

Q3 2021

Financial Technology Sector M&A Review



Introduction

The FinTech industry has experienced dramatic growth over the past year, and this continues post-pandemic. With the world increasingly becoming digital, and technology now being at the forefront of the financial sector, the speed of progression has rapidly increased as a result.

This year and beyond we expect to see further consolidation in the ESG data and analytics market, as more advanced solutions will be required by financial institutions and corporates alike in order to cope with upcoming EU regulations and heightened pressure from the public to disclose and address ESG-related risks.

Banking-as-a-Service (BaaS) and open banking continue to revolutionise the banking world, by reshaping the competitive landscape and transforming how customers and companies manage their finances. The use of blockchain or distributed ledger technologies (DLT) is also expected to drive digital transformation initiatives, with notable applications in payments, trade finance, (e.g. customer KYC and fraud prevention), banking (e.g. loans and credit, customer KYC and fraud prevention) and capital markets (e.g. clearance and settlement systems). Similarly, the adoption of AI-based technologies continues to infiltrate FinTech areas – from risk management, trading and smarter underwriting decisions, to personalised banking and robotic process automation.



Technology is at the forefront of the financial sector and the speed of progression has rapidly increased as a result.

FINTECH TRENDS: PUSHING THE NEXT WAVE OF INNOVATION ACROSS FINANCIAL SERVICES

ESG reaches to the top of the agenda across the financial sector

Across the financial sector, we have seen an increasing focus on ESG, predominantly driven by an array of regulations issued by the European Commission, aimed at redirecting capital into sustainable activities – e.g., green taxonomies, Paris-aligned benchmarks and Climate Transition benchmarks. With COP26 taking place in November, the private sector and public interest alike continue to help accelerate action towards the goals of the Paris Agreement and drive real change in post-Covid world.

Subsequently, under heightened pressure from institutional clients, those investment managers holding ESG to a higher account – particularly on the environmental side of “ESG” – will enjoy greater competitive advantage. There will be a focus on diversity and inclusion, with a move towards greater investment in firms led by BAME and female founders. Governance issues including the development of documented procedures and mandatory human rights due diligence will also be heightened.

Although the use of ESG indices and ratings has risen considerably over the years, data has often proved to be inconsistent, infrequent and lacking breadth for comparison between asset classes, industries and geographies. These data constraints are likely to grow in terms of granularity and scope as required by upcoming regulations, which will fuel the growth of more advanced ESG data solutions solving these challenges, in a market currently estimated at c. \$1bn (Opimas, 2020).

Across the ESG data market, we have seen a strong consolidation trend with major data vendors, credit rating agencies and some of the world’s largest exchanges, making acquisitions in the space.

The rise of Banking-as-a-Service

Banking-as-a-service (BaaS) is an innovative B2B service allowing digital banks and other third-party companies to directly connect with bank systems via APIs to provide banking services to their clients, offering faster time-to-market, streamlining company operations, meeting regulatory compliances, reducing operational costs, and others. Neobanks like ClearBank and Starling Bank are an excellent example of this mutually beneficial cooperation – while FinTech's have an open gate for app development, banks benefit from selling their expertise. The growth of BaaS is a game-changer for the financial sector and will have a major impact on 85% of global financial institutions over the next year, according to a recent report by Finastra (Financial Services State of the Nation Survey 2021).

Similarly, open banking is revolutionising the industry by reshaping the competitive landscape and experience of banking, providing a unique opportunity for customers and companies to transform how to manage their finances. While BaaS allows firms to offer pure banking products via their interface, open banking grants access to clients’ data to provide solutions for financial management, credit scoring, multi-banking and P2P transfers, etc. (e.g., AiiA, Plaid, Yapily).

FINTECH TRENDS: PUSHING THE NEXT WAVE OF INNOVATION ACROSS FINANCIAL SERVICES

The role of blockchain in financial services

Blockchain is revolutionising FinTech due to its high-end security being suitable for applications in various sectors, such as capital markets, asset management, banking, trade finance. In capital markets, blockchain technology can tackle the volatility of the industry by eliminating single points of failure, streamlining and reducing settlement times, in addition to other benefits such as the digitisation of processes and tokenisation of assets. In asset management, we have seen the increased usage of blockchain to effectively streamline asset and stakeholder management, aiding processes such as automated fund launch, portfolio digitisation, and automated fund administration.

Decentralised financial (DeFi) services also witnessed impressive growth and blockchain technology solutions underlying cryptocurrencies and their supporting infrastructure are expected to further speed up in 2021 and beyond – e.g., this quarter, quantitative trading firm Jump Trading acquired DeFi infrastructure firm, Certus One.

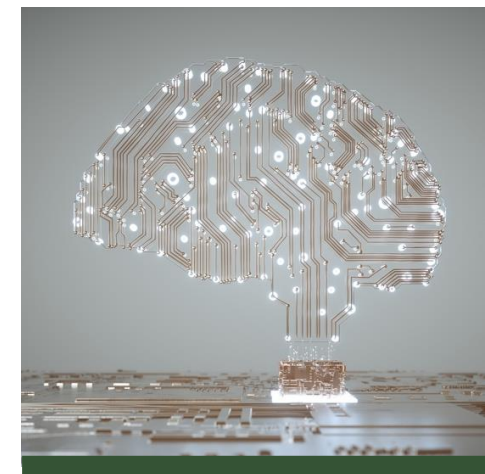
With the global blockchain market size expected to grow from \$3bn in 2020 to \$39.7bn by 2025 (Markets and Markets report), we expect to see the continuation and growth of blockchain technology across financial services, in addition to its expansion across other industries such as healthcare.

Increased growth in the adoption of AI-driven solutions

The adoption of artificial intelligence and machine learning solutions has grown significantly, infiltrating a vast amount of FinTech and non-FinTech areas. In 2019, the use of AI in FinTech alone reached an estimated value of \$6.7bn, with the expectation for this to grow to over \$22.6 billion in just five years.

We have seen an increase in the use of AI in risk management solutions used for anti-money laundering (AML) and financial crime compliance (QuantaVerse acquired by AML RightSource this quarter). The growth of AI within trading has also expanded (e.g., Bloomberg, recently launched Alpaca Forecast AI Prediction Matrix, a price-forecasting application for investors powered by AI). In addition, AI applications can help banks and credit lenders make smarter underwriting decisions by utilising a variety of factors that more accurately assess traditionally underserved borrowers. Other notable applications include using AI to learn from customers and create better banking experiences (personalised banking) or automating tasks such as extracting data (process automation).

Although AI has seen heightened growth, the evolving risk of AI and its data use have also increased. Global regulators continue to publish guidance and recommendations, with AI-specific legislation already in effect in some jurisdictions and expected in the EU during 2021.



Blockchain and AI-led technologies are poised to create a FinTech ecosystem that can revolutionise the finance world.

M&A Overview

This quarter saw 158 transactions in the FinTech sector, of which we are highlighting 60 in this report. The overall volume of deals has slightly dropped in comparison to last quarter, albeit valuations continue to be strong with revenue multiples averaging 3.9x.

With the COVID-19 pandemic still very much a reality and the predominance of remote working, digital banking, digitalisation and have been and continue to be of significant.

In terms of deal types, 34% of the identified transactions were cross-border with the remaining 66% taking place domestically.

The most active regions in terms of M&A in the FinTech space continue to be the US, Canada and Europe (predominantly the UK and France) followed by Asia-Pacific.

Public Companies Overview

Q3 2021 saw a decrease in average revenue multiples from Q2 2021 across our sample of quoted companies. As of 30 June 2021, the average forward revenue multiple overall was 7.0x, going up to 8.9x 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 Ebix, Coups and Q2.

A strong recurring revenue base is key for FinTech firms to survive the cashflow challenges of the current environment. Recurring revenue as a proportion of total revenues continues to average at over 70%, with Large Cap companies averaging at 82%.

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



- Milestone Group is committed to changing the way that the industry consumes digital funds technology for the benefit of market participants and end investors. The acquisition will unlock significant opportunities and client benefits and accelerate product innovation and service enhancement in both firms.
- With this deal, BNY Mellon will have access to Milestone's pControl™ platform, which will expand BNY Mellon's digital offerings and core capabilities. Also, clients will be able to choose from existing and new end-to-end solutions that add operating model choices, strategic product capabilities and industry connectivity.
- BNY Mellon's CEO of asset servicing and head of digital, Roman Regelman, says the deal is a "significant step" as it looks to further digitise and automate core accounting and asset services.
- Based in the Australia and the UK, Milestone Group is an institutional fintech firm serving the investments industry and is recognised globally as the architect of a new class of digital enterprise and industry level solutions
- Both companies had formed an alliance over a year back to create a suite of oversight and contingent net asset value or NAV services for asset managers and asset owners seeking independent oversight and backup NAV capabilities.

- The acquisition builds upon Moody's and RMS's complementary customer bases and capabilities in the life and P&C insurance and reinsurance segments. Moody's offers leading risk and finance solutions for life insurers, such as pricing, capital management, financial and regulatory reporting capabilities.
- New York-based Moody's offers data and analytics to help businesses and organizations manage risks. It has more than 11,500 employees in more than 40 countries.
- Based in the United States, RMS provides extensive climate and catastrophe risk modelling solutions for P&C insurers and reinsurers, enabling them to better understand, measure and manage risk.
- Through further innovation and a combination of both companies' core strengths and offerings, RMS will meaningfully accelerate Moody's integrated risk assessment strategy for customers in the insurance industry and beyond, with significant capabilities across climate, cyber, commercial real estate and supply chain risk.
- Karen White, RMS CEO, called Moody's an "exceptional fit" for RMS and its customers. "Global risks are now more complex, connected and systemic. Climate change and catastrophic events like extreme weather, pandemics and cyberattacks have broader and more harmful impacts across virtually all industries. We share the vision to bring a global, integrated risk assessment platform to our markets with the goals of deeper, more sophisticated risk insights and greater global resiliency," White said.
- In bolstering its ESG capabilities through strategic M&A, Moody's is following in the footsteps of other global financial institutions including Blackstone and S&P Global.

M&A HIGHLIGHTS Q3 2021

\$19.6bn
Aggregate Deal Value¹

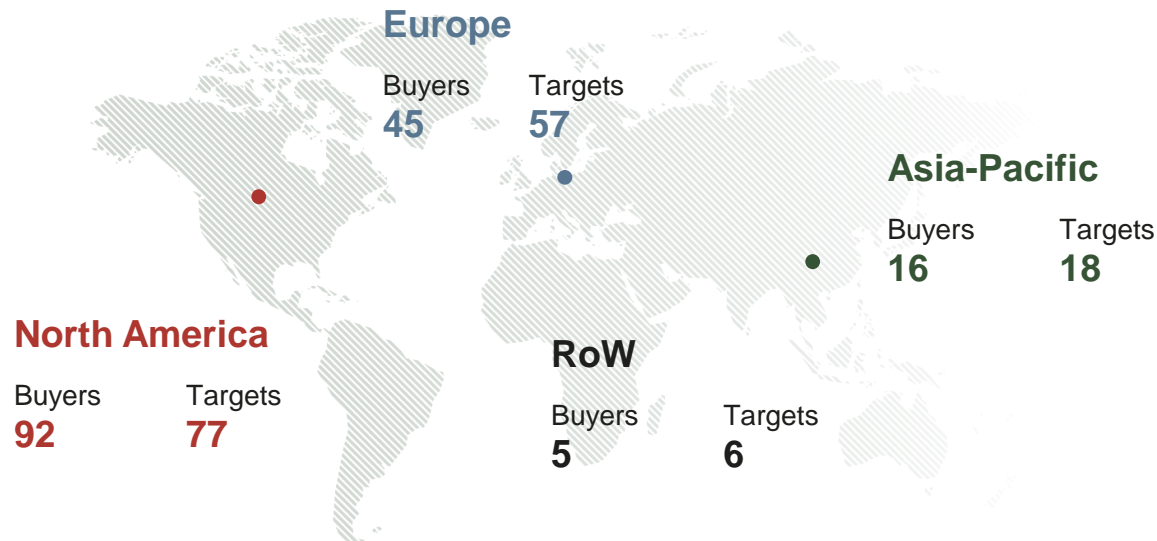
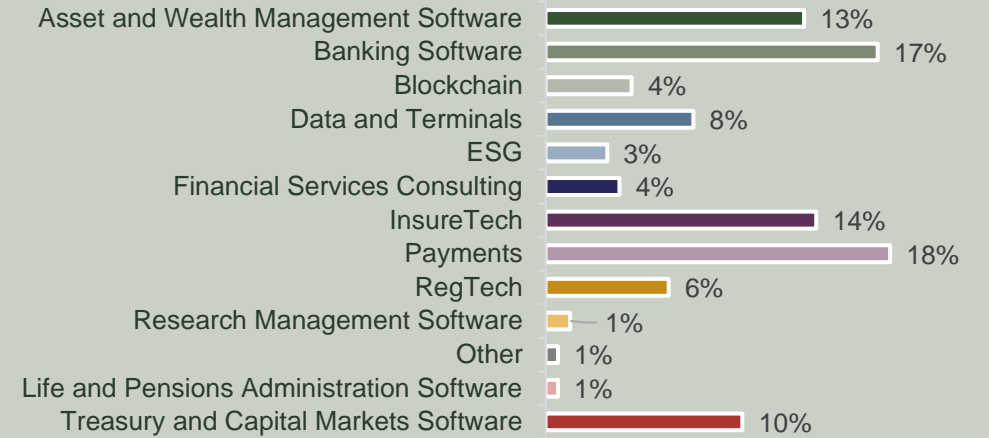
\$175m
Average Deal Size¹

3.9x
Average Revenue Multiple

Deal Volume

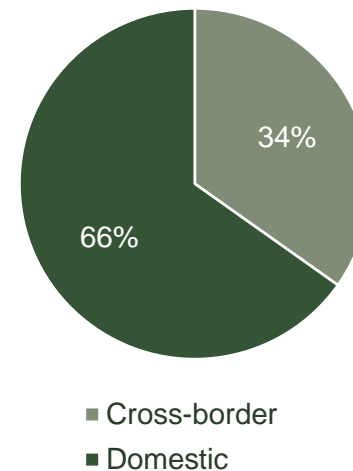


Deals by Subsector

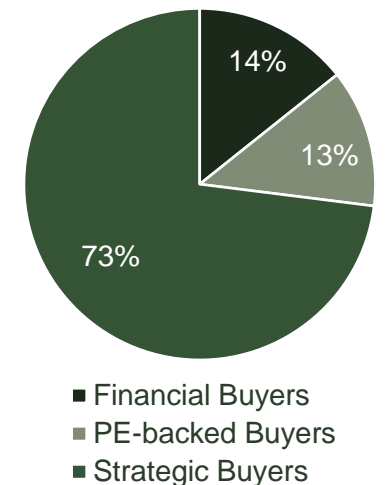


¹ Excluding 6 acquisitions where each acquisition is valued between \$1bn-\$2bn

Deals by Type



Deals by Buyer Type





SELECTED TRANSACTIONS: ASSET AND WEALTH MANAGEMENT SOFTWARE

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Jul-21	Allocare (Switzerland)	numas (Switzerland)	Supporter of asset managers, family offices, and banks in the procurement, processing, and coordination of all kinds of information.	n/a	n/a	n/a	The aim of the transaction is to combine the strengths of the two service providers and to be able to offer customers a comprehensive range of SaaS and data management services.
Jul-21	The Bank of New York Mellon (US)	Milestone Group (Australia)	Provider of investment technology and advisory services to asset managers, life companies, investment platforms and providers of back-office and related services to the financial markets.	n/a	n/a	n/a	This transaction with Milestone is the latest demonstration of BNY Mellon's commitment to support clients across the investment lifecycle and provide clients with open and flexible digital solutions that enable them to optimise, scale and grow their businesses.
Jul-21	Ebene (Luxembourg)	KeeSystem (Monaco)	Developer of portfolio management software serving private wealth managers.	n/a	2.0	n/a	KeeSystem intends to accelerate its growth in target markets of wealth management in countries such as Switzerland, France, Luxembourg and Belgium, thanks to the investment and operational support of Ebene. The goal is to triple the company's turnover in 5 years in a fast growing and changing market.
Jul-21	Almaviva (Italy)	KLIN (Italy)	Developer of integrated software platforms for the front and back-office operations of the wealth management sector.	7.0	2.6	2.7	The acquisition, gave birth to a new entity: Kline (Almaviva Group), which brings together product efficiency and a multitude of skills in the FinTech field, expertise in design consultancy, and a significant customer portfolio, with the goal of establishing itself in a growing market.
Jul-21	FactSet Research Systems (US)	Cabot Investment Technology (US)	Provider of a portfolio analytics platform supporting behavior-based insights, quantification of skills, and the visualisation of investment processes.	n/a	n/a	n/a	Cabot's behavioral analytics combined with FactSet's Portfolio Analysis and Portfolio Manager Platform will create a unique and industry-leading offering, revealing behavioral insights into buy and sell decisions across multiple variables.



SELECTED TRANSACTIONS: ASSET AND WEALTH MANAGEMENT SOFTWARE

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Jul-21	State Street (US)	Mercatus (US)	Developer of an enterprise grade investment and asset management platform that automates various phases of the energy investment life cycle.	n/a	n/a	n/a	With this acquisition, State Street will be able to provide data management efficiently for all investments, consolidating the company's path forward toward true multi-asset portfolio management.
Aug-21	ABRDN (UK)	Exo Investing (UK)	Developer of an app which is used to create investment portfolio.	n/a	n/a	n/a	Exo Investing will complement ABRDN's existing personal vector capabilities, including open banking insights, simple risk-rated savings, financial advice and now digitally-driven wealth management. The ambition is to be the company individuals turn to when developing their savings and investment goals.
Aug-21	FE Fundinfo (UK)	FundConnect (Denmark)	Collector and distributor of fund data across Europe specialising in advanced data collection, data distribution, web solutions and fund document production (for marketing and regulatory purposes).	n/a	n/a	n/a	FE Fundinfo already has many shared clients which are supported domestically by FundConnect, while FundConnect's international operations in turn are supported by FE Fundinfo in Luxembourg. By aligning their leading fund data, network and technology solutions, the companies aim to offer a broader set of complementary services to their clients and partners who are increasingly operating cross border.
Aug-21	HgCapital (UK)	Riskalyze (US)	Developer of a platform to capture a quantitative measurement of client risk tolerance for investment advisors.	300.0	n/a	n/a	For Hg, the deal represents an opportunity to support a leading SaaS platform and to build and scale a strong wealth management technology business in the United States.
Sep-21	Frist Ascent Asset Management (US)	Forward Financial Technology (US)	Developer of a wealth management software for financial advisors and wealth managers.	n/a	n/a	n/a	With its acquisition, First Ascent will be folding in Forward Financial's risk tolerance, proposal generation and account opening technology.



SELECTED TRANSACTIONS: ASSET AND WEALTH MANAGEMENT SOFTWARE

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Sep-21	Cinven (UK)	True Potential (UK)	Offers an investment/wealth platform that offers technology, compliance, administration, and client servicing solutions to financial advisers.	n/a	n/a	n/a	Cinven said it identified True Potential as a compelling investment opportunity with several key attractions which included: high levels of recurring revenues, robust hybrid advice offering, a scalable technology platform, efficient onboarding processes and a high track record of growth. The price of the deal was not disclosed, but Sky News previously reported the takeover could value the company at up to £2.5bn (\$3.4bn).
Sep-21	The Burgiss Group (US)	Caissa (US)	A leading portfolio analytics software provider for endowments, foundations, family offices, pension funds, and outsourced CIOs.	n/a	n/a	n/a	The combination of Burgiss and Caissa will create one of the world's leaders in private capital and total investment plan solutions. This merger builds on Burgiss' strategic partnership with MSCI, in January 2020. Together, Burgiss and MSCI aim to drive innovation, acceleration and adoption of data, tools and solutions for investors in private assets around the world.



SELECTED TRANSACTIONS: BANKING SOFTWARE

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Jul-21	LBH (Australia)	Kubio (Australia)	Provider of an end-to-end loan management platform built for brokers, lenders and aggregators.	n/a	n/a	n/a	This acquisition represents an expansion in LBH's service offering. LBH will utilise KBH's end-to-end loan management platform for its enterprise software development.
Jul-21	Sun Capital Partners (US)	LoanLogics (US)	Developer and provider of mortgage loan software products and services for the mortgage industry.	n/a	n/a	n/a	The support and resources Sun Capital can provide to LoanLogics will enable the company to continue to ensure quality performance for clients, enhance its operations and best serve the rapidly modernising mortgage technology market.
Jul-21	MeaWallet (Norway)	BankLaunch.io (Latvia)	A digital platform for building fintech solutions.	n/a	n/a	n/a	The synergies between the companies have been there and the resources and people in BankLaunch will bolster MeaWallet's tech and overall, in a time where speed to market is crucial. Getting the IP and people from BankLaunch into the MeaPay organization, has boosted MeaWallet's existing tech and talent pool.
Jul-21	Prodigy Ventures (Canada)	FICANEX Technology (Canada)	Developer of a platform for financial service industry.	4.0	0.7	5.7	Prodigy is a leader in the Fintech innovation space and will accelerate the development and time to market for the company's next generation tunl. Platform.
Jul-21	PicPay (Brazil)	Guiabolso (Brazil)	Offers both financial management and marketplace app (B2C), and Open Banking SaaS solution (B2B).	n/a	n/a	n/a	With the acquisition, PicPay plans to expand the ways to monetise its customer base, which already has more than 55 million users.
Aug-21	ObjectWay (Italy)	Specialist Die Software Peter Fitzon (Germany)	Leading provider of core banking solutions in German-speaking Europe.	n/a	n/a	n/a	With this acquisition, Objectway complements and strengthens its Wealth and Asset Management offerings with a solid and comprehensive Core Banking platform. This creates an open, modular, end-to-end banking suite geared to support the digital transformation of private banks, retail banks, wealth and asset managers, further driving the future expansion in EMEA and globally.



SELECTED TRANSACTIONS: BANKING SOFTWARE

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Aug-21	Peak Fintech Group (Canada)	Cubeler (Canada)	Provider of an AI powered platform where FIs and business owners can access the most suitable credit options, promote their offerings and get timely market intelligence.	1.0	n/a	n/a	With the acquisition of Cubeler, Peak now owns the worldwide commercial rights to the Business Hub concept, which the Company is looking forward to expanding beyond China's borders, beginning with a Hub in Canada planned for later this year.
Aug-21	Azentio Software (Singapore)	Software Assets of Path Solutions (Kuwait)	Provider of Islamic core banking software.	n/a	n/a	n/a	Through this acquisition, Azentio will buy Path Solutions' flagship products iMAL, iShraq, Path Digital and Path Analytics, which will add scale and depth to Azentio's Islamic and core banking offerings and further reinforce the company's aim to be a regional leader in the BFSI software space across APAC, MEA and emerging markets.
Aug-21	Cornerstone Advisors of Arizona (US)	Coastline Analytics (US)	Provider of advanced data analytics applications for community-based banks and credit unions.	n/a	n/a	n/a	Through this acquisition, Cornerstone is adding unmatched analytics, machine learning, and data science consulting expertise to the comprehensive list of services it provides to its financial services clients.
Sep-21	Mastercard (US)	Aiia (Denmark)	Provider of an open banking platform, offering strong API connectivity and payment capabilities.	n/a	n/a	n/a	The deal compliments Mastercard's acquisition of Fincity in June 2020 for \$825m. Specifically, the connectivity of Aiia in Europe will enable Mastercard to deliver the credit decisioning and credit scoring applications of Fincity to European clients. Meanwhile, the connectivity of Fincity in the US will help deliver the account information services and payment applications of Aiia to American clients.
Sep-21	Aquila Software (US)	Infinity (US)	Provider of a loan management software specifically designed for the short-term lending industry.	n/a	n/a	n/a	As Aquila (a division of Constellation Software) continue to grow and invest in the alternative lending space, Infinity was a wonderful complement and strategic fit with Aquila's existing businesses.



SELECTED TRANSACTIONS: BLOCKCHAIN

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Aug-21	Jump Trading (US)	nexantic (Germany)	Provider of proof-of-stakes infrastructure for blockchain.	n/a	n/a	n/a	The acquisition will expand Jump's non-trading-related developments in the DeFi space.



SELECTED TRANSACTIONS: DATA AND TERMINALS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Jul-21	SIX Group Services (Switzerland)	Ultimus (UK)	Provider of a financial data management platform that delivers a data solution for global ETF and INDEX data needs.	n/a	n/a	n/a	The acquisition aims at enhancing SIX's data offering and to support its overall strategy to bring new data to its clients in a fast-growing market, making trading in ETFs more transparent and efficient for customers.
Jul-21	FactSet Research Systems (US)	BTU Analytics (US)	Provider of data and analytics in the Northern American renewables, power, oil and natural gas sectors.	n/a	n/a	n/a	This deal allows FactSet to expand its industry-specific, or deep sector content for investment professionals, strengthening FactSet's position in the energy space, an area where there is a rapidly growing demand from clients.
Aug-21	Dow Jones & Company (US)	Oil Price Information Service (OPIS) and related assets (US)	A global industry standard for benchmark and reference pricing and news and analytics for the oil, natural gas liquids and biofuels industries, and a growing provider of insights and analytics in renewables and carbon pricing.	1,150	n/a	n/a	With this acquisition, Dow Jones will be providing pricing, news and analytics for the Coal, Mining and Metals end markets. In addition, Dow Jones will be well poised to leverage the global transition to renewables and the growth opportunities resulting from emerging energy categories like hydrogen, carbon credits, biofuels, LNG, solar, water and electric vehicles.
Aug-21	MSCI (US)	Real Capital Analytics (US)	Offers subscribers a suite of powerful reports and tools to research commercial real estate.	950	n/a	n/a	This acquisition will expand MSCI's robust suite of real estate solutions, providing the real estate industry with data, analytics and support tools to manage investments and understand performance and risk, including climate risk, within their portfolios.
Aug-21	Morningstar (US)	Moorgate Benchmarks (UK) UK not US; check all countries again	Provider of solutions that enable index providers and product issuers to create new products for investors.	n/a	n/a	n/a	The addition of Moorgate Benchmarks expands Morningstar Indexes' ability to service European clients. Furthermore, combining Moorgate Benchmarks' advanced index design, calculation and administration technology and processes with Morningstar's data, research, and unique Morningstar-led index IP, will give investors more customised and personalised indexes, delivered faster.



SELECTED TRANSACTIONS: DATA AND TERMINALS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Sep-21	Ion Markets (US)	Clarus Financial Technology (Israel)	Developer of SaaS analytics, data, and research for global derivatives markets.	n/a	n/a	n/a	The acquisition of Clarus expands ION Markets' offering within its XTP platform, further automating and simplifying the post-trade derivatives business.



SELECTED TRANSACTIONS: ESG

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Jul-21	The ERM Group (US)	RCG (The Renewables Consulting Group) (UK)	A global market intelligence, management consulting, and technical advisory firm operating exclusively in the renewable energy sector.	n/a	n/a	n/a	The acquisition expands ERM's capabilities to support clients across the entire lifecycle of large-scale renewable energy projects, from market intelligence and strategy development through to the development, construction, operations, and decommissioning of projects.
Aug-21	FiscalNote (US)	Equilibrium World PTE (Singapore)	Developer of ESG and climate data management software platform.	n/a	n/a	n/a	Fiscal's capacity to ingest data and produce deep, analytical content pairs extremely well with the workflow software developed by Equilibrium, effectively bringing together the tools ESG professionals require.
Aug-21	Diligent (US)	Accuvio (ManageCO2 Software) (Ireland)	The leading innovator in sustainability and corporate social responsibility data software solutions.	n/a	n/a	n/a	Together, Diligent and Accuvio will offer clients the most comprehensive ESG solution in the market by aggregating next-generation ESG data across governance, risk, compliance, and diversity with natural integration points that bring critical intelligence to executives and the board.



SELECTED TRANSACTIONS: FINANCIAL SERVICES CONSULTING

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Jul-21	CubeMatch (Ireland)	Bishopsgate Financial (United Kingdom)	A consultancy that specialises in delivering change management within the financial services sector.	n/a	30	n/a	The acquisition of Bishopsgate Financial creates an exciting new opportunity for CubeMatch to expand offerings, provide value to customers in their change and transformation journey, and grow business globally.
Aug-21	Be Shaping The Future (Italy)	SORANUS (Switzerland)	Offers digital banking, operational excellence, risk and compliance, and IT strategy consulting services to banks.	5.1	10.0	0.5	The acquisition significantly strengthens the presence of Be in Italy and in the entire Central Europe.
Sep-21	Lojelis (France)	Logiway (France)	Offers custom software design and development services in the areas of supply chain and finance for automotive, banking, and insurance sectors.	n/a	1.0	n/a	This acquisition reinforces Lojelis positioning, expertise and know-how and provides Logiway's historical customers with the Lojelis services. It also brings additional listings in the world of transport, logistics and bank insurance in Paris.
Sep-21	Sia Partners (France)	Ethier (Canada)	A management consulting firm specialising in regulatory compliance, risk management, operations excellence, project delivery, digital and business transformation.	n/a	n/a	n/a	This operation is a natural fit for two independent consulting firms that share common entrepreneurial values. Joining Sia Partners means being part of a global network of expertise and resources that will enhance Ethier's service capabilities, broaden business prospects and offer new opportunities for consultants.



SELECTED TRANSACTIONS: INSURETECH

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Jul-21	Jenesis Software (US)	Advantage Information Systems (US)	Developer of insurance agency management software to manage the personal and commercial accounts for independent insurance agents.	n/a	n/a	n/a	This acquisition more than doubles the national footprint of Jenesis Software, bringing even more technological advancements to a wider market. The merging of these two companies will create a technological dream team for insurance agents across the United States.
Aug-21	Moody's Analytics (US)	Risk Management Solutions (US)	Developer of catastrophe risk modelling solutions.	1,958.3	n/a	n/a	The acquisition builds upon Moody's and RMS's customer bases and capabilities in the life and insurance and reinsurance segments. Through further innovation and a combination of both companies' core strengths and offerings, RMS will accelerate Moody's integrated risk assessment strategy for customers in the insurance industry, with significant capabilities across climate, cyber, commercial real estate and supply chain risk.
Aug-21	Guidewire Software (US)	HazardHub (US)	Provider of property-level hazard risk databases to protect and insure properties from unforeseen geographical hazards.	n/a	n/a	n/a	Embedding HazardHub's comprehensive property risk data service into Guidewire's industry-leading platform will drive value for customers and the P&C insurance industry.
Sep-21	Sequel Business Solutions (UK)	Ignite Software Systems (UK)	Provider of a SaaS platform that includes insurance policy administration, rating engine and digital engagement for brokers.	13.9	n/a	n/a	Sequel expects the acquisition to accelerate development and expand Ignite Software Systems' capabilities for the specialist insurance industry while adding a modular API driven SaaS platform to its portfolio.
Sep-21	Insurity (US)	AuSuM Systems (US)	Provider of fully integrated, cloud-native software for P&C carriers, empowering insurers to automate their premium audit and loss control processes.	n/a	n/a	n/a	Insurity's acquisition will expand the reach of AuSuM's Loss Control solutions. Utilising data aggregated over 20 years, AuSuM has created powerful capabilities to identify areas that have a propensity for loss. Leveraging AuSuM's Loss Control software, P&C carriers can efficiently manage surveys and mitigate risk at different workplaces.



SELECTED TRANSACTIONS: LIFE AND PENSIONS ADMINISTRATION SOFTWARE

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Jul-21	Equisoft (Canada)	Altus (UK)	Provider of automation software products and consultancy services for pensions, insurance, and wealth management sectors.	n/a	n/a	n/a	Altus' suite of products and deep market penetration adds to Equisoft's product portfolio and expands its presence within the financial services space with a transaction platform for pension administrators and asset managers. The deal also adds a first European location to Equisoft business operations.



SELECTED TRANSACTIONS: PAYMENTS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Jul-21	EQ (Canada)	Paymi (Integrated Rewards) (Canada)	Designer and developer of application software for financial payment services.	2.0	n/a	n/a	With this acquisition, EQ enters the incentive and loyalty data market with a fully commercialised scalable application. Ingesting millions of transactions in real-time from multiple sources, Paymi creates aggregate, real-time, privacy centric, anonymised customer spending profiles.
Jul-21	Visa (US)	Currencycloud (UK)	A global platform that enables banks and FinTechs to provide foreign exchange services for cross-border payments.	963.0	n/a	n/a	Currencycloud will strengthen Visa's existing foreign exchange capabilities by extending them to better serve financial institutions, FinTechs and partners while enabling new use cases and payment flows.
Aug-21	NCR (US)	LibertyX (Moon) (US)	A leading cryptocurrency software provider.	n/a	n/a	n/a	Moving forward, NCR will offer the LibertyX capabilities as part of its solutions for banks, retailers and restaurants. NCR's digital wallet and mobile applications will provide these capabilities across NCR's physical and digital touchpoints.
Aug-21	Paysafe (Bermuda)	Safteypay (US)	Operates a non-card-based network payment technology platform that offers a real-time online-banking payment solution.	441.0	n/a	n/a	Upon completion of the transaction, Paysafe will have scale and a leading presence in the fast-growing Latin American eCommerce market, where merchants and consumers alike are showing an increasing appetite to use open banking and eCash solutions to transact online.
Sep-21	Fortis Payment Solutions (US)	OmniFumd (US)	A software company that provides bill payment processing solutions for its customer base.	n/a	n/a	n/a	The acquisition will enable FortisPay to expand its platform of offerings and capabilities while pursuing new accounts receivable and ERP initiatives.
Sep-21	Market Pay (France)	Dejamobile (France)	Developer of secured transactions and mobile payment software solutions.	n/a	n/a	n/a	This acquisition allows Market Pay to integrate a leading, mobile transaction technology offering, with substantial adoption potential, to further strengthen its international footprint in the payments industry.



SELECTED TRANSACTIONS: REGTECH

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Aug-21	LexisNexis Risk Solutions (UK)	TruNarrative (UK)	Enables organisations to manage the entire financial crime lifecycle within a single, unified platform that allows for simplified and automated onboarding.	180.0	n/a	n/a	The TruNarrative platform aligns with LexisNexis Risk financial crime compliance and fraud solutions, since it allows regulated organisations, such as banks, payment companies, non-bank financial institutions and designated non-financial businesses, to orchestrate their end-to-end compliance obligations, meeting onboarding and transaction monitoring requirements with lower customer friction.
Sep-21	Mastercard (US)	CipherTrace (US)	A leading cryptocurrency intelligence company, bridges virtual currencies and financial services together with fraud protection, anti-money laundering and financial investigation solutions.	n/a	n/a	n/a	The deal creates an integrated offering that combines AI, cyber and blockchain capabilities to provide businesses with greater transparency to help identify and understand their risks and manage regulatory and compliance obligations. The acquisition advances Mastercard's digital assets strategy and differentiates its real-time payments infrastructure.
Sep-21	Stacc (US)	Qesnay (US)	A software company specialising in compliance, anti-money laundering and KYC-solutions.	n/a	n/a	n/a	The offering compliments Stacc's existing product and service portfolio. The acquisition will further strengthen Stacc's footprint in the capital.



SELECTED TRANSACTIONS: TREASURY AND CAPITAL MARKETS SOFTWARE

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Jul-21	Gopher Investments (UK)	Finalto Group (UK)	Develops and offers B2C and B2B multi-channel trading software solutions.	250.0	37.1	6.7	This transaction delivers on Finalto Group's strategy to simplify the Group to focus on the high-growth B2B and B2C gambling markets.
Jul-21	TAS Tecnologia Avanzata dei (Italy)	Elidata (Italy)	Developer of trading and order routing applications for financial markets, transaction reporting systems, and data exchanges.	n/a	4.7	n/a	The acquisition of a majority stake will be being made via a capital increase reserved to TAS' shareholders in order to expand TAS' service line.
Jul-21	Singapore Exchange (US)	MaxxTrader (US)	A leading provider of FX pricing and risk solutions for sell-side institutions including banks and broker-dealers, as well as a multi-dealer platform for hedge funds.	n/a	n/a	n/a	The acquisition is expected to be completed by December 2021 and will accelerate SGX's plan to build an integrated FX ecosystem and marketplace that facilitates global access to OTC and on-exchange currency derivatives.
Aug-21	Broadridge Financial Solutions (UK)	Alpha Omega Financial System (UK)	A market-leading FIX-based post-trade solutions provider for the investment management industry.	2,500.0	n/a	n/a	The acquisition, will enable Broadridge to fully consolidate Alpha Omega's post-trade matching and consolidation solution into its existing NYFIX connectivity and FIX infrastructure to better automate buy-side and sell-side firms' trade matching processes and further accelerates Broadridge's product roadmap.
Sep-21	Diapason (France)	FIDRYS (France)	Offers cloud-based treasury, payments, and financial risk management platform.	n/a	n/a	n/a	The acquisition of FIDRYS, realised with the support of Diapason new reference shareholder APAX Partners, is a first step that materialises Diapason's ambitious growth strategy aiming at deploying all the potentialities of its solutions to an increasingly wide range of customers. This acquisition also reinforces will to make Diapason a player in the consolidation of the cash management market.



SELECTED TRANSACTIONS: TREASURY AND CAPITAL MARKETS SOFTWARE

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Sep-21	Complii FinTech (Australia)	PrimaryMarkets (Australia)	Owns and operates an online platform where buyers and sellers execute off-market transactions for illiquid and unlisted securities and investments.	n/a	n/a	n/a	While already offering a range of capital raising services for ASX-listed companies, the acquisition of PrimaryMarkets extends Complii's reach into the non-listed sector. Complii will be able to facilitate the transition of an unlisted company onto the ASX once they are ready to scale their business via access to larger capital.
Sep-21	Brady Technologies (UK)	CRisk (Denmark)	An enterprise risk management platform for the energy and commodities markets.	n/a	n/a	n/a	The acquisition will strengthen Brady's extensive risk management and analytics capabilities. There are strong synergies between the organisations with heritage in the European energy markets. With this combination, product innovation plans and continue to address the evolving needs of both established and fast-growing energy and commodity companies.
Sep-21	Level ATS (US)	Luminex Trading & Analytics (US)	An independent trading venue that offers low-cost trading and superior execution quality with minimal information leakage by interacting only with venue-approved participants.	n/a	n/a	n/a	This transaction benefits both Level and Luminex clients tremendously, giving them more choices and the ability to interact with a larger liquidity pool if they choose, while minimising market impact. In addition, the participation of an experienced global exchange operator like Nasdaq paves the way for expansion to address critical industry needs.

PUBLIC COMPS HIGHLIGHTS Q3 2021

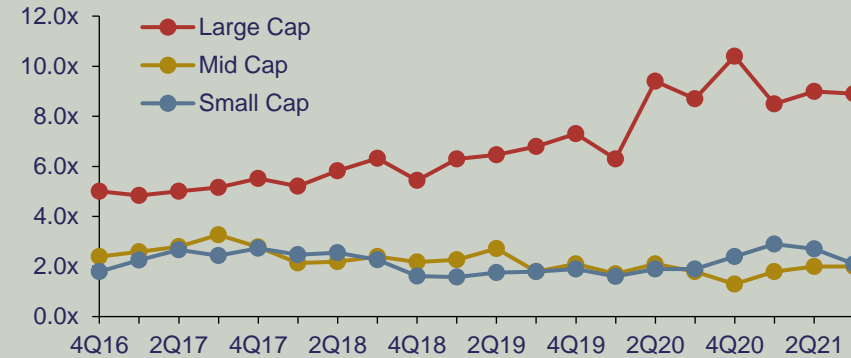
7.0x
Avg. EV/Revenue CY2021E

7%
Avg. Revenue Growth
CY2021E

78%
% Recurring Revenue

Historic Revenue Multiples

EV/Revenue



Large Cap

8.9x Avg. EV/Revenue **11%** Avg. Revenue Growth **82%** % Recurring Revenue

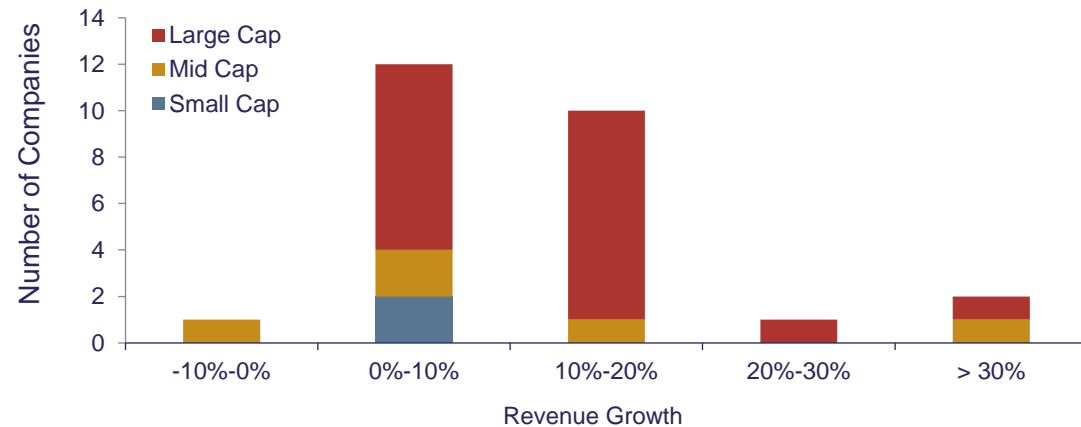
Mid Cap

2.0x Avg. EV/Revenue **-1%** Avg. Revenue Growth **84%** % Recurring Revenue

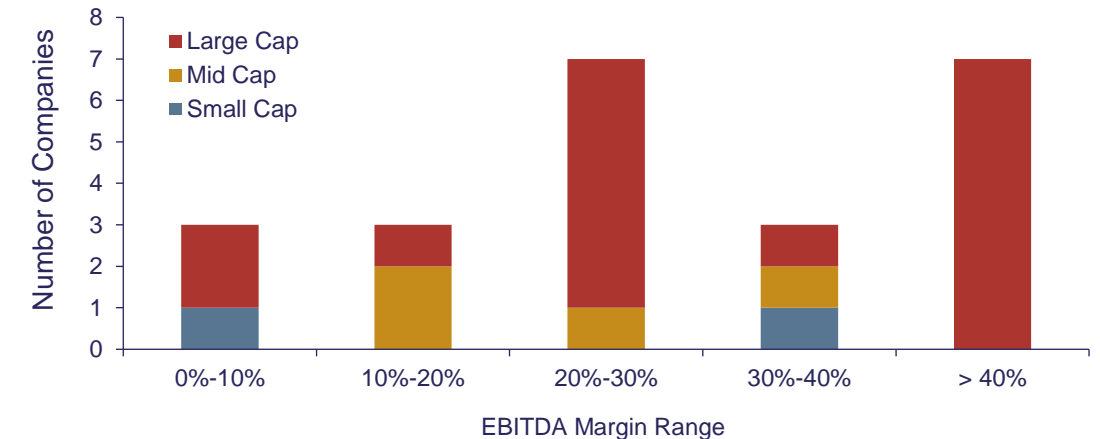
Small Cap

2.1x Avg. EV/Revenue **2%** Avg. Revenue Growth **60%** % Recurring Revenue

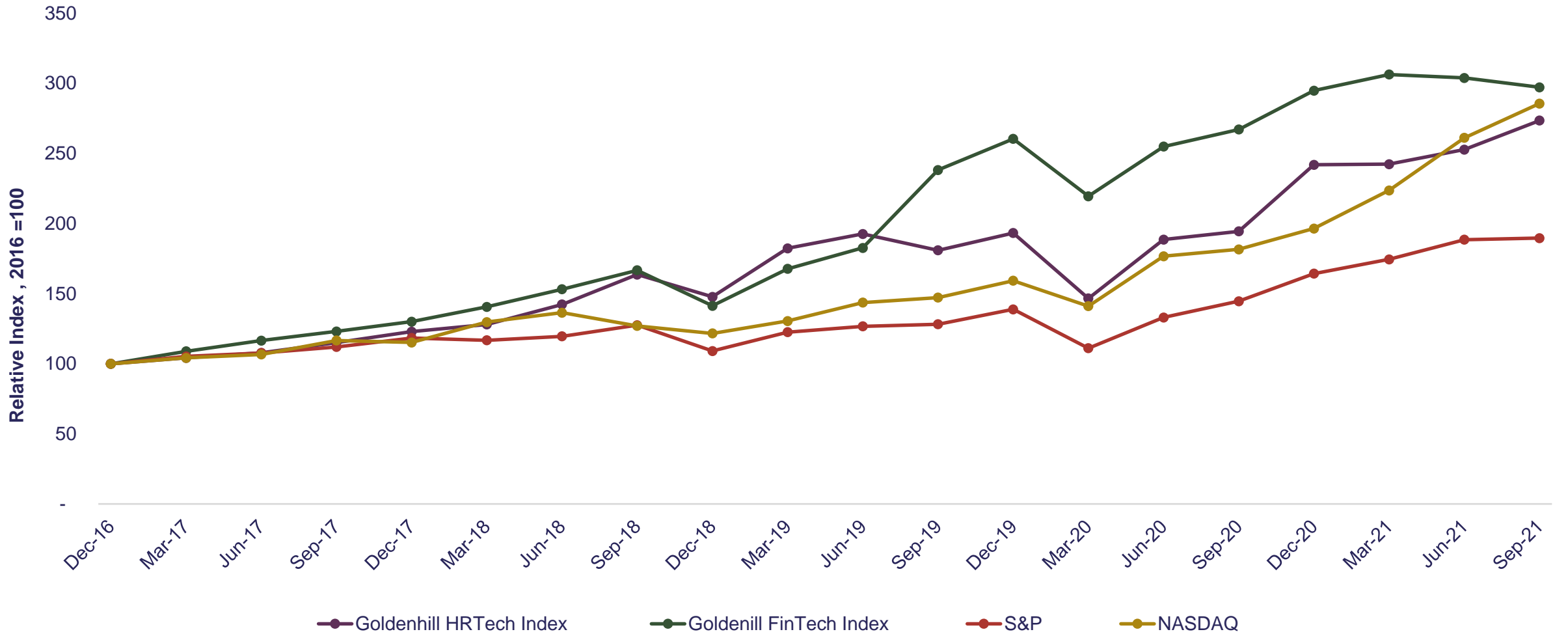
Revenue Growth Distribution



EBITDA Margin Distribution

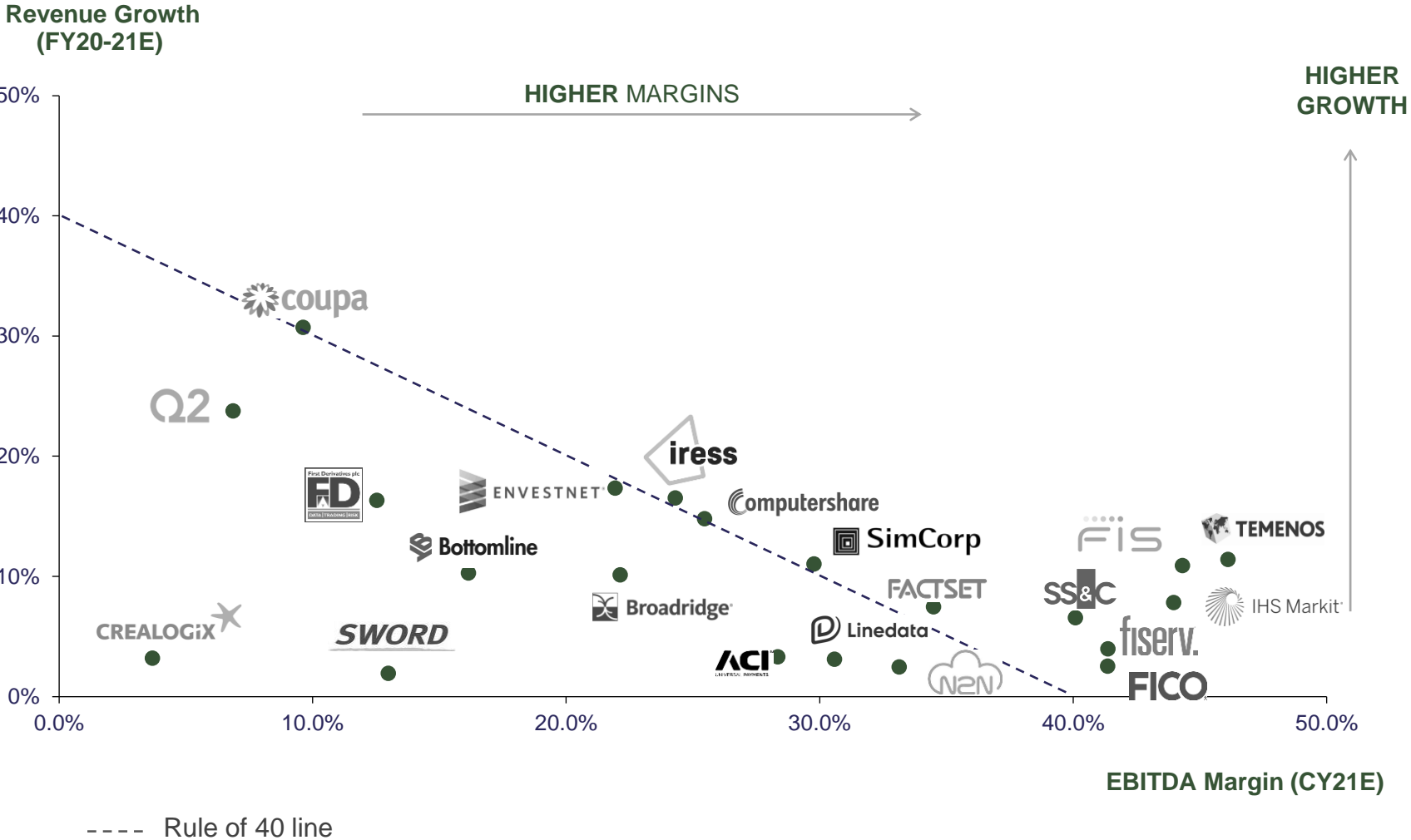


GOLDENHILL FINTECH INDEX



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%.



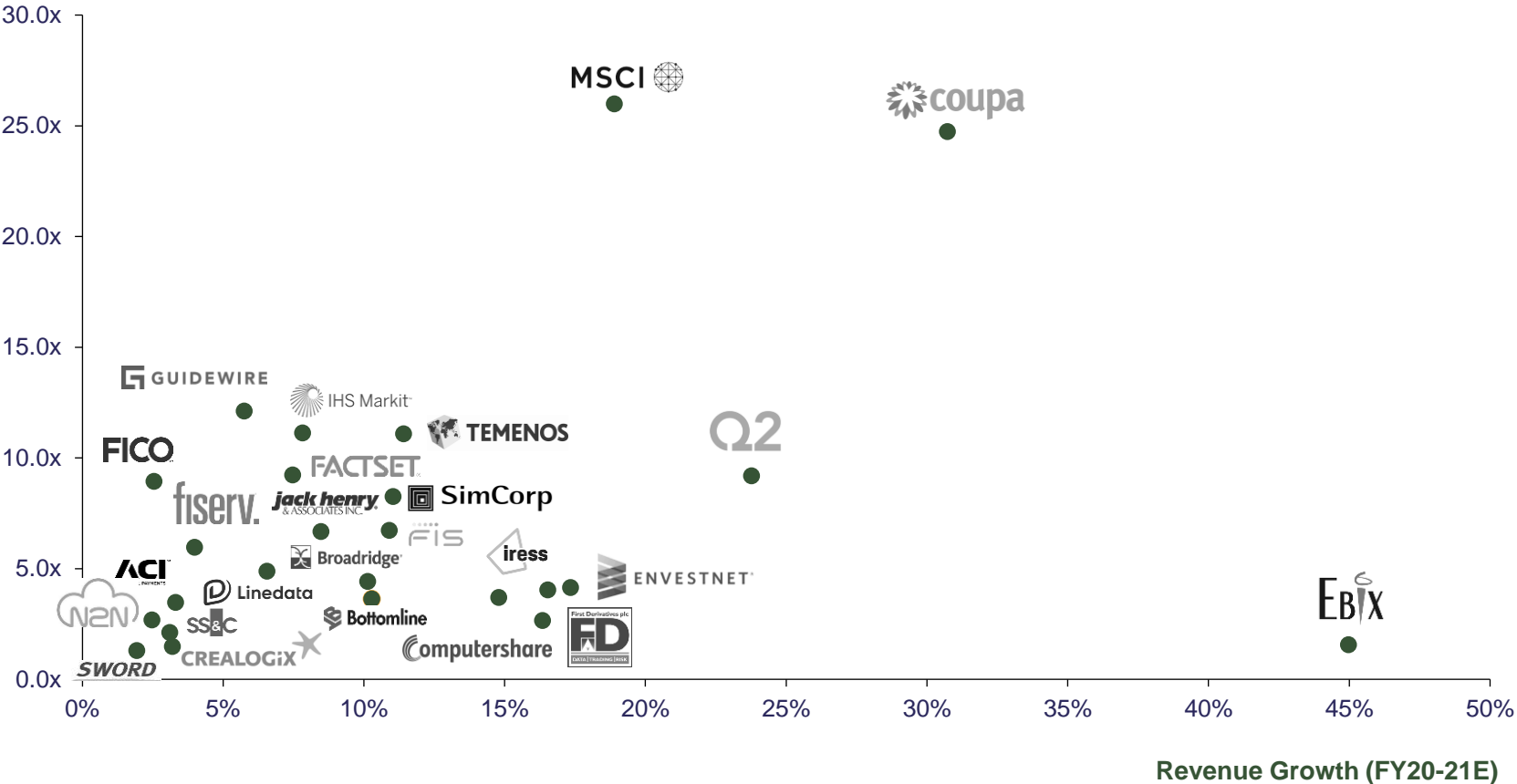
REVENUE GROWTH AS A VALUE DRIVER



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 Ebix (supplier of software and e-commerce solutions to the insurance industry), Coupa (provider of financial applications for business spend management) and Q2 (provider of providing digital banking and lending solutions).



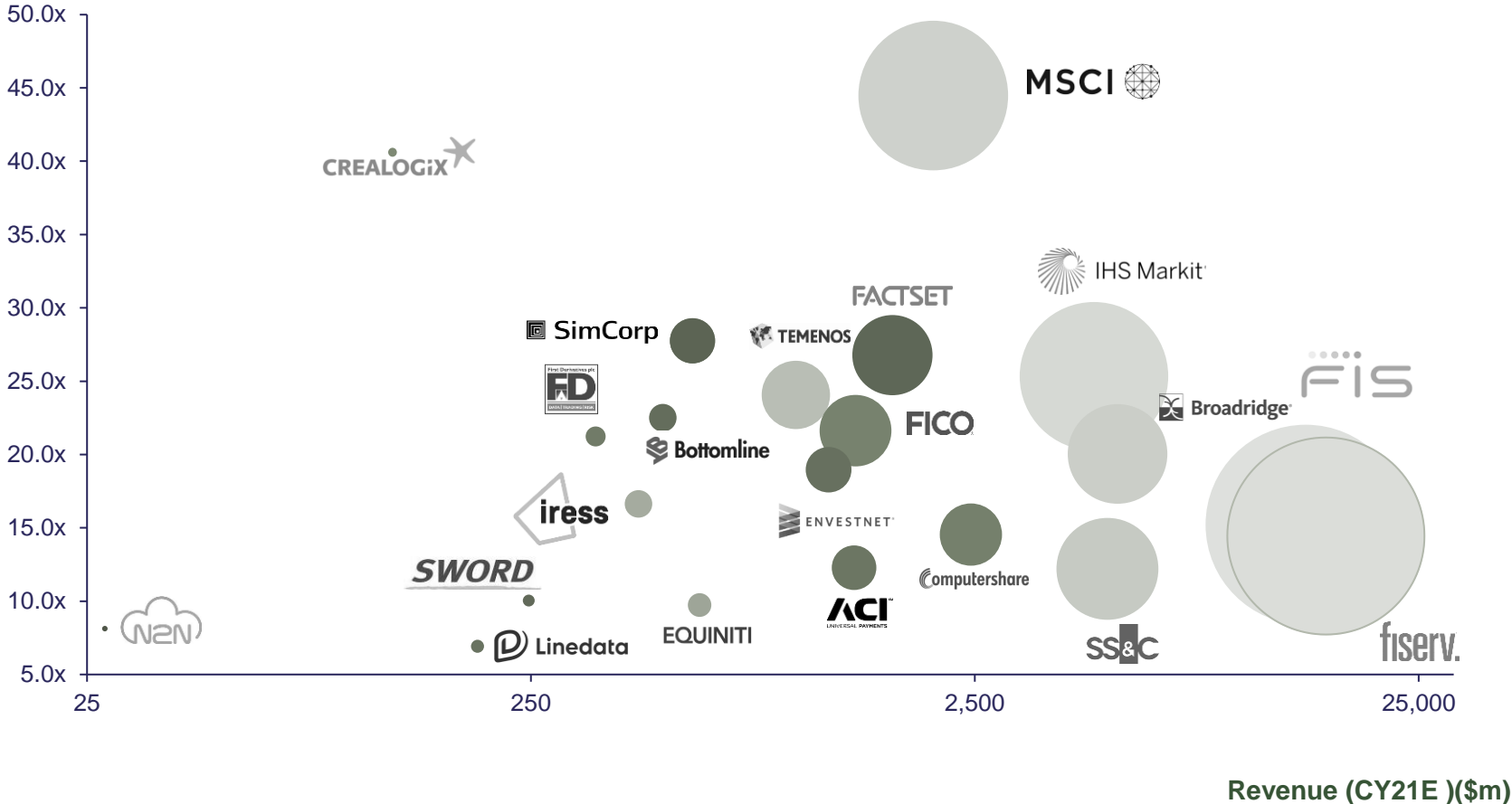
EV/Revenue (CY21E)



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 MSCI.

EV/EBITDA (CY21E)



SECTOR VALUATION METRICS

Company	Ticker	Share Price	Market Cap	Net Debt	Enterprise	Revenue		EV/Revenue		EV/Revs	EV/EBITDA		Revenue Growth		EBITDA Margin		% Revs		
		30-Sep-21	(\$m) ⁽¹⁾	(\$m) ⁽²⁾	Value (\$m)	CY21E (\$m)	CY2020	CY2021E	Recurring	CY2020	CY2021E	CY2020	CY2021E	CY2020	CY2021E	Recurring ⁽³⁾			
Selected Large Cap																			
FIS	FIS US EQUITY	121.7	75,161	18,661	93,822	13,920	7.5x	6.7x	7.8x	21.0x	15.2x	21.5%	10.9%	35.7%	44.3%	86%			
Fiserv	FISV US EQUITY	108.5	71,849	20,374	92,223	15,444	6.2x	6.0x	7.2x	17.5x	14.4x	45.8%	4.0%	35.4%	41.4%	83%			
MSCI	MSCI US Equity	608.3	50,153	2,241	52,394	2,016	30.9x	26.0x	37.2x	52.2x	44.5x	8.8%	18.9%	59.2%	58.4%	70%			
IHS Markit	INFO US Equity	116.6	46,513	5,145	51,658	4,639	12.0x	11.1x	12.8x	29.3x	25.3x	-2.9%	7.8%	40.9%	44.0%	87%			
Broadridge	BR US Equity	166.6	19,358	3,916	23,275	5,247	4.9x	4.4x	6.6x	22.9x	20.0x	10.3%	10.1%	21.3%	22.1%	67%			
SS&C	SSNC US EQUITY	69.4	17,715	6,620	24,335	4,974	5.2x	4.9x	4.9x	13.6x	12.2x	0.8%	6.6%	38.3%	40.1%	100%			
Coupa	COUP US Equity	219.2	16,232	943	17,176	694	32.5x	24.7x	28.4x	NM	NM	39.0%	30.7%	-14.9%	9.6%	87%			
FactSet	FDS US EQUITY	394.8	14,915	148	15,063	1,631	9.9x	9.2x	9.7x	28.5x	26.8x	6.5%	7.5%	34.6%	34.5%	95%			
Jack Henry	JKHY US EQUITY	164.1	12,143	110	12,253	1,833	7.1x	6.7x	11.1x	21.3x	NA	3.6%	8.5%	33.3%	NA	60%			
FICO	FICO US EQUITY	397.9	11,296	753	12,049	1,347	9.2x	8.9x	8.9x	30.3x	21.6x	11.6%	2.5%	30.5%	41.4%	100%			
Morningstar	MORN US EQUITY	259.0	11,156	163	11,318	NA	8.1x	NA	NA	28.5x	NA	17.9%	NA	28.6%	NA	67%			
Temenos	TEMN SW EQUITY	127.1	10,097	868	10,965	989	12.4x	11.1x	13.6x	28.4x	24.1x	-8.7%	11.4%	43.4%	46.1%	82%			
Guidewire	GWRE US EQUITY	118.9	9,875	(649)	9,227	761	12.4x	12.1x	16.2x	NM	NM	0.1%	5.7%	-0.4%	-4.5%	75%			
Computershare	CPU AU EQUITY	18.2	7,934	1,137	9,072	2,450	4.0x	3.7x	4.9x	15.7x	14.5x	0.4%	14.8%	25.3%	25.5%	76%			
SimCorp	SIM DC EQUITY	759.8	4,788	(11)	4,777	578	9.2x	8.3x	14.2x	29.8x	27.8x	2.3%	11.0%	30.8%	29.8%	58%			
Q2 Holdings	Q2TWO US Equity	80.1	4,525	62	4,587	498	11.4x	9.2x	12.8x	NM	NM	27.7%	23.8%	-9.9%	6.9%	72%			
Envestnet	ENV US EQUITY	80.2	4,374	498	4,872	1,171	4.9x	4.2x	4.3x	33.5x	19.0x	10.9%	17.3%	14.6%	21.9%	98%			
ACI	ACIW US EQUITY	30.7	3,610	1,043	4,653	1,337	3.6x	3.5x	4.2x	15.0x	12.3x	2.9%	3.3%	24.0%	28.3%	83%			
Bottomline	EPAY US EQUITY	39.3	1,793	9	1,801	496	3.9x	3.6x	3.9x	34.1x	22.5x	6.6%	10.3%	11.6%	16.1%	93%			
IRESS	IRE AU EQUITY	11.5	1,605	161	1,766	437	4.7x	4.0x	4.4x	20.4x	16.6x	6.0%	16.5%	23.1%	24.3%	93%			
Average																			
Total (Large Cap)			395,092	62,194	457,286					10.0x	8.9x			25%	29%	82%			
Selected Mid Cap																			
Equiniti	EQN LN Equity	1.8	886	417	1,303	600	2.2x	2.2x	2.2x	12.7x	9.7x	-14.6%	-0.9%	16.9%	22.3%	99%			
First Derivatives	FDP LN EQUITY	23.5	879	52	932	350	3.0x	2.7x	4.3x	19.3x	21.2x	1.4%	16.3%	15.7%	12.5%	62%			
Ebix	EBIX US EQUITY	26.9	833	595	1,428	907	2.3x	1.6x	1.7x	9.4x	NA	7.7%	45.0%	24.3%	NA	94%			
Sword	SWP FP EQUITY	40.1	442	(120)	323	247	1.3x	1.3x	NA	3.6x	10.0x	1.7%	1.9%	36.5%	13.0%	NA			
Linedata	LIN FP EQUITY	39.6	299	103	401	190	2.2x	2.1x	2.6x	7.3x	6.9x	-3.2%	3.1%	30.0%	30.6%	80%			
Average																			
Total (Mid Cap)			3,340	1,048	4,388					10.5x	12.0x	-1%	13%	25%	20%	84%			
Selected Small Cap																			
Gresham	GHT LN Equity	1.7	195	(10)	185	NA	5.8x	NA	NA	37.1x	NA	-0.3%	NA	15.7%	NA	61%			
Crealogix	CLXN SW Equity	120.5	180	2	182	122	1.6x	1.5x	3.0x	NM	40.6x	13.2%	3.2%	-0.5%	3.7%	50%			
MSG	MSGL GR EQUITY	2.9	143	(37)	105	NA	0.5x	NA	NA	6.3x	NA	22.1%	NA	7.8%	NA	21%			
N2N Berhad	N2N MK Equity	0.7	104	(30)	74	27	2.8x	2.7x	NA	8.2x	8.1x	5.5%	2.5%	33.8%	33.1%	NA			
Profile Software	PROF GA EQUITY	5.5	75	(14)	61	NA	3.6x	NA	NA	12.7x	NA	-2.7%	NA	28.0%	NA	67%			
63 Moons	63MOONS IN Equity	92.8	58	(186)	NA	NA	NM	NA	NA	9.4x	NA	-27.7%	NA	-58.0%	NA	99%			
Average																			
Total (Small Cap)			754	(275)	607					2.9x	2.1x	2%	3%	4%	18%	60%			
Sector Total			399,186	62,966	462,281					7.5x	7.0x	9.5x	21.0x	19.7x	7%	11%	21%	27%	78%

(1) Excludes treasury shares

(2) Net financial debt minus marketable securities and collaterals.











(3) Recurring revenues (renewing licences, 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

 Has been acquired by:  Goldenhill.international	 Has been acquired by:  Goldenhill.international	 Has acquired:  Goldenhill.international	 Has been acquired by:  Goldenhill.international	 Has been acquired by:  Goldenhill.international
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