

# FinTech Facing Forward

Monitor **Q4 2023**



Roodhals  
Capital

January 2024



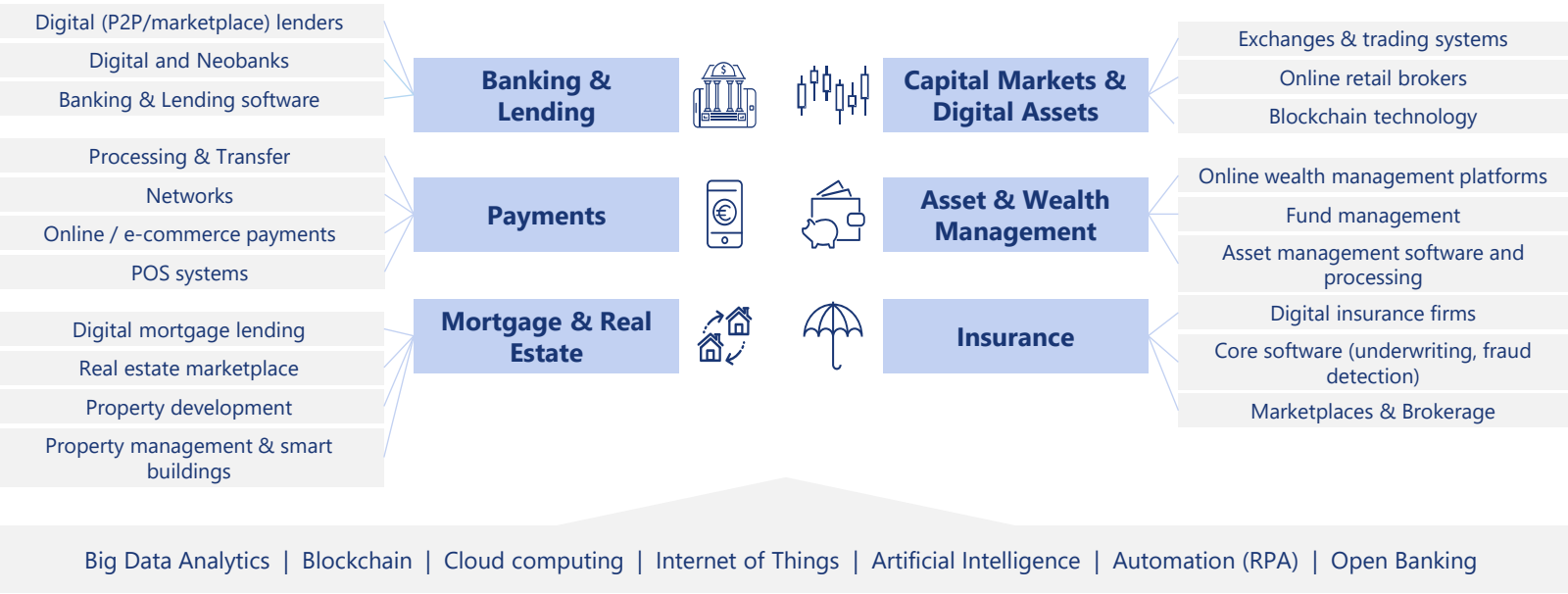
# Introducing the **FinTech Facing Forward** monitor

As you may know, Roodhals Capital has been involved in Financial Services transactions over 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. Cleanly 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

## Q4 2023 – Ending the year with recovery of the markets

Financial markets showed great recovery in the last quarter of 2023. The Roodhals Fintech Index increased with 16.1% and relatively outperformed the benchmark in the last quarter (page 8).

The recovery is fuelled by a significant interest rate correction of >100 bps over the entire curve (excluding the front-end). Europe and the US now have a **significantly inverse curve**.

With rising stock prices, one would expect IPOs to return. That hasn’t happened yet. IPOs levels remain subdued (page 11). M&A activity is steady (page 12) and seeing general tech increasing exposure to finance, in line with a longer-term trend of embedded finance.

In this edition, we **dive deeper into embedded finance**. Financial services are being integrated more and more in the tech platforms and applications that we use every day.

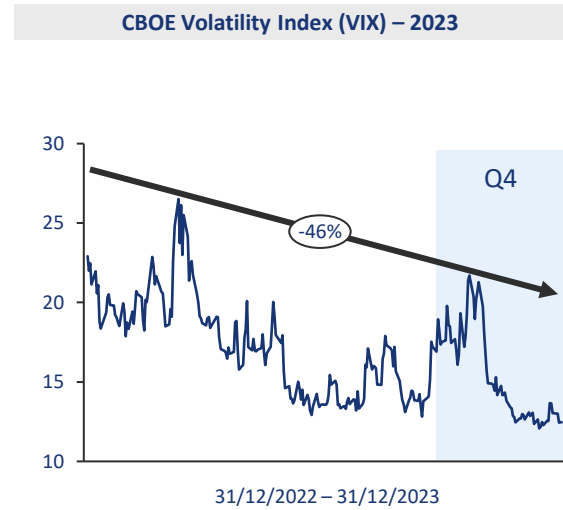
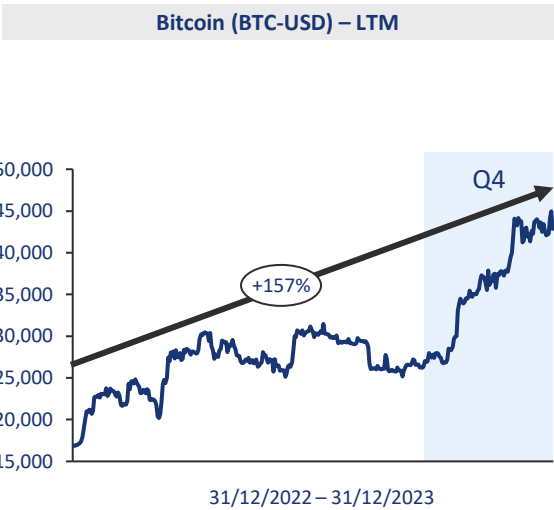
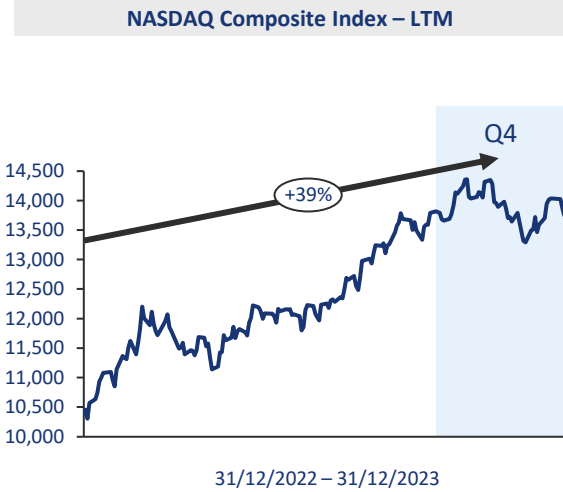
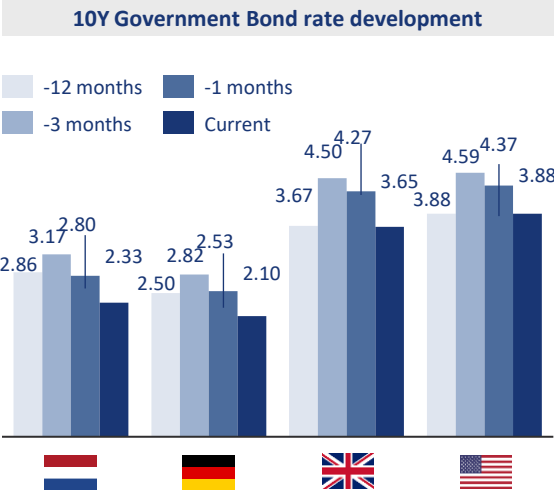
One of the notable acquisitions in that respect, is the transaction of Tokopedia, a payment company, acquired by TikTok for approximately €770 million.

Funding has not picked yet either. Volume in funding rounds have increased slightly driven by higher funding transactions (page 13). However, Dutch fintech funding volume uptick we saw in Q3 did not continue, as volume went from €135m to €60m (page 14).

Nevertheless, we expect the interest rate correction to have a significant effect on funding and IPOs in the coming months. Asset backed funding markets are open, the first securitisations are being priced, so private deals are soon to follow.

Let’s see what else is in store for 2024...

## Graphs



# Theme: Embedded finance


## Introduction

Embedded finance covers the integration of financial services into non-financial businesses and platforms to increase customer experience.




## Benefits and advantages

A survey under companies that implemented embedded finance stated the following conclusions:

 Acquisition

85% reported increasing customer acquisition

 Engagement

88% reported increased customer engagement

## Use cases and examples

### Markets

1 Retail

4 Transportation

2 E-commerce


5 Travel

3 Automotive


6 Banking

### Use cases

- Digital wallets
- Buy now pay later in retail
- Google Pay and Apple Pay
- Ride-sharing apps' instant payments
- Insurance for travel/automotive



### Companies



## Core concepts

1 Banking-as-a-service (BaaS)

2 Embedded payments

3 Embedded investing

4 Embedded lending

5 Embedded insurance

6 Embedded credit

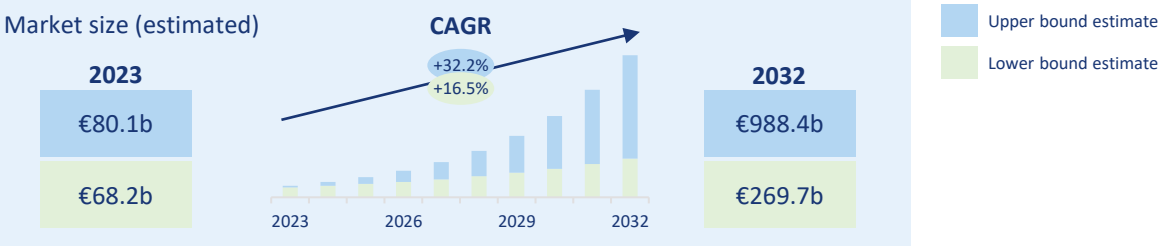
## Regulatory challenges and considerations

There is a global trend visible towards increased regulatory oversight for embedded finance services, which is centred around data privacy and consumer protection.

### Regulatory examples

Country	EU	UK	US	Australia	Singapore
Regulation	PSD2	OBR	CFPB	CDR	PSA

## Future of the market



### Future trends

- Changes in social demographics drive consumer demand towards convenient financial services that are integrated seamlessly in various platforms.
- Integration of artificial intelligence and machine learning is expected to grow, which will improve data collection and analysis. This step will increase tailored optionality within embedded finance.
- B2B payment integration is lagging the B2C segment but is expected to surge in coming years.
- Market growth of e-commerce is creating valuable opportunities for embedded finance.

# In the news

## October

**Fintech Unicorn Airwallex Signs Definitive Agreement to Acquire Mexico Payments Company MexPago**

19 October 2023



**Asking for a loan will be safer in the EU after the Council's final approval of the Consumer Credit Directive**

9 October 2023 – consilium europa

Regulation

**ABN Amro is transferring its venture portfolio to Motive Partners**

October 4<sup>th</sup> - FD



**Visa creates \$100 million generative AI venture fund**

October 3<sup>rd</sup>, 2023 – FinExtra



Index constituent

**Revolut reportedly strikes deal with SoftBank in hopes of gaining banking licence**

October 4<sup>th</sup>, 2023 – AltFi

Revolut

SoftBank

Regulation

**BNP Paribas launches fintech for marketplace payments**

October 19<sup>th</sup>, 2023 – FinExtra



## November

**Housing.com makes strategic investment in fintech lending start-up Easiloan**

November 2<sup>nd</sup>, 2023 – Businessline



**Ease2Pay presents the 2022 annual accounts and is allowed to leave the exchange's penalty bench**

November 1<sup>st</sup>, 2023 - FD



**Klarna to establish UK holding company in preparation for billion-dollar IPO**

November 6<sup>th</sup>, 2023 – Fintech Futures

Klarna.

**After Binance and Coinbase, the US SEC sues crypto exchange Kraken**

November 23<sup>rd</sup>, 2023 – Fintech Futures



**Invest-NL invests in the new Dutch Future Fund of €200 million**

November 28<sup>th</sup>, 2023 – FD

INVESTNL

**Dutch revenue-based financing marketplace Levenue raises €8M; acquires Belgian startup Cake**

November 15<sup>th</sup>, 2023 – Silicon canals



## December

**Apple and Goldman Sachs set for breakup**

December 1<sup>st</sup>, 2023 – Finextra



**Adyen to act as Klarna's acquiring bank**

December 5<sup>th</sup>, 2023 – AltFi

Index constituent

Klarna.



**HSBC expands technology scale-up lending by £100 million**

December 22<sup>nd</sup>, 2023 – Finextra



**Blackstone signs agreement to acquire Sony Payment Services**

December 22<sup>nd</sup>, 2023 – Fintech Futures

Blackstone

**Adyen investors are fiercely loyal, even when there seems to be panic**

December 28<sup>th</sup>, 2023 - FD

Index constituent



**Intermex and Visa join forces to revolutionise money transfers globally**

December 27<sup>th</sup>, 2023 – Fintech global



# Roodhals Capital FinTech Index

The Roodhals FinTech index consists of 124 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.

124  
Companies

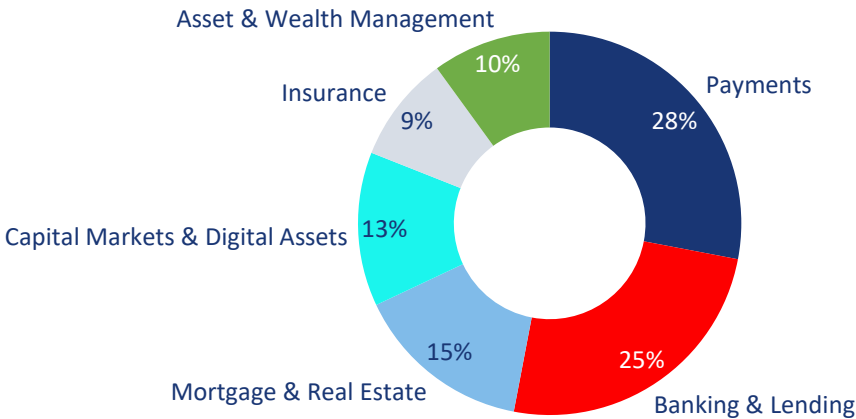
€1.894t  
Total market cap

3.5x  
Revenue multiple

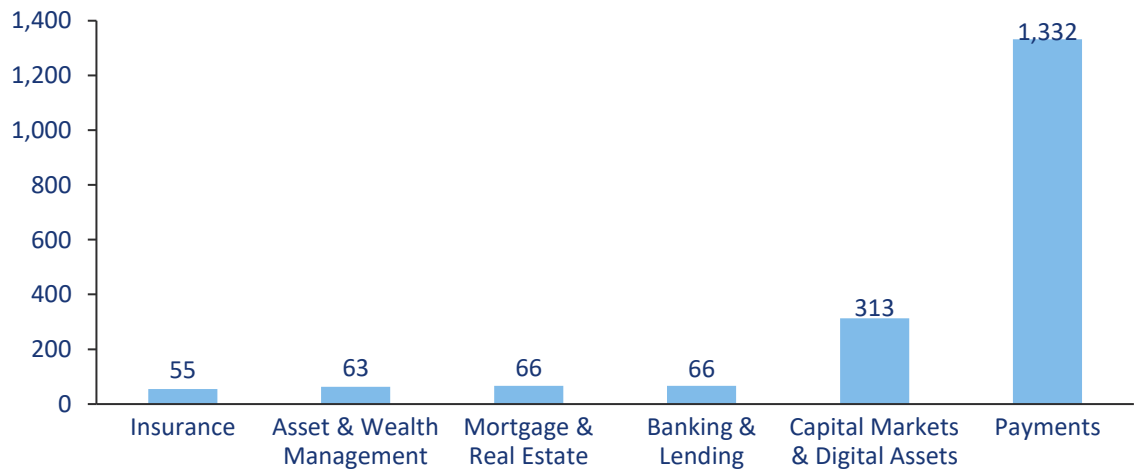
16.4x  
EBITDA multiple

Index leavers  
 SUNLIGHT FINANCIAL

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.
- All segments of The Roodhals Fintech Monitor except Insurance are at a one-year high in market cap.





# Roodhals Capital FinTech Index



## The Financials Tech-premium turns into a discount



Roodhals FinTech Index return*	
2023	20.5%
1 month	5.1%
3 months	16.1%
6 months	8.8%
1 year	20.5%
Inception	58.7%

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



# Roodhals Capital FinTech Index | Segments

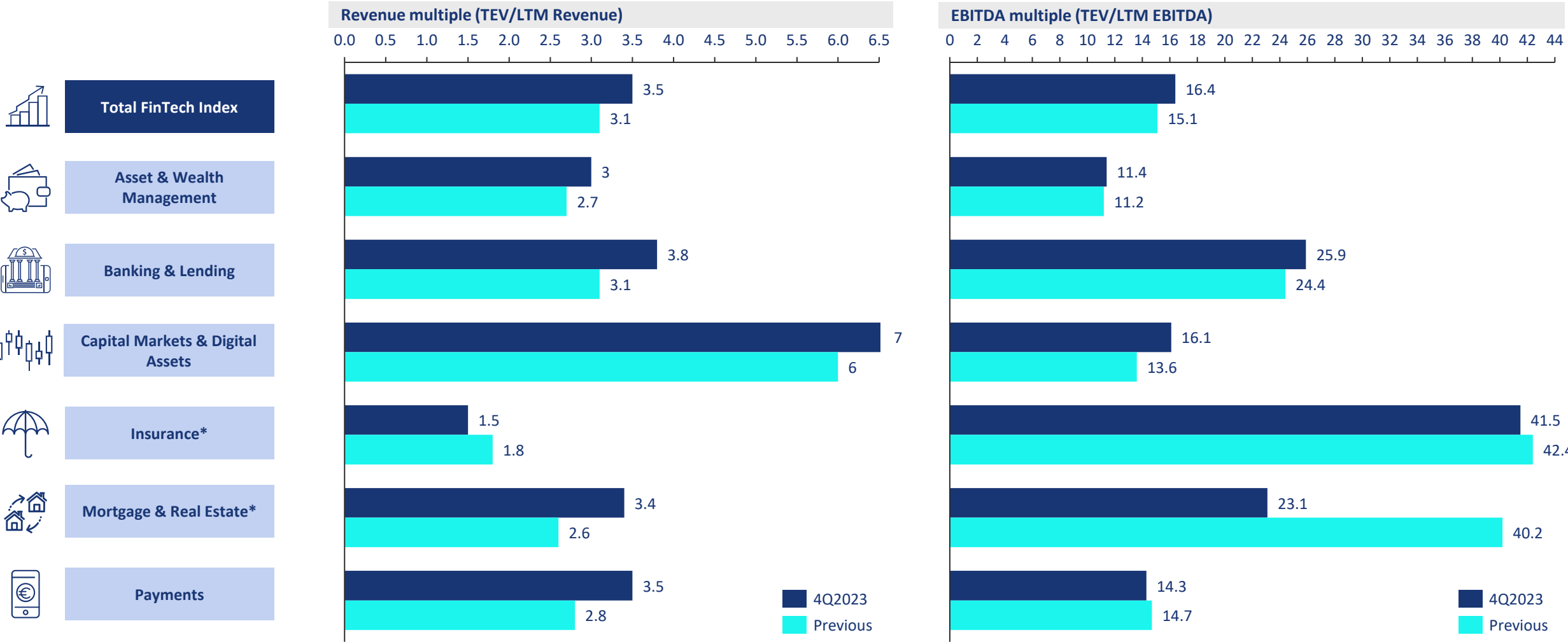


Segment performance



# Roodhals Capital FinTech Index | Multiples

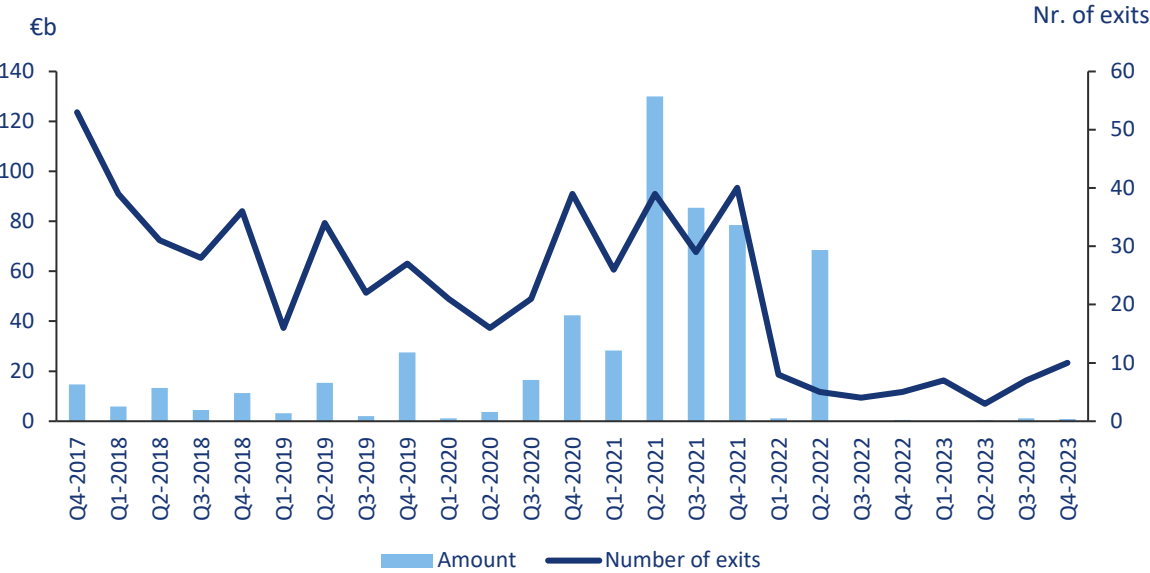
Multiples (median value)



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 10, up from 7** in previous quarter; total **IPO value decreased** however as the IPOs that took place were relatively small.
- IPOs to watch in 2024: Stripe and Klarna will most likely have an IPO in 2024.

### Muthoot Microfin IPO Allotment Status – Check on Kfintech

— Ipowatch.in 22/12/2023

### Phoenix Soars in Abu Dhabi Market Debut amid Crypto Surge

— Finance Magnates 5/12/2023

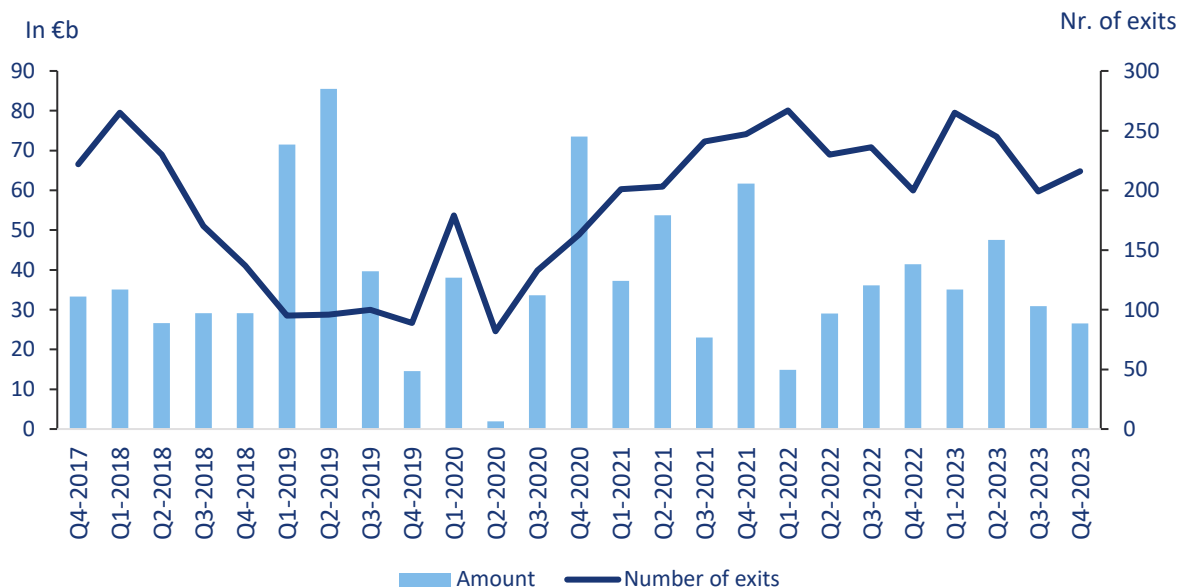
## Selected recent IPOs

Company	Segment	IPO date	Market Cap
	Microfinance	Dec 2023	€474m
	Mortgage & Real Estate	Dec 2023	€618m
	Payments	Nov 2023	€169m
	Mortgage & Real Estate	Oct 2023	€78m
	Blockchain & cryptocurrency	Oct 2023	€342m
	Mortgage & Real Estate	Oct 2023	€12m
	Microfinance	Oct 2023	€5m



# Global M&A activity

## M&A volume

























- M&A activity was **slightly higher** compared to the previous quarter in terms of deal count. However, deal volume **decreased** slightly 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.

The complex landscape of capital and growth in the fintech industry - EY 26/10/2023

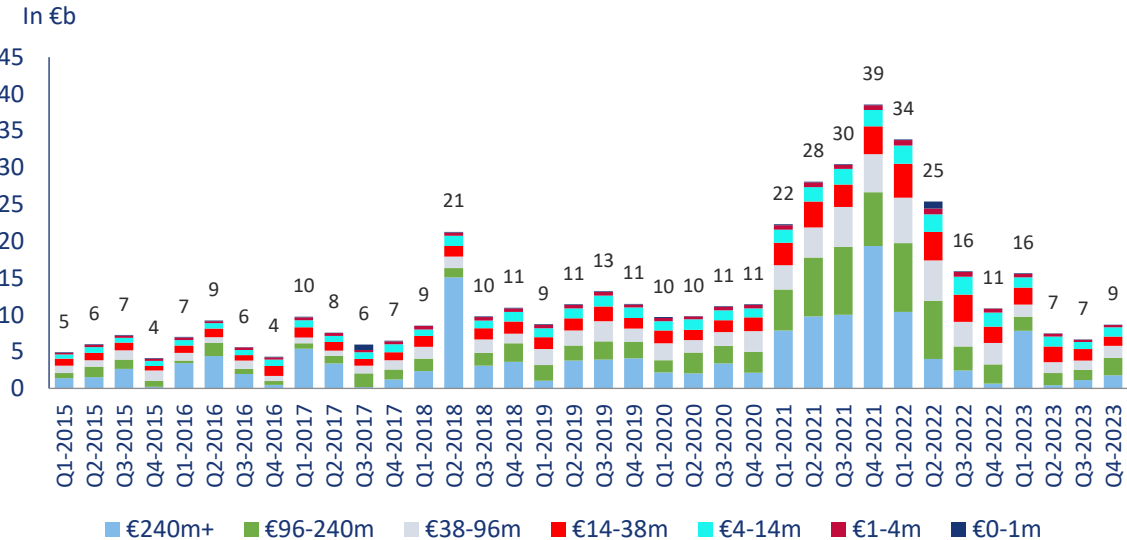
Fintechs: A new paradigm of growth— McKinsey & Company 24/10/2023

## Selected M&A transactions

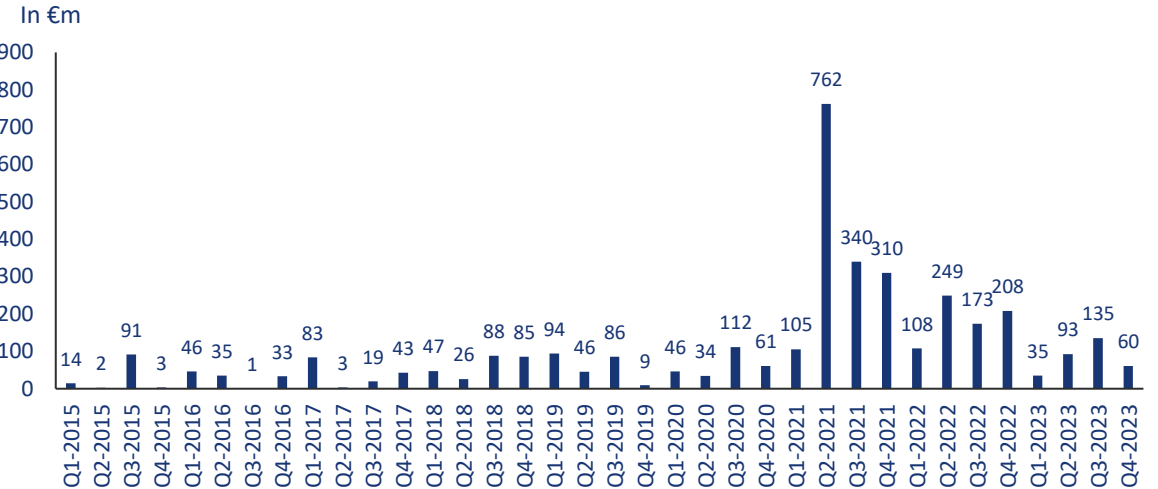
Target	Target segment	Acquirer	Date	Deal size
	Payments		2-10-2023	€37m
	Capital markets		3-10-2023	€94m
	Data & Analytics		26-10-2023	€230m
	Digital assets		30-10-2023	€95m
	Insurtech		3-11-2023	€400m
	Digital assets		13-11-2023	€64m
	Data & Analytics		13-11-2023	€236m
	Payments		16-11-2023	€460m
	Payments		11-12-2023	€773m
	Payments		12-12-2023	€46m
	Payments		22-12-2023	€258m

# Funding rounds

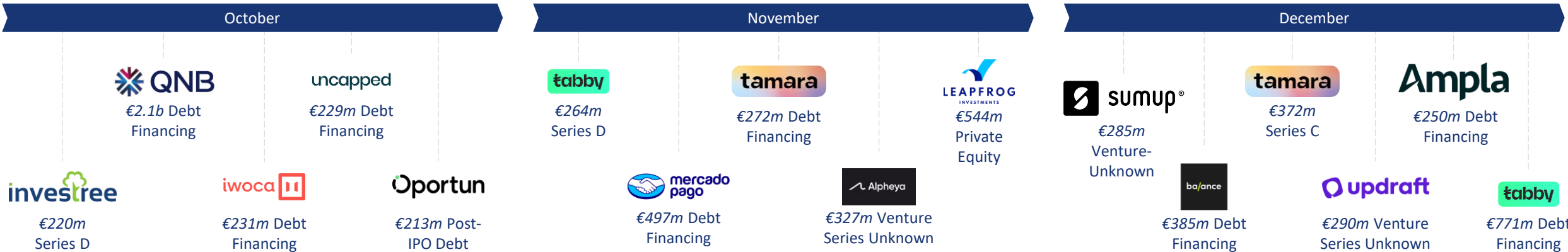
## Global funding rounds
















## Dutch funding rounds



## Largest global funding rounds of Q4


















# Private funding rounds in NL

Company	Description	Segment(s)	Date announced	Funding stage	Amount	Lead investor(s) & funder(s)
<b>Silverflow</b>	A payment platform focused on backend modernisation of payment processing	Payments	16 Nov 2023	Series B	€15m	
 <b>levenue</b>	A revenue-based financing platform	Financing	15 Nov 2023	Series A	€8m	
 <b>FERO</b> PAYMENT SCIENCE	A service that allows for the personalisation of the checkout experience for every customer	E-commerce payments	2 Nov 2023	Seed	€2.8m	
<b>carbon equity</b>	A climate investing platform pioneering in climate tech through private equity	Climate tech	11 Oct 2023	Series A	€6m	
<b>hypeal.com</b>	A pioneering platform for crowdfunding that enables the monetisation of startup investment	Digital Assets	26 Jul 2023	Pre-Seed	€180k	
 <b>bunq</b>	An independent neobank which offers users mobile banking services	Banking	24 Jul 2023	Unknown	€100m	
 <b>MODIFI</b>	One stop platform for business payments and trade management	Payments	18 Jul 2023	Debt financing	€94m	
 <b>GET</b> Protocol	Providing ticketing solutions, event financing, token, white-label, and digital twin NFT services	Payments & Digital Assets	12 Jul 2023	Seed	€4m	



# Private funding rounds in NL

Company	Description	Segment(s)	Date announced	Funding stage	Amount	Lead investor(s) & funder(s)
 <b>Propellant.digital</b> <small>FUEL YOUR BUSINESS WITH MARKETS INSIGHTS</small>	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	<b>Munich RE</b> 
	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
 <b>plumery</b> <small>THE DIGITAL SUCCESS FABRIC</small>	Plumery is adigital engagement platform that enables banks to implement mobile and web experiences for their customers.	Banking & lending	25 Apr 2023	Seed	€4.5m	
 <b>factris</b>	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	
 <b>Change</b>	Trading platform that allows people to trade stocks, commodities, crypto and ETF's.	Capital markets and digital assets	07 Apr 2023	Seed	€2m	
 <b>Finst</b>	Finst is a cryptocurrency trading platform.	Capital markets and digital assets	05 Apr 2023	Seed	€4m	

# 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



# Disclaimer

This document has been provided to you by the principals of Roodhals Capital B.V. ("Roodhals") for information purposes only. Roodhals Capital B.V. is incorporated in The Netherlands and is not regulated by the Dutch Authority for the Financial Markets (AFM) or any other body in any other country.

This document is for private circulation only. The information and opinions contained in this document are for background purposes only, do not purport to be full or complete and do not constitute investment advice nor the arranging of deals in investments. No reliance may be placed for any purpose on the information and opinions contained in this document or their accuracy or completeness. No representation, warranty or undertaking, express or implied, is given as to the accuracy or completeness of the information contained in this document and no liability is accepted for the accuracy or completeness of any such information or opinions.

Certain of the statements contained in this release are statements of future expectations and other forward-looking statements. These expectations are based on current views and assumptions and involve known and unknown risks and uncertainties. Many of the factors that will determine these results and values are beyond the subject's ability to control or predict. These statements are necessarily based upon various assumptions involving judgments with respect to the future, including, among others, the ability to achieve synergies and revenue growth; national, international, regional and local economic, competitive and regulatory conditions and developments; technological developments; capital markets conditions; inflation rates; interest rates; the political and economic stability of certain nations; business and regulatory or legal decisions; the timing and success of business development efforts; and other uncertainties. Actual results, market developments or events may differ materially from those in forward looking statements. You are cautioned not to put undue reliance on any forward looking statement. Roodhals assumes no obligation to update any forward looking information contained in this document.

This document does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe or purchase, any investment nor shall it or the fact of its distribution form the basis of, or be relied on in connection with, any contract therefore. Specifically, neither Roodhals nor its principals or agents has provided you with this document for the purpose of soliciting any investment in the securities of any company contemplated herein, whether by you or any other person.