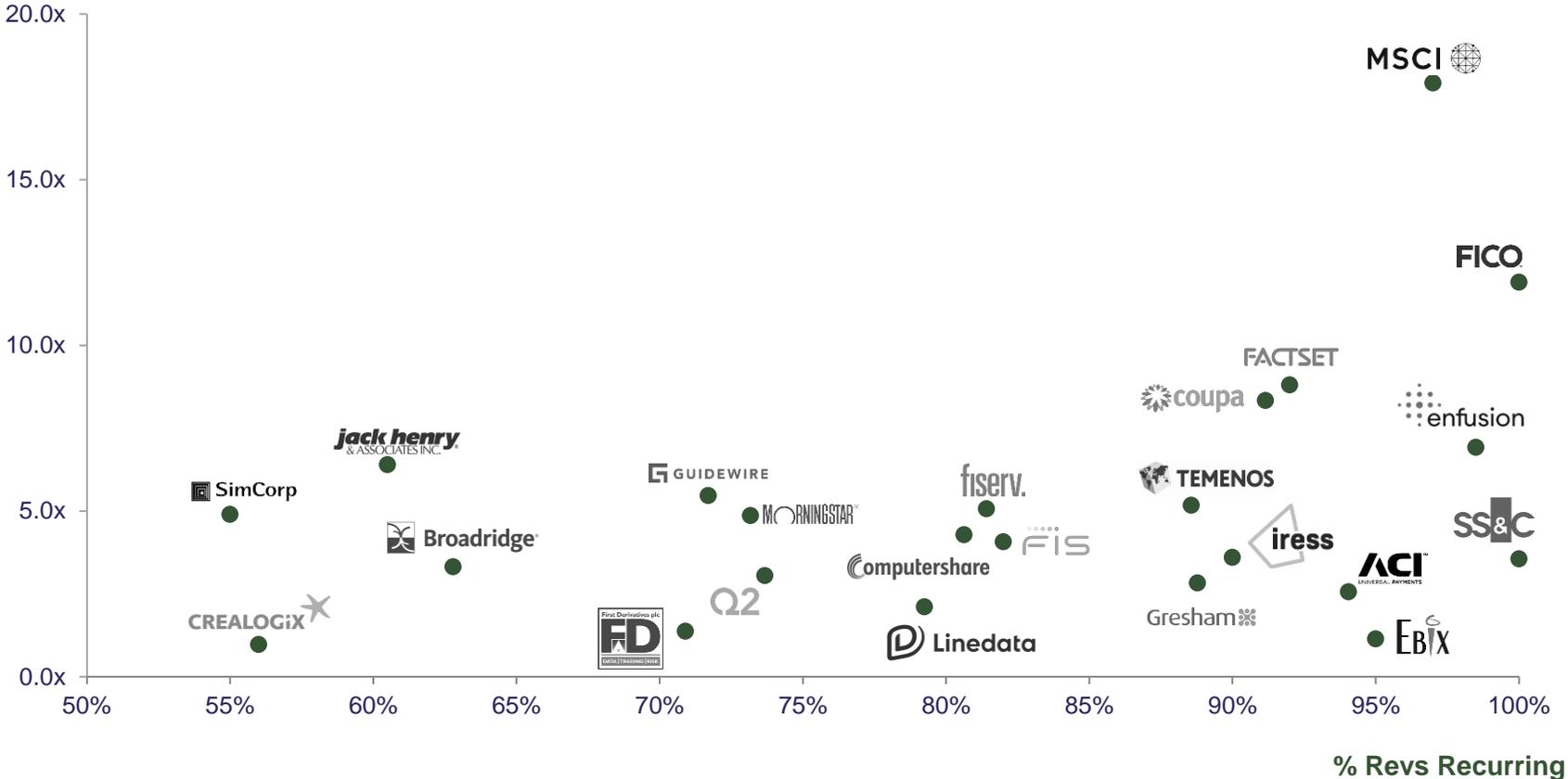
EV/Revenue (CY22E)



RECURRING REVENUE AS A DRIVER

Recurring revenues as a percentage of total revenues is an increasingly popular metric driving valuations. Companies such as SS&C and FICO have nearly 100% recurring revenues, while at the bottom of the range are SimCorp and Crealogix which have below 60% recurring revenues

EV/ Revenue (CY22E)



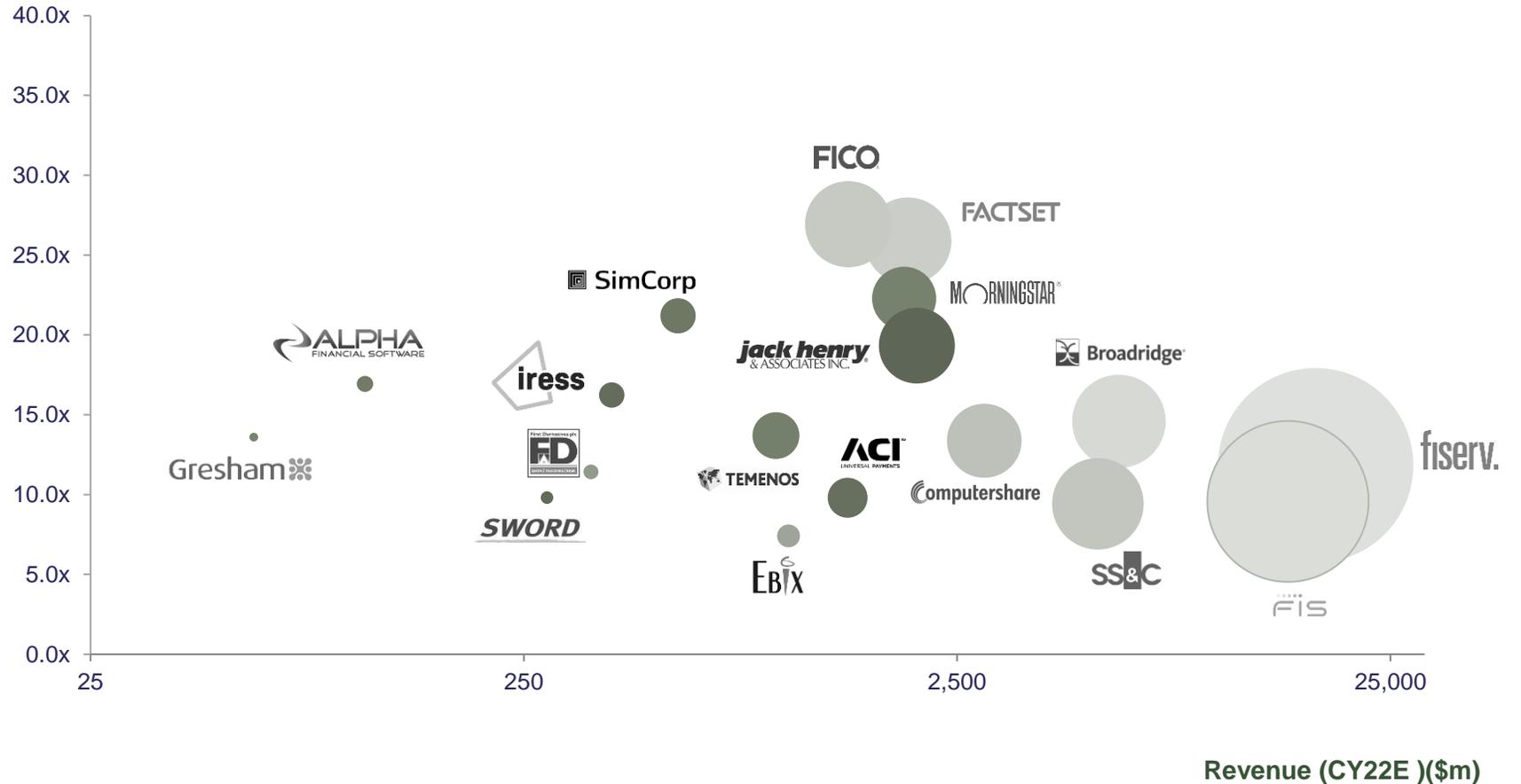
SCALE AS A VALUE DRIVER



The size of revenue is too an important driver of higher valuations. The companies exhibiting the highest expected enterprise value this year are FIS and Fiserv, while the highest expected EBITDA multiples this year are expected to be achieved by Coupa, FICO and FactSet.



EV/EBITDA (CY22E)



SECTOR VALUATION METRICS

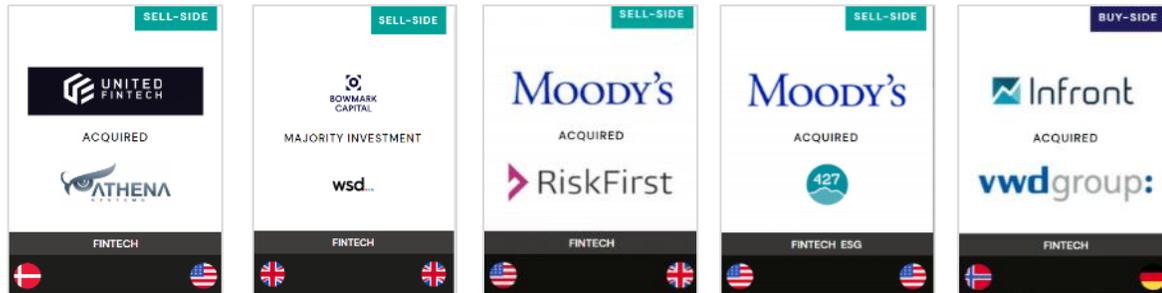
Company	Ticker	Share Price	Market Cap	Net Debt	Enterprise	Revenue		EV/Revenue		EV/Revs	EV/EBITDA		Revenue Growth		EBITDA Margin		% Revs				
		31-Dec-22	(\$m) ⁽¹⁾	(\$m) ⁽²⁾	Value (\$m)	CY22E (\$m)	CY2021	CY2022E	Recurring	CY2021	CY2022E	CY2021	CY2022E	CY2021	CY2022E	Recurring ⁽³⁾					
Selected Large Cap																					
Fiserv	FISV US EQUITY	101.1	64,182	21,139	85,321	16,818	5.3x	5.1x	6.2x	15.1x	11.8x	9.3%	3.7%	34.8%	42.9%	81%					
FIS	FIS US EQUITY	67.9	40,261	18,867	59,128	14,513	4.3x	4.1x	5.0x	11.3x	9.6x	10.6%	4.6%	37.7%	42.6%	82%					
MSCI	MSCI US EQUITY	465.2	37,194	2,913	40,107	2,238	19.6x	17.9x	18.5x	33.1x	NA	20.5%	9.5%	59.3%	NA	97%					
Broadridge	BR US Equity	134.1	15,781	3,842	19,623	5,911	3.7x	3.3x	5.3x	16.7x	14.6x	14.3%	7.1%	22.0%	22.8%	63%					
FactSet	FDS US EQUITY	401.2	15,285	1,684	16,969	1,926	10.1x	8.8x	9.6x	28.9x	25.9x	15.9%	13.4%	35.1%	34.0%	92%					
FICO	FICO US EQUITY	598.6	14,950	1,755	16,704	1,402	12.5x	11.9x	11.9x	29.9x	26.9x	4.6%	7.3%	41.9%	44.2%	100%					
SS&C	SSNC US EQUITY	52.1	13,114	5,711	18,825	5,285	3.7x	3.6x	3.6x	9.5x	9.4x	8.2%	4.6%	39.4%	37.8%	100%					
Jack Henry	JKHY US EQUITY	175.6	12,807	118	12,925	2,018	7.0x	6.4x	10.6x	20.7x	19.3x	10.5%	7.8%	33.7%	33.1%	60%					
Computershare	CPU AU EQUITY	26.2	10,786	1,604	12,390	2,889	5.1x	4.3x	5.3x	20.6x	13.4x	12.3%	25.5%	24.8%	32.1%	81%					
Morningstar	MORN US EQUITY	216.6	9,193	(15)	9,179	1,887	5.4x	4.9x	6.6x	20.4x	22.3x	22.3%	11.0%	26.5%	21.8%	73%					
Coupa	COUP US Equity	79.2	6,029	930	6,959	834	9.8x	8.3x	9.2x	NM	89.5x	33.9%	16.4%	-11.7%	9.3%	91%					
Guidewire	GWRE US EQUITY	62.6	5,122	(501)	4,622	846	6.0x	5.5x	7.6x	NM	NM	9.3%	9.7%	-12.1%	-10.5%	72%					
Temenos	TEMN SW EQUITY	50.7	4,124	821	4,945	955	5.1x	5.2x	5.8x	12.7x	13.7x	9.0%	-1.2%	40.3%	37.8%	89%					
Envestnet	ENV US EQUITY	61.7	3,414	537	3,950	NA	3.3x	NA	NA	23.0x	17.9x	18.9%	4.8%	14.5%	NA	98%					
SimCorp	SIM DC EQUITY	478.2	2,790	(8)	2,782	568	4.7x	4.9x	8.9x	15.9x	21.2x	12.8%	-3.3%	29.8%	23.1%	55%					
ACI	ACIW US EQUITY	23.0	2,585	999	3,583	1,397	2.6x	2.6x	2.7x	10.1x	9.8x	5.9%	2.0%	25.9%	26.2%	94%					
Q2 Holdings	QTWO US Equity	26.9	1,545	194	1,740	569	3.5x	3.1x	4.2x	NM	43.3x	23.8%	14.1%	-2.8%	7.1%	74%					
IRESS	IRE AU EQUITY	9.6	1,202	236	1,439	399	3.2x	3.6x	4.0x	12.9x	16.2x	19.4%	-10.9%	25.0%	22.2%	90%					
Enfusion	ENFN US Equity	9.7	1,103	(64)	1,039	150	9.3x	6.9x	7.0x	NM	56.5x	40.4%	34.3%	-243.4%	12.3%	99%					
Average																					
Total (Large Cap)			261,468	60,761	322,230					6.5x	6.1x			18.7x	24.8x	16%	8%	12%	26%	84%	
Selected Mid Cap																					
Ebix	EBIX US EQUITY	20.0	617	554	1,171	1,021	1.2x	1.1x	1.2x	8.2x	7.4x	59.0%	2.6%	14.3%	15.5%	95%					
Alfa Financial	ALFA LN Equity	166.0	597	(8)	589	108	5.1x	5.5x	12.2x	15.4x	16.9x	13.0%	-6.0%	33.4%	32.3%	45%					
First Derivatives	FDP LN EQUITY	13.6	462	31	493	357	1.4x	1.4x	1.9x	12.9x	11.4x	17.4%	-1.4%	10.8%	12.1%	71%					
Sword	SWP FP EQUITY	39.4	403	(52)	350	283	1.4x	1.2x	NA	11.5x	9.8x	4.6%	11.5%	12.0%	12.6%	NA					
Linedata	LIN FP EQUITY	46.1	315	71	386	182	2.0x	2.1x	2.7x	6.2x	NA	3.1%	-3.7%	32.7%	NA	79%					
Average																					
Total (Mid Cap)			2,394	596	2,989					2.2x	2.3x			10.8x	11.4x	19%	1%	21%	18%	73%	
Selected Small Cap																					
Gresham	GHT LN Equity	1.8	179	(10)	169	60	3.3x	2.8x	3.2x	22.9x	13.6x	60.3%	16.9%	14.4%	20.8%	89%					
MSG	MSGI GR EQUITY	3.1	142	(44)	98	NA	0.4x	NA	NA	4.6x	NA	7.1%	NA	9.2%	NA	20%					
63 Moons	63MOONS IN Equity	167.6	93	(203)	(110)	NA	NM	NA	NA	7.5x	NA	-0.3%	NA	-67.6%	NA	100%					
Profile Software	PROF GA EQUITY	2.9	73	(9)	64	NA	2.7x	NA	NA	9.9x	NA	38.6%	NA	27.3%	NA	67%					
Crealogix	CLXN SW Equity	45.0	68	27	95	97	0.9x	1.0x	1.7x	NM	NM	-16.0%	-8.1%	-2.9%	0.3%	56%					
N2N Berhad	N2N MK Equity	0.5	58	(30)	NA	23	1.0x	1.3x	NA	3.3x	4.6x	4.4%	-19.4%	30.4%	27.3%	NA					
Average																					
Total (Small Cap)			615	(270)	316					1.7x	1.7x			9.7x	9.1x	16%	-4%	2%	16%	66%	
Sector Total			264,477	61,087	325,535					5.0x	4.9x			6.5x	15.3x	21.1x	16%	6%	11%	23%	79%

(1) Excludes treasury shares (2) Net financial debt minus marketable securities and collaterals. (3) Recurring revenues (renewing licenses, maintenance, subscriptions, SaaS etc) where reported for last full year (4) NM - Not meaningful and NA - Not available

Quick Facts

- Sector experts focused on providing advisory services to sellers and buyers in M&A projects across the globe.
- Deep domain expertise across software, services and data intensive sectors, with a focus on FinTech, HRTech, ESG and Workforce Solutions.
- Our Partners have advised on 100+ transactions with values ranging from \$15 million to over \$100 million; the majority (70%) of our engagements result in cross-border transactions.
- International presence with offices in London, Milan, San Diego, Luxembourg, and Buenos Aires.
- Proven track record of successful long-term advisory relationships positioning clients for premium transactions using current insights into the relevant strategic acquirers.

Selected Transactions



FinTech Partners



Chris Brooke
London



William Berrington
London



Kevin O'Neill
San Diego



Carlos Ratto
Milan

Goldenhill

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