

FinTech Facing Forward

Monitor **Q3 2023**



Roodhals
Capital

October 2023

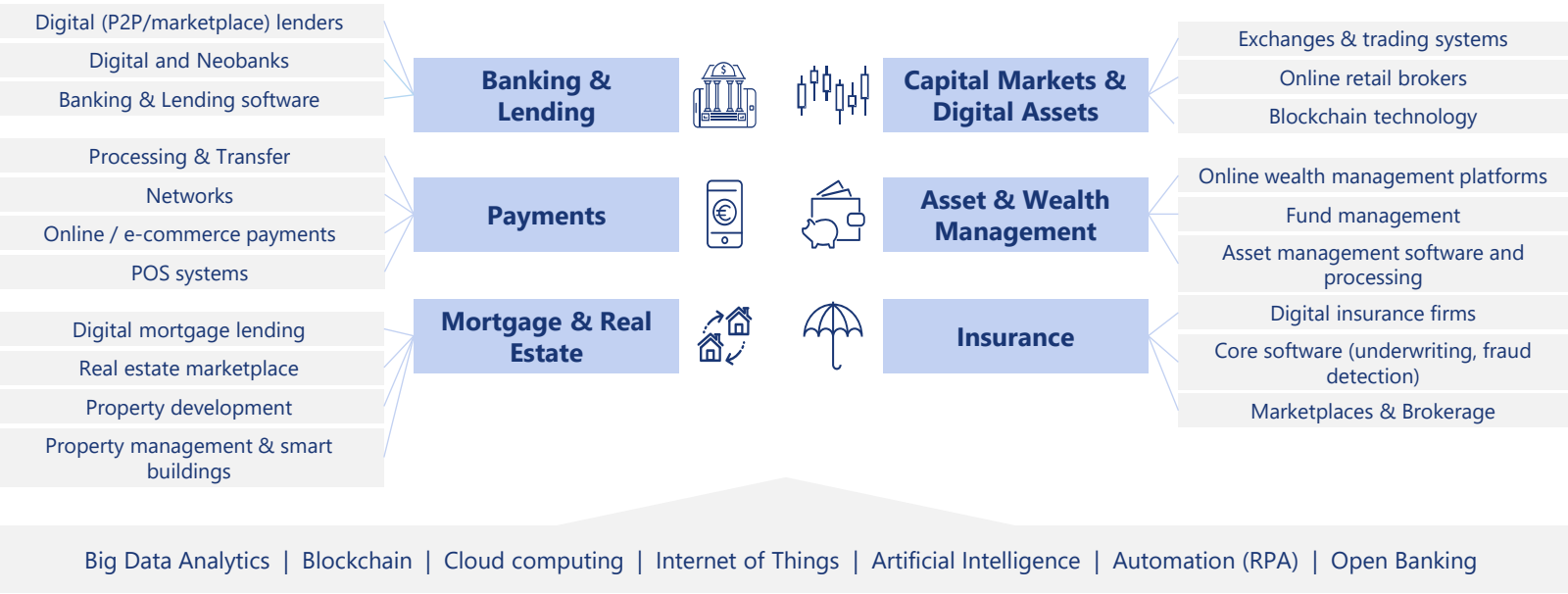
Introducing the **FinTech Facing Forward** monitor

As you may know, Roodhals Capital has been involved in Financial Services transactions for nearly a decade. We have been working on investment & funding solutions for our clients, being either seasoned lending platforms, institutional investors or ambitious start-ups.

From 2022 onwards, we have decided to share insights structurally through this **FinTech Facing Forward** monitor, which keeps track of the latest developments in the various segments of the Dutch (and Western-European) FinTech landscape (see below).

You can expect us to be (slightly) biased. What can we say? We love our clients. Clearly looking at global size (in terms of market capitalization), you should be all over payments. However, our expertise is more along the lines of lending platforms, mortgages and real estate, wealth management and insurance solutions.

Enough about that. Here we go...



In-sider Out-look

Q3 2023 – Lower valuations to stimulate consolidation

The Netherlands took central stage this quarter. Adyen had been flying high versus its payment's peers, but that was untenable. Margin pressure is real, and the stock price took a 57% hit. Oddly enough the payments sector did not massively underperform the Roodhals Fintech Index.

In general, Fintech stocks are not performing great, with interest rates continuing to rise.

The Roodhals Fintech Index underperformed relative to the benchmarks and was down 5.7% this quarter (page 9).

Transactions in the sector continued with more IPOs and M&A deals. However, volume went down indicating that mostly smaller deals closed (page 12 & 13). The jumbo deal of the quarter, Worldpay, is actually FIS bowing out to a merger gone awry.

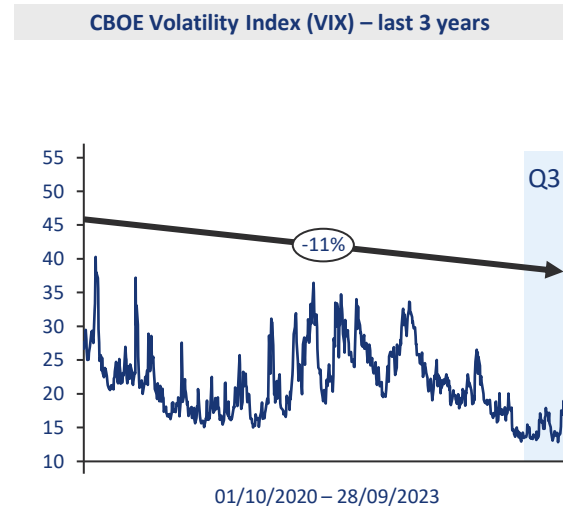
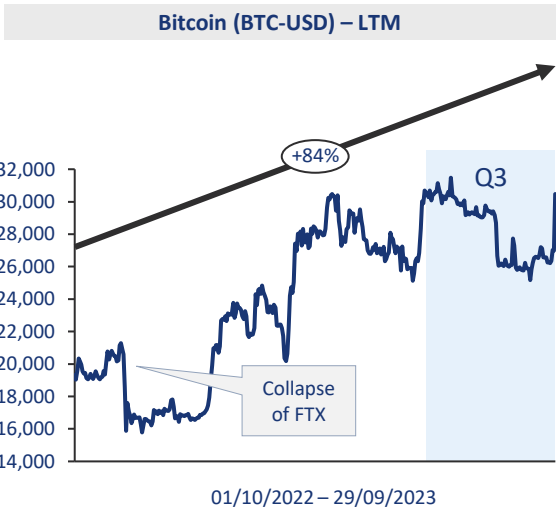
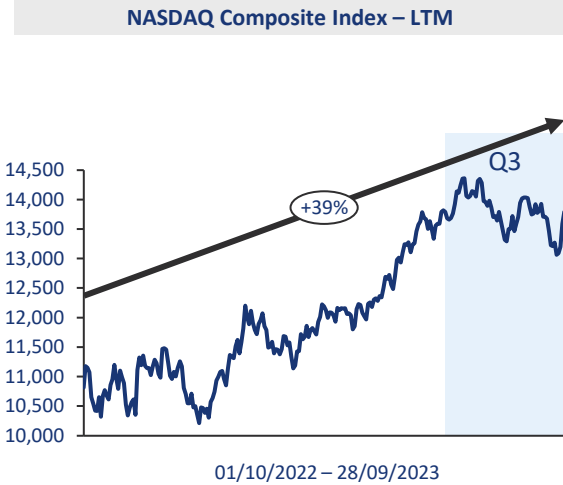
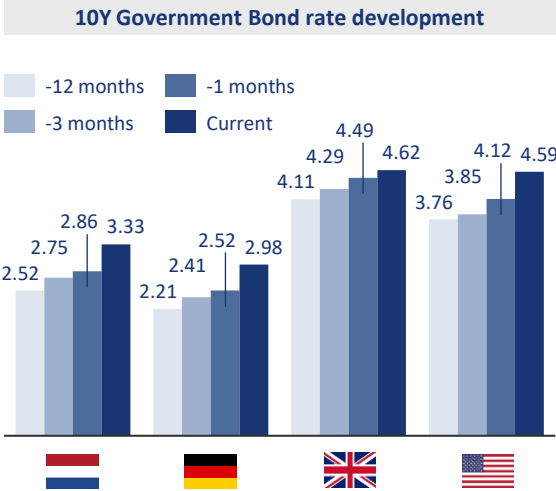
Volume in funding rounds have declined, but the big boys are still able to get financing (page 14). Dutch Fintechs saw an increase in funding though, in part because of Roodhals...

With Auxmoney buying into Lender&Spender, Dutch consumer credit is ready for a bit of transformation.

We continue to believe that consolidation is on the horizon. Tech valuations have come down sufficiently for larger institutions to buy into the sector. And we experience in real life that valuations by business owners are becoming more realistic...

Let's see.

Graphs



Zooming in: Adyen

Company profile



- Adyen is a Dutch payment platform which operates all over the world.
- The platform integrates payments stack that include gateway, risk management, processing, issuing, acquiring, and settlement services.
- The company serves digital, mobility, platforms and marketplace, retail, food and beverages, subscription, and hospital businesses



3000+ employees



27 offices worldwide



HQ in Amsterdam



Revenue 2022: €8.9b

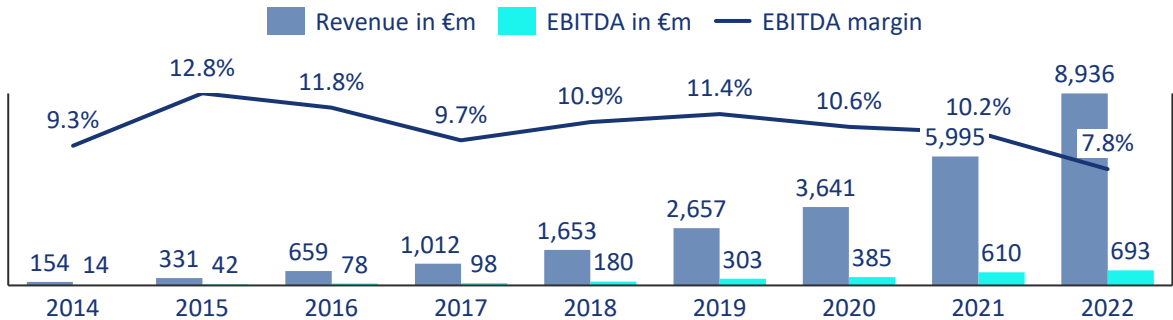


Market Cap: €20.9b



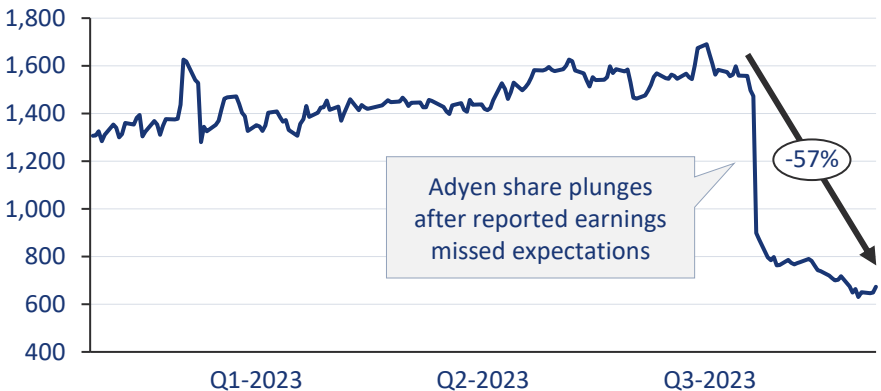
€768b processed in 2022

Selected clients



The crash and comp analysis

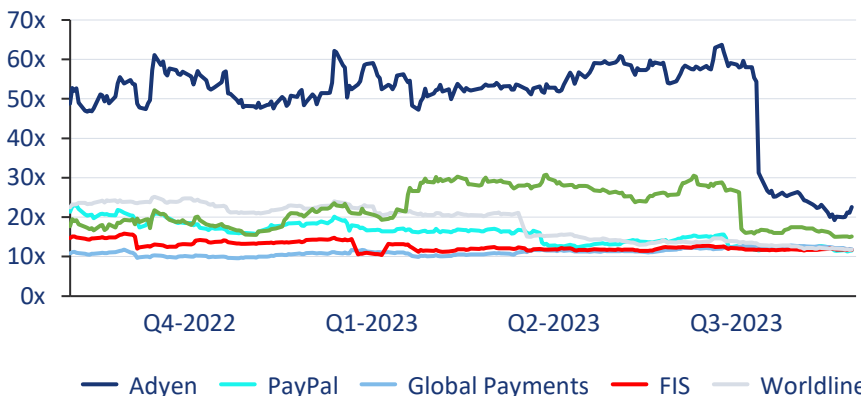
Stock price in €



- The performance of Adyen is impacted by the shifting macroeconomic environment and increased competition.
- The company also invested heavily in personnel in contrast to its peers.



EBITDA multiple development



- Adyen was trading above its competitors and is now trading at about 22x EBITDA.
- It is observed that relative to its competitors Adyen is trading at higher levels.

In the news

July

Crypto funding drops for fifth straight quarter as investors continue to pull back

July 5th, 2023 – TechCrunch

Revolut problems continue as thieves steal \$20 million

July 10th, 2023 – Payments Cards & Mobile 

The Bank of London applies for EU banking licence

July 13th, 2023 – Finextra

Regulation



Binance could lay off thousands as company buckles down for DOJ probe, source says

July 14th, 2023 – CNBC



Fintechs demand end to hidden bank fees in international payments

July 19th, 2023 – Finextra

Regulation

Shopify expands into credit cards as it pushes further into the fintech space

July 26th, 2023 – TechCrunch



August

Vesttoo lay off 75% of staff and close multiple offices amid fraud scandal

August 1st, 2023 – Fintech Global



Apple Card's Savings account reaches over \$10B in deposits

August 2nd, 2023 – TechCrunch



PayPal launches dollar-backed stablecoin, boosting shares

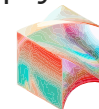
August 7th, 2023 – Reuters



Index constituent

US fintech Block set to close European payments app Verse

August 9th, 2023 – Fintech Futures



BLOCK

Index constituent

UK launches £1 billion fintech fund to compete with Silicon Valley

August 16th, 2023 – CNBC

Auxmoney buys majority stake in Dutch credit marketplace Lender & Spender

August 25th, 2023 – Fintech Futures



Roodhals deal

September

Wix and Stripe partner to introduce Tap to Pay on Android

September 13th, 2023 – Fintech Global 

Coinbase expands Easy Bank Transfers to the Netherlands

September 13th, 2023 – The Paypers



Index constituent

ABN Amro registers digital green bond on blockchain

September 13th, 2023 – Finextra



Nuvei launches the new iDeal in the Netherlands

September 19th, 2023 – Fintech Futures



SEC predicts further crypto charges as enforcement battle continues

September 20th, 2023 – Finextra

Goldman Sachs is looking to sell GreenSky for USD 500 million

September 21st, 2023 – The Paypers



Roodhals Capital FinTech Index



The Roodhals FinTech index consists of 125 publicly listed financial technology companies that are active in developed markets (primarily Europe and North America). Every quarter, our team evaluates the index constituents and potential additions/removals based on quantitative and qualitative criteria. The Index is market capitalisation weighted.

125
Companies

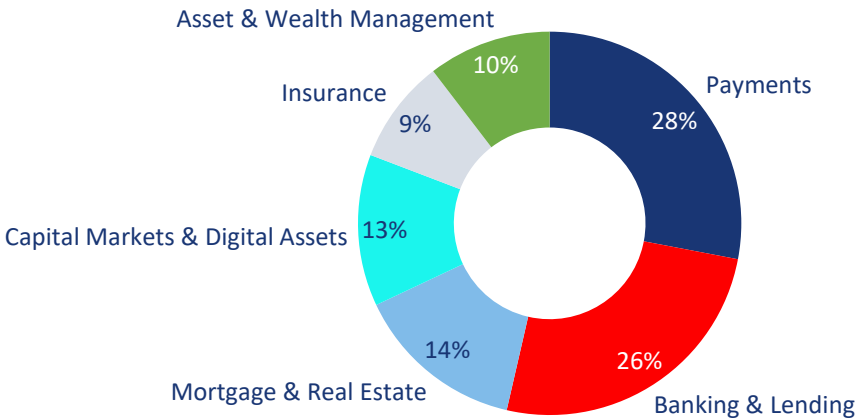
€1.713t
Total market cap

3.1x
Revenue multiple

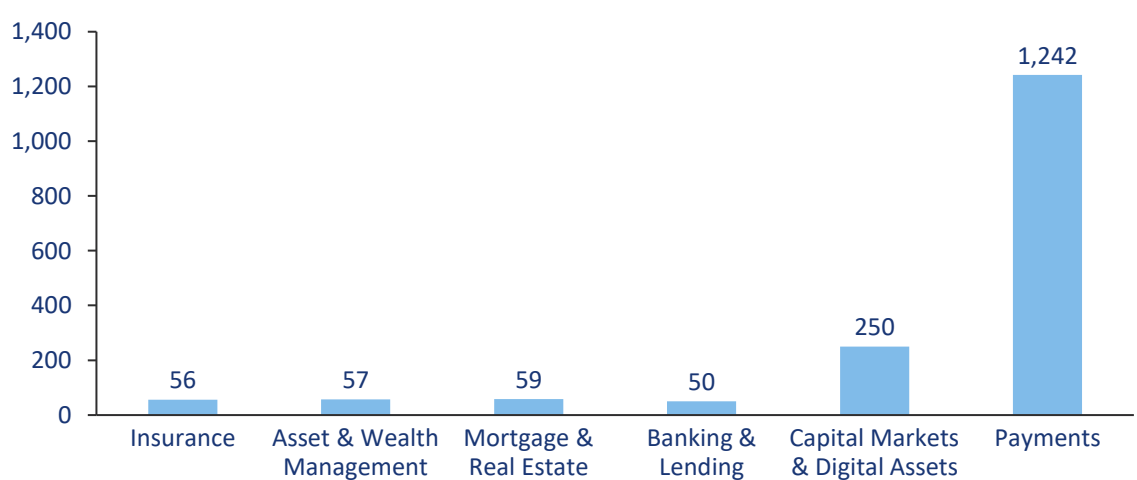
15.1x
EBITDA multiple

Index leavers
BLACK KNIGHT

Segment by number



Segment by market capitalisation in €b



Comments

- The largest segments in our index are **Payments and Banking & Lending** by the number of firms.
- Note that the Payments segment is the largest considering the market capitalisations.
- The Roodhals Fintech Index saw a decline in all segments this quarter except for the Insurance segment.

Roodhals Capital FinTech Index

Index constituents

Mortgage & Real Estate



Asset & Wealth Management



Insurance



Banking & Lending



Capital Markets & Digital Assets



Payments



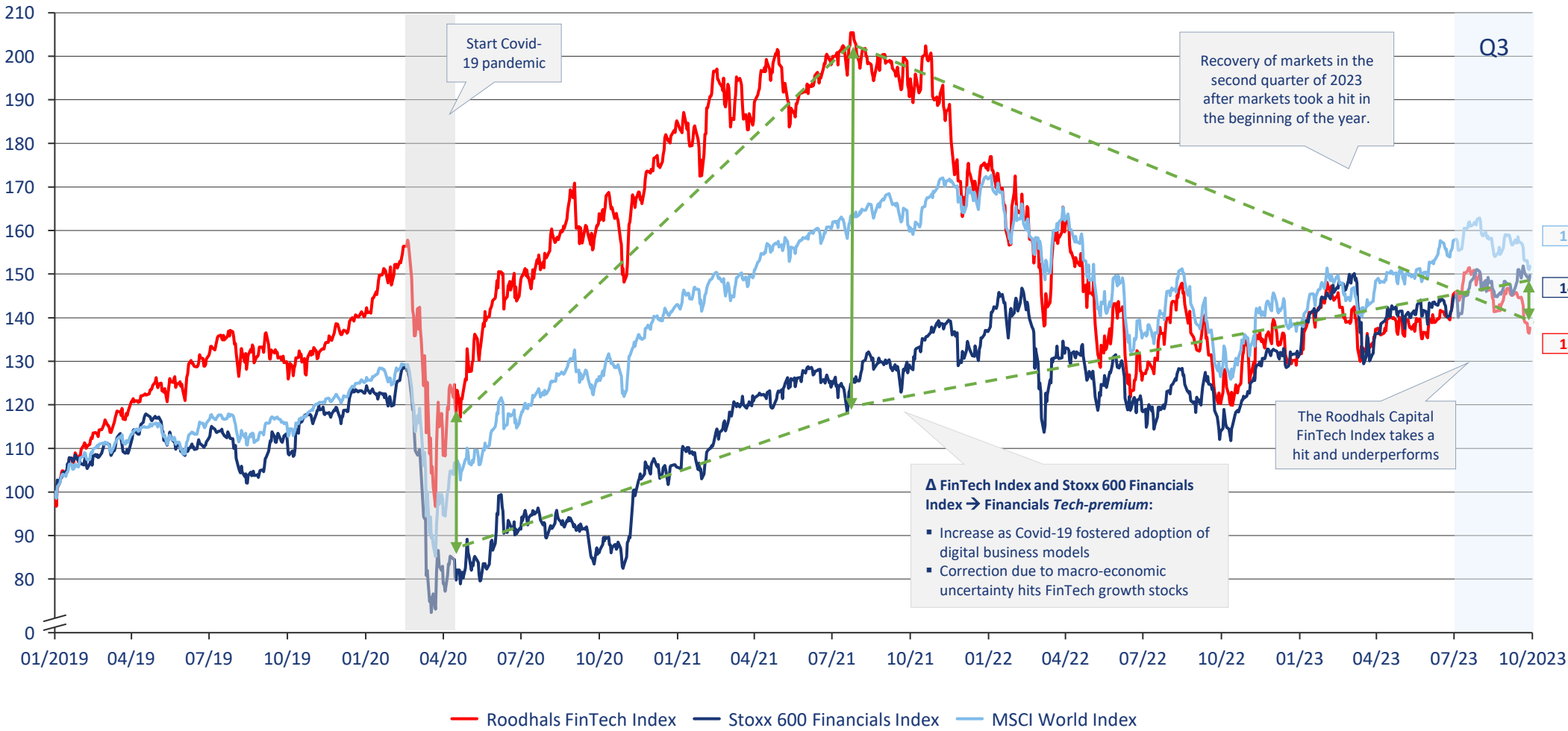
Note: companies can be active in multiple segments; we categorize on primary activity.

Sources: Capital IQ, Roodhals analysis.

Roodhals Capital FinTech Index



The Financials Tech-premium turns into a discount



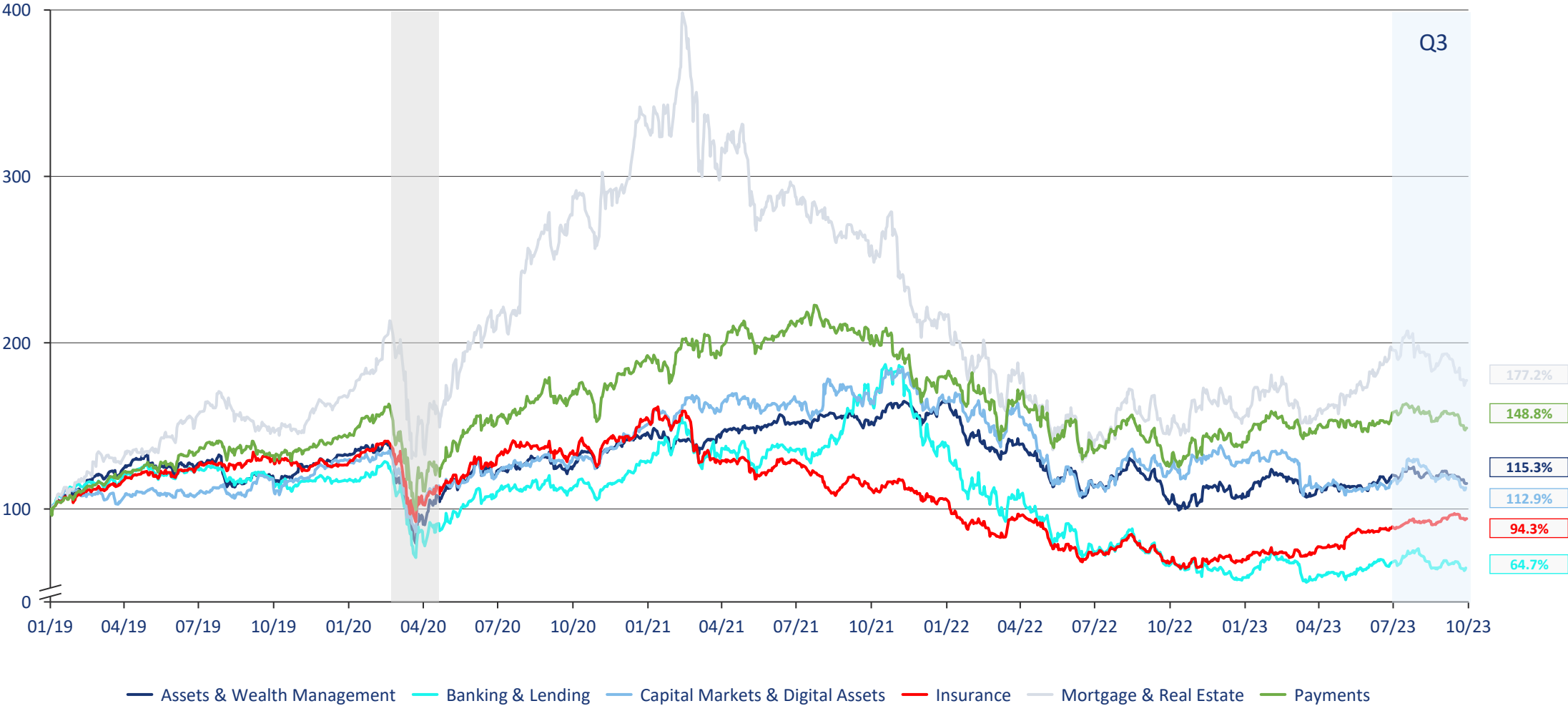
Roodhals FinTech Index return*	
YTD	4.5%
1 month	-6.2%
3 months	-5.7%
6 months	0.0%
1 year	12.0%
Inception	37.7%

*Not adjusted for dividends
Sources: S&P Capital IQ, Roodhals team analysis

Roodhals Capital FinTech Index | Segments

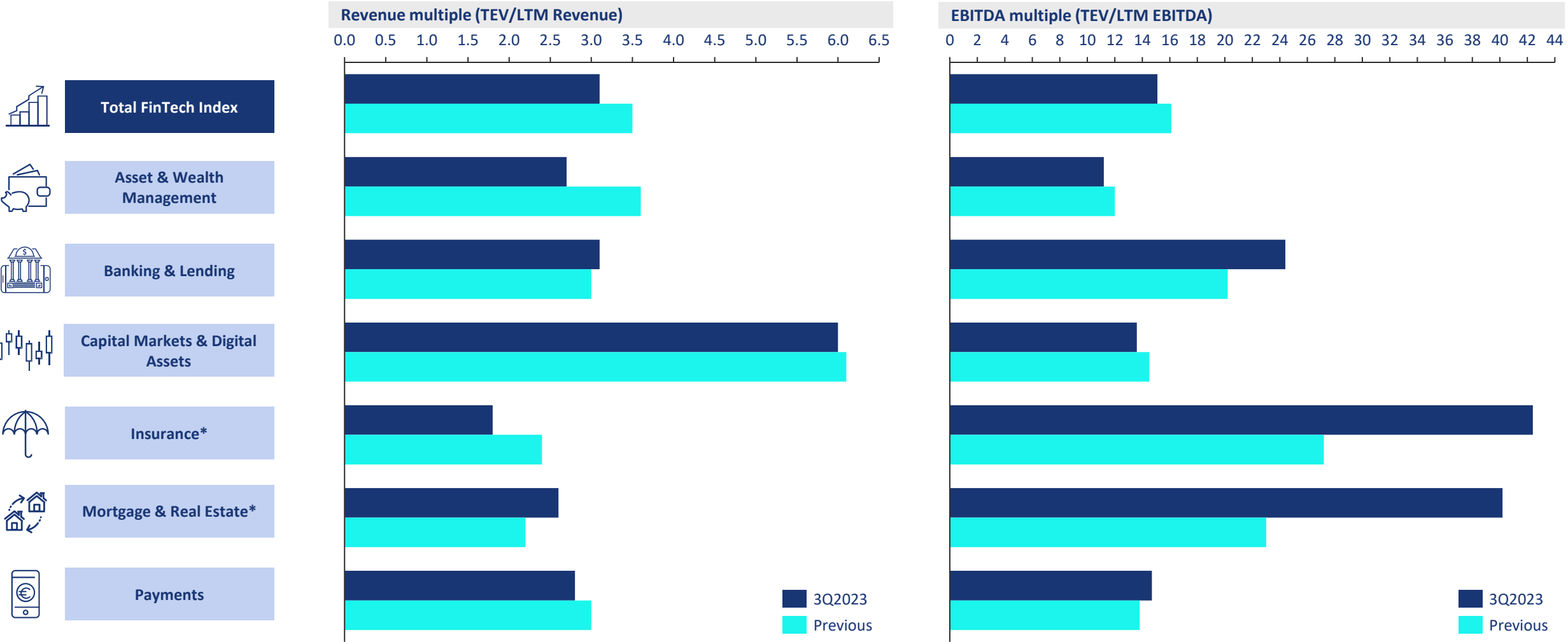


Segment performance



Roodhals Capital FinTech Index | Multiples

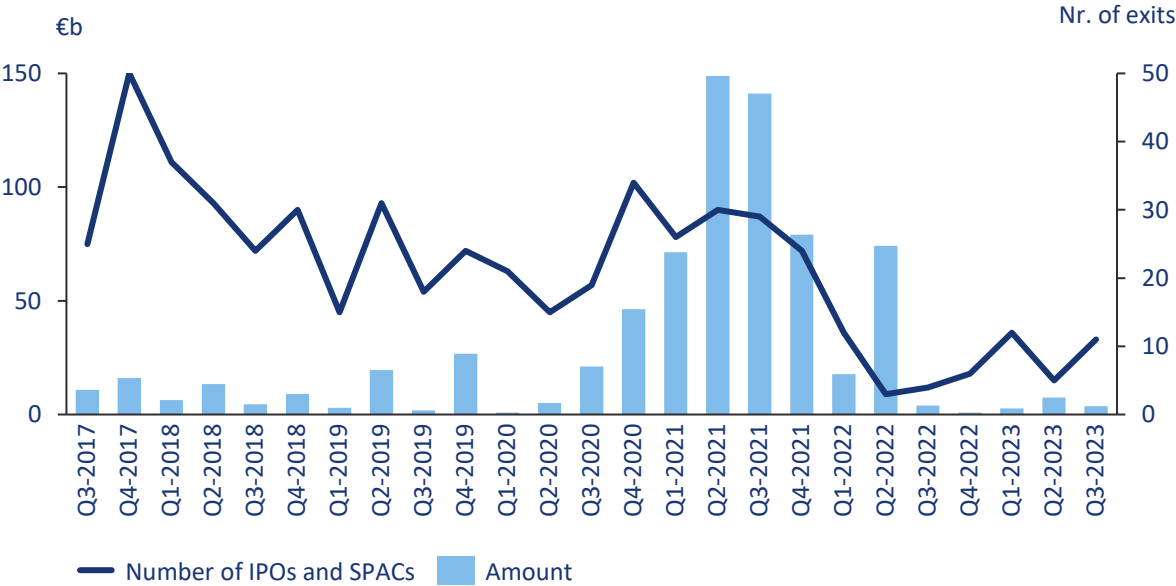
Multiples (median value)



Extreme value due to negative and limited availability of EBITDA values
Sources: S&P Capital IQ, Roodhals team analysis

IPOs

More IPOs relative to the previous quarter



- The number of IPOs **increased to 11, up from 5** in previous quarter; total **IPO value decreased** however as the IPOs that took place were relatively small. The average went down from €1.5 billion to €334 million.
- Announced SPAC IPOs of **Digiasia**, and **ConnectM Technology Solutions** are expected to close later this year.

Minneapolis fintech company Sezzle to begin trading on Nasdaq
- The Business Journals 17/08/2023

The Zagggle IPO — a unique fintech + SaaS?
- Finshots 15/09/2023

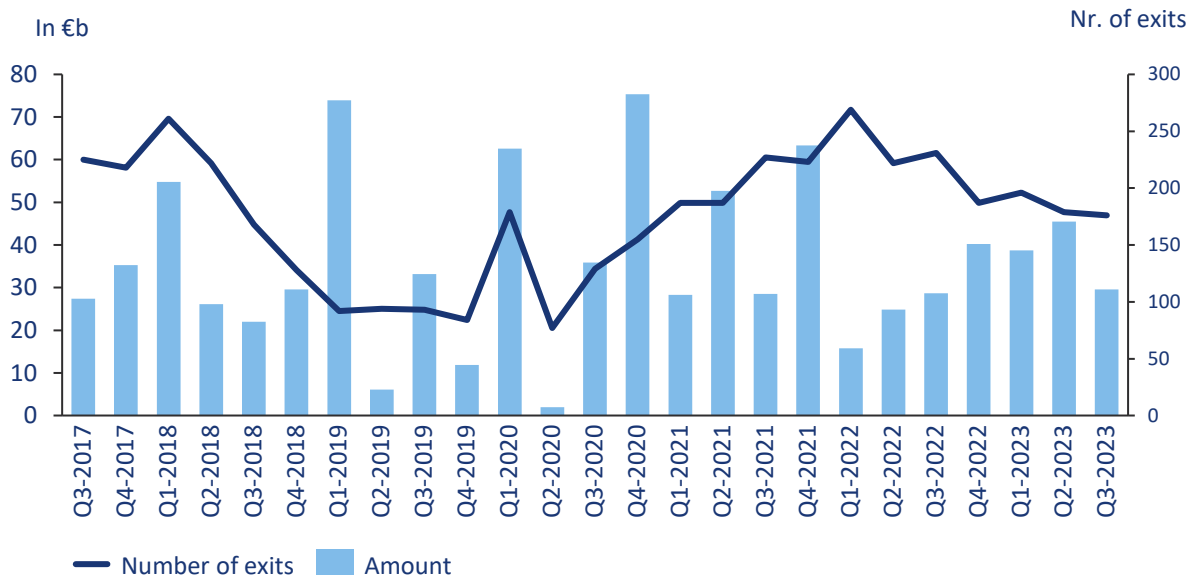
Roadzen Inc Rings the Nasdaq Stock Market Closing Bell
- Nasdaq 23/09/2023

Selected recent IPOs

Company	Segment	IPO date	Market Cap
 Utkarsh Small Finance Bank	Banking & Lending	Jul 2023	€639m
	Mortgage & Real Estate	Aug 2023	€323m
	Payments	Aug 2023	€67m
	Banking & Lending	Aug 2023	€1,009m
	Data & Analytics	Sept 2023	€256m
	Insurance	Sept 2023	€296m
	Insurance	Sept 2023	€960m

Global M&A activity

M&A volume















- M&A activity **was equal** to the previous quarter in terms of deal count. However, deal volume **decreased** significantly which means that smaller deals were announced this quarter.
- The consolidation is continuing in the Fintech industry with lower valuations and is in line with the theory that entering a highly regulated area is easier by buying than it is by building.

European fintech players are bracing for market consolidation - The Next Web 07/08/2023

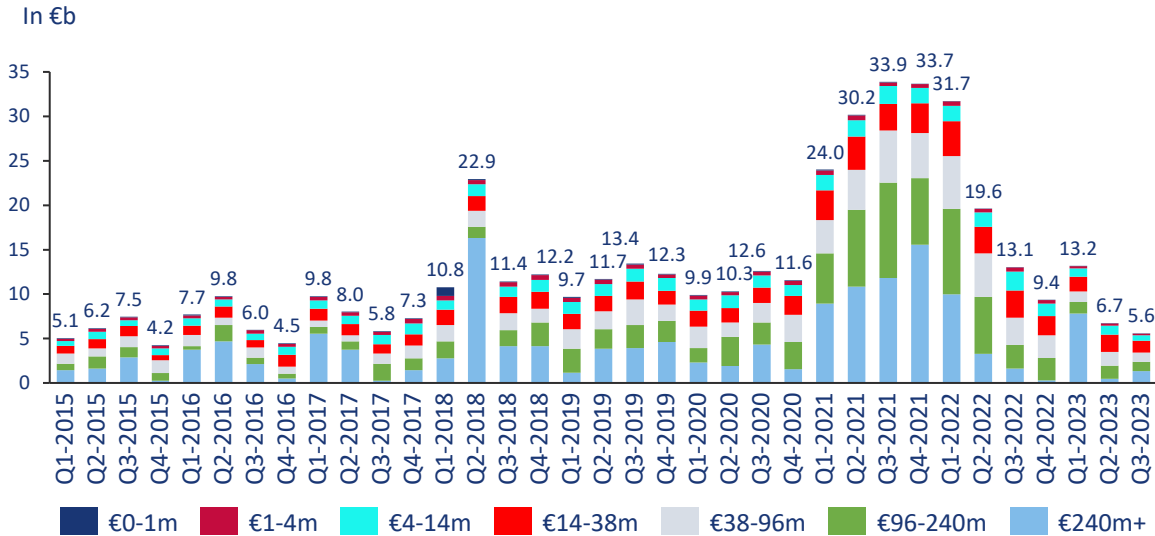
Fintech M&A Deal Tracker: Building a pipeline as slowdown persists - S&P Global 20/07/2023

Selected M&A transactions

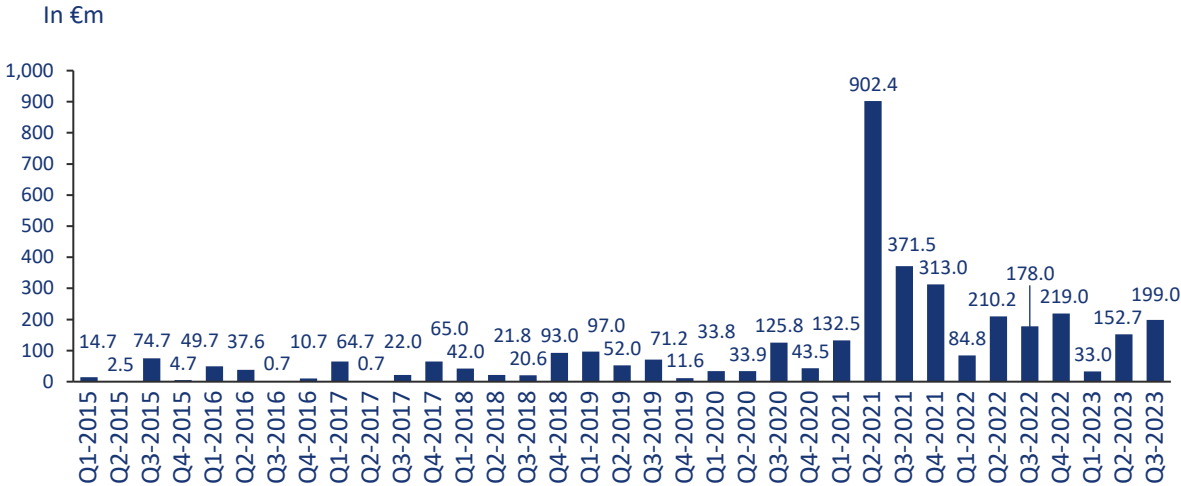
Target	Target segment	Acquirer	Date	Deal size
 worldpay	Payments	 GTCR	6-7-2023	€17.4b
 CIMA WHEREVER YOU COUNT	Payments	 LOOMIS	18-7-2023	€132m
 BRANE	Blockchain	 Wellfield	26-7-2023	€9.4m
 uplift	Payments	 upgrade	27-7-2023	€94m
 PayU ^{GPO}	Payments	 Rapyd	1-8-2023	€574m
 delt.ai	Data & Analytics	 albo	3-8-2023	€19m
 Burgiss	Data & Analytics	 MSCI	14-8-2023	€655m
 stockspot	Data & Analytics	 MIRAE ASSET Building on principles	16-8-2023	€17m
 Change	Blockchain & Banking	 ANDROMEDA CAPITAL	22-8-2023	€2m
 Slim Pay	Payments	 Trustly	29-8-2023	€70m

Funding rounds

Global funding rounds



Dutch funding rounds



Largest global funding rounds of Q3
















July

August

















September



Private funding rounds in NL

Company	Description	Segment(s)	Date announced	Funding stage	Amount	Lead investor(s) & funder(s)
	A pioneering platform for crowdfunding that enables the monetisation of startup investment	Digital Assets	26 Jul 2023	Pre-Seed	€180k	
	An independent neobank which offers users mobile banking services	Banking	24 Jul 2023	Unknown	€100m	
	One stop platform for business payments and trade management	Payments	18 Jul 2023	Debt financing	€94m	
	Providing ticketing solutions, event financing, token, white-label, and digital twin NFT services	Payments & Digital Assets	12 Jul 2023	Seed	€4m	
	A data analysis SaaS solution which combines public and private data	Data & Analytics	11 Jul 2023	Seed	Undisclosed	
	Insify is an insurance platform for freelancers, entrepreneurs and self-employed people.	InsurTech	08 Jun 2023	Series A	€10m	
	Klearly is a mobile app that allows people to use their phone to receive card payments.	Payments	31 May 2023	Pre-seed	€2.1m	
	Anyone.com is a platform that allows people to arrange financing for their home.	Banking & lending	01 May 2023	Pre-seed	€3m	Reza Sardeha

Private funding rounds in NL

Company	Description	Segment(s)	Date announced	Funding stage	Amount	Lead investor(s) & funder(s)
 plumery <small>THE DIGITAL SUCCESS FABRIC</small>	Plumery is a digital engagement platform that enables banks to implement mobile and web experiences for their customers.	Banking & lending	25 Apr 2023	Seed	€4.5m	 Better Tomorrow Ventures
 factris	Factris is a fintech firm that specializes in SME financing, factoring, debt management, debtor insurance, and invoice finance.	Banking & lending	17 Apr 2023	Debt financing	€50m	 AEGON Asset Management
 Change	Trading platform that allows people to trade stocks, commodities, crypto and ETF's.	Capital markets and digital assets	07 Apr 2023	Seed	€2m	 AC ANDROMEDA CAPITAL
 Finst	Finst is a cryptocurrency trading platform.	Capital markets and digital assets	05 APR 2023	Seed	€4m	 Deribit
 Fourthline	Fourthline offers an end-to-end KYC and AML compliance solution to regulated institutions like banks, fintechs, and brokers.	Capital markets and digital assets	04 Apr 2023	Seed	€50m	 FINCH CAPITAL
 NPEx <small>Geld voor Ambitie</small>	NPEx is a trading platform that allows user to invest in bonds and stocks of SMEs.	Capital markets and digital assets	24 Mar 2023	Series C	€2m	 icecat
 DEMATRADING.AI	Dematrading.AI provides the infrastructure to digital asset exchanges and managers to run index funds.	Capital markets and digital assets	14 Mar 2023	Pre-seed	Undisclosed	 Tenity
 AKURATECO	Akurateco is a white label payment platform that allows users to own the end-to-end ready-to-use PCI DSS gateway.	Payments	26 Feb 2023	Pre-seed	€0.1m	 STARTUP WISE GUYS

Financial Services & FinTech Team

Offering in-depth industry knowledge/expertise through advisory and deal structuring & execution services

Services



Private capital raising (debt & equity)



M&A - buy-side & sell-side



Portfolio advisory and sales



Valuation services & fairness opinions



Board & Investment Committee Advisory



Market research & reports



Strong relationships with (institutional) private debt investors

Roodhals has an extensive network among investors in The Netherlands and Western Europe. From HNWI's to credit funds and institutional investors such as pension funds.



In-depth understanding of complex capital raising and structuring processes

Our team has ample relevant structuring and documentation experience.



Latest insights in dynamics of private markets

Roodhals has access to all necessary information (systems) to perform credit analyses and pricing research. More importantly, we speak to many types of investors & have insight into their "market appetite".



Pragmatic approach

We support our clients with a no-nonsense, forthright approach where and when necessary along the entire process.

Team



Willem Appel
Partner

- Roodhals founder
- Origination, structuring
- 25+ years of intl. experience



Nick Hurkmans
Associate

- Structuring, execution
- Financial modelling & valuation
- Market research



Sander Bierman
Partner

- Origination, structuring
- Investment risk services
- 15+ years of experience



Berzan Kaya
Analyst

- Market research
- Financial modelling



Boudewijn Hoogenraad
Partner

- Marketplace lending
- Funding, placement
- 20+ years of intl. experience



Menno Post
Analyst

- Market research
- Financial modelling

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