

TransactionWatch

*Weekly Newsletter For Payments Executives That Covers The Most Important
And Relevant Merchant Acquiring Deals And Activity*

*Week of:
July 11th – July 15th*

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Deal Activity Summary

July 11th – July 15th

This Week's M&A Overview

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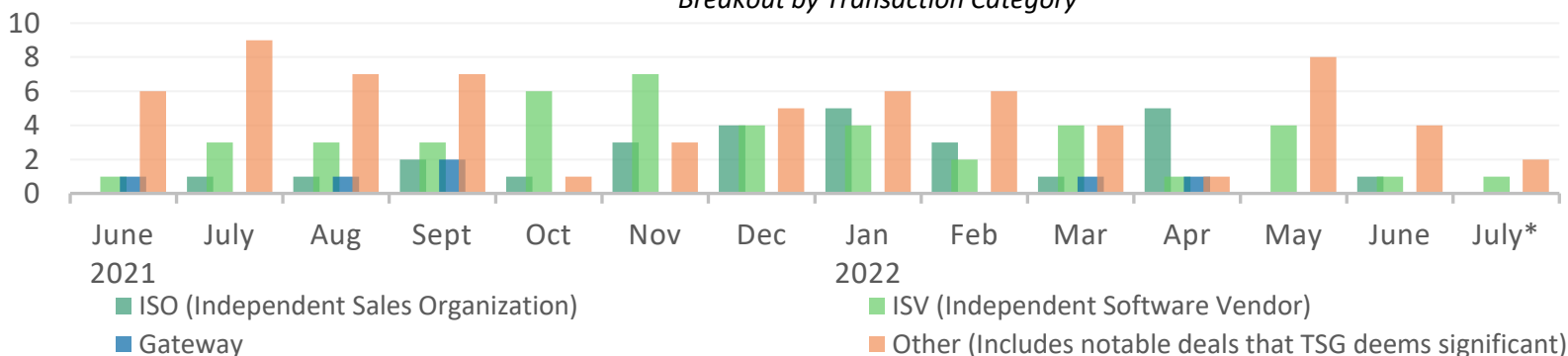
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The payments industry gets shaken up this past week with reductions in valuations, canceled merger agreement, as well as movement in M&A activity. To kick things off, Flywire announced this week their acquisition of Cohort Go, a complementary cross-border payments provider geared towards the education vertical. This acquisition builds on Flywire's existing product suite as well as further broadens their presence across the Asia-Pacific region. Separately, Klarna announced the closing of a new \$800 million in financing, which is aimed to help support their growth in the U.S. This new funding round values the company at \$6.7 billion, down approximately 85% from their \$45 billion valuation at a June funding round last year. Correspondingly, Stripe's internal valuation has reportedly dropped by 28% according to people familiar with the matter. It is reported that Stripe's internal share price has dropped to \$29, down from the previous \$40 a share. Stripe's implied value now resides around \$74 billion, a drop from their \$95 billion valuation last year.

In other M&A news, the Australian buy now pay later provider, Zip, has pulled out of their merger agreement with Sezzle due to current macroeconomic and market conditions. This merger was initially announced in February for a reported value of about \$330 million.

H2 2021 – 2022 YTD M&A Activity

Breakout by Transaction Category



*As of publication.

Note: TSG's selected M&A activity monitors specific markets relating to the acquiring industry and the general payments market.



B2B Payment Network

Navigating Through The B2B Payment Network

The B2B Payment Network has evolved significantly. Are you up to speed on the market opportunities currently available? TSG has proven results of helping clients [navigate the emerging B2B space](#). Whether starting new or improving the program you already have, there are critical questions you must ask.

LOOKING TO START A NEW AP PROGRAM?

- Do you know there is a simple way to start this program at **no cost to you**?
- Do you know how much **additional revenue** you could potentially be generating?
- Are you aware that you could **be reducing manual processes and costs**?
- Are you looking for a way to **improve reconciliation processes** for yourself and your suppliers?

DO YOU ALREADY HAVE AN AP PROGRAM?

- How **old** is your AP program?
- Are you **optimizing your returns**? Do you know you could potentially be leaving money on the table?
- The competition among AP Automation companies is aggressive when bidding for new business, **do you know how your program compares** against the industry?
- Are you looking to **exceed supplier acceptance targets**?

Whether you're looking to start a new program or improve your current accounts payable system, The Strawhecker Group is fully equipped to guide you through this initiative. TSG can help you partner with the right issuer to derive the most benefit from your program and maximize your ROI.

For more information, please email Info@thestrwegroup.com



Historical M&A Tracker

Transaction History: March 2022 – June 2022

Transaction Categories:



ISO

Independent
Sales Organization



ISV

Independent
Software Vendor



Gateway



Other

Includes notable deals that TSG
deems significant

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
Other	Flywire	Cohort Go	-	7/13/2022
ISV	Toast	Sling	-	7/7/2022
Other	GoCardless	Nordigen	-	7/1/2022
Other	Pine Labs	Setu	-	6/23/2022
Other	Global-e	Borderfree (Pitney Bowes)	\$100	6/21/2022
Other	Fleetcor	Global Reach Group	-	6/9/2022
ISV	AffiniPay	MyCase	-	6/9/2022
Other	One Equity Partners	ACI Worldwide (Corporate Banking Technology)	-	6/7/2022
ISO	Nexi	BPER Banca (Merchant acquiring business)	\$412	6/1/2022
Other	Trustly	Ecospend	-	5/31/2022
ISV	Paddle	ProfitWell	\$200	5/25/2022



Historical M&A Tracker

Transaction History: March 2022 – June 2022

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
Other	EVO Payments	North49 Business Solutions	-	5/23/2022
ISV	Square	GoParrot	-	5/18/2022
ISV	Nets	orderbird	\$150	5/12/2022
Other	Checkout.com	ubble	-	5/12/2022
Other	Huntington National Bank	Digital Payments Torana	-	5/12/2022
Other	PSCU	Juniper Payments	-	5/11/2022
ISV	Blaze Solutions	Greenline	-	5/10/2022
Other	KeyBank	GradFin	-	5/9/2022
Other	Shopify	Deliverr	\$2,100	5/5/2022
Other	LexisNexis	BehavioSec	-	5/3/2022
ISO	Nexa Equity	Choice Merchant Solutions	-	4/26/2022
ISO	Choice Merchant Solutions	Direct Payment Consultants	-	4/26/2022
Gateway	Payroc	Worldnet	-	4/21/2022
ISO	Synovus Bank	Qualpay	- (Majority Stake)	4/21/2022
Other	MYPINPAD	SmartPesa	-	4/19/2022
ISV	Versapay	DadeSystems	-	4/18/2022
ISO	Advent International	MangoPay	- (Majority Stake)	4/6/2022



Historical M&A Tracker

Transaction History: March 2022 – June 2022

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
ISO	Payroc	Iroquois Merchant Services	-	4/4/2022
ISV	Medius	OnPay Solutions	-	3/29/2022
Other	Papaya Global	Azimo	-	3/28/2022
Other	Apple	Credit Kudos	\$150	3/23/2022
ISV	Razorpay	IZEaliant Technologies	-	3/16/2022
ISO	Exela Technologies	Corduro	-	3/14/2022
Gateway	North American Bancard	PayTrace	-	3/8/2022
ISV	PPRO	Alpha Fintech	-	3/8/2022
ISV	Fleetcor	Levarti	-	3/3/2022
Other	Shift4	Finaro	\$575	3/1/2022
Other	Shift4	The Giving Block	\$300	3/1/2022
Other	Evertec	BBR	\$60	2/24/2022
Other	TreviPay	Baton Financial Services	-	2/23/2022
ISV	Chargebee	Numberz	-	2/23/2022
ISO	DNA Payments	First Payment Merchant Services	-	2/15/2022
ISV	BillTrust	Order2Cash	-	2/15/2022
Other	Madison Dearborn Partners	MoneyGram	\$1,800	2/15/2022



Headline News

July 11th – July 15th



Stripe Cuts Internal Valuation by 28%

[The Wall Street Journal](#) | July 14th, 2022

Payments giant Stripe Inc., last valued by private investors at \$95 billion, cut the internal value of its shares by 28%, people familiar with the matter said. Stripe told employees in an email Friday that the internal share price was about \$29, compared with \$40 in the most previous internal valuation, known as a 409A valuation, the people said. The move lowered the implied valuation of those shares to \$74 billion, according to one of the people, which is calculated separately from the stock owned by major shareholders.



Klarna closes major financing round during worst stock downturn in 50 years

[PR Newswire](#) | July 11th, 2022

Klarna, the global leader in the generational shift away from credit cards, announced the closing of a new \$800m financing at a \$6.7bn post valuation. The financing attracted strong support from both existing and new investors and will primarily be used to expand Klarna's leading market position in the United States. The investment is of \$800m in common equity and at a valuation 3x times higher than back in 2018, outperforming Klarna's public peers for the same time period. Klarna has not been immune to the significant downdrafts of fintech stock in public markets.



Australian BNPL star Zip pulls buyout of rival amid tech rout

[Reuters](#) | July 11th, 2022

Australian buy-now-pay-later (BNPL) firm Zip Co Ltd dumped a buyout of U.S. rival Sezzle Inc three weeks after declaring the deal on track, a sign of the abrupt pressure on unprofitable fintech firms brought by soaring inflation. The timing of the move underscores the sudden cooling in investor sentiment towards speculative technology firms as the Ukraine war and supply chain problems push up inflation and interest rates, eroding consumer purchasing power.



Partnership Activity

July 11th – July 15th



Bluefin Announces Partnership with Waystar to Deliver Advanced Payment Security Solution in Healthcare Payments

[Bluefin Press Release](#) | July 12th, 2022

Bluefin, the recognized integrated payments leader in encryption and tokenization technologies that protect payments and sensitive data, and Waystar, the leading provider of healthcare payments software, have partnered to provide Bluefin's PCI-validated point-to-point encryption (P2PE) solution and payment gateway through Waystar's software.



Nuvei And GoldBet Build On Successful Partnership With Rollout Of New APMS

[Nuvei Press Release](#) | July 14th, 2022

Nuvei Corporation, tomorrow's payment platform, announces today that it is extending its partnership with GoldBet, one of Italy's premier sports betting, online casino, and poker platforms, to enable the operator to integrate new payment methods into its cashier, including Apple Pay. Nuvei has been enabling GoldBet to offer an industry-leading player experience in Italy since 2020, via a single integration to its full stack payments solution. This includes a best-in-class, fully localized cashier and acquiring solutions to enhance acceptance rates, and alternative payment methods to grow its player base and maximize its revenue.

Other Notable Partnerships:

- **Viafintech**, a Paysafe company, partners with **Grupo IFA** for cash services in Spain.
- **Capital One Business** and **Melio** launch accounts payable solution for SMBs.
- **Yapily** and **Soldo** team up to support European businesses manage payments and control spending.
- **Infinicapt** welcomes **Authvia** to its partnership network.
- **Blackhawk Network** partners with **Klarna** for buy now, pay later services.
- **Finastra** and **HSBC** collaborate on distributing Banking-as-a-Service to mid-level banks
- **Fasset Technologies** partners with **Mastercard** to expand digital payments across Indonesia.



Management Changes

July 11th – July 15th



EML.

EML Payments Welcomes Emma Shand As Managing Director and CEO

EML Payments announced this week the appointment of Emma Shand as the company's new Managing Director and CEO, effective immediately. This appointment follows the resignation of Tom Cregan. Emma has assumed several executive positions through her career, and most recently served as Senior Advisor, Strategic Initiatives at Nasdaq.

Date Announced	Company	Personnel	New Position	Previous Position
7/11/2022	EML Payments	Emma Shand	<i>Managing Director and CEO</i>	Senior Advisor, Strategic Initiatives at Nasdaq
7/14/2022	Volt	Stuart Barclay	<i>VP of Strategy</i>	Head of Growth, Financial Services at Trustly
7/14/2022	Marqeta	Simon Khalaf	<i>Chief Product Officer</i>	Senior Vice President at Twilio



TSG Payments Index

Q1 2011 – Q1 2022

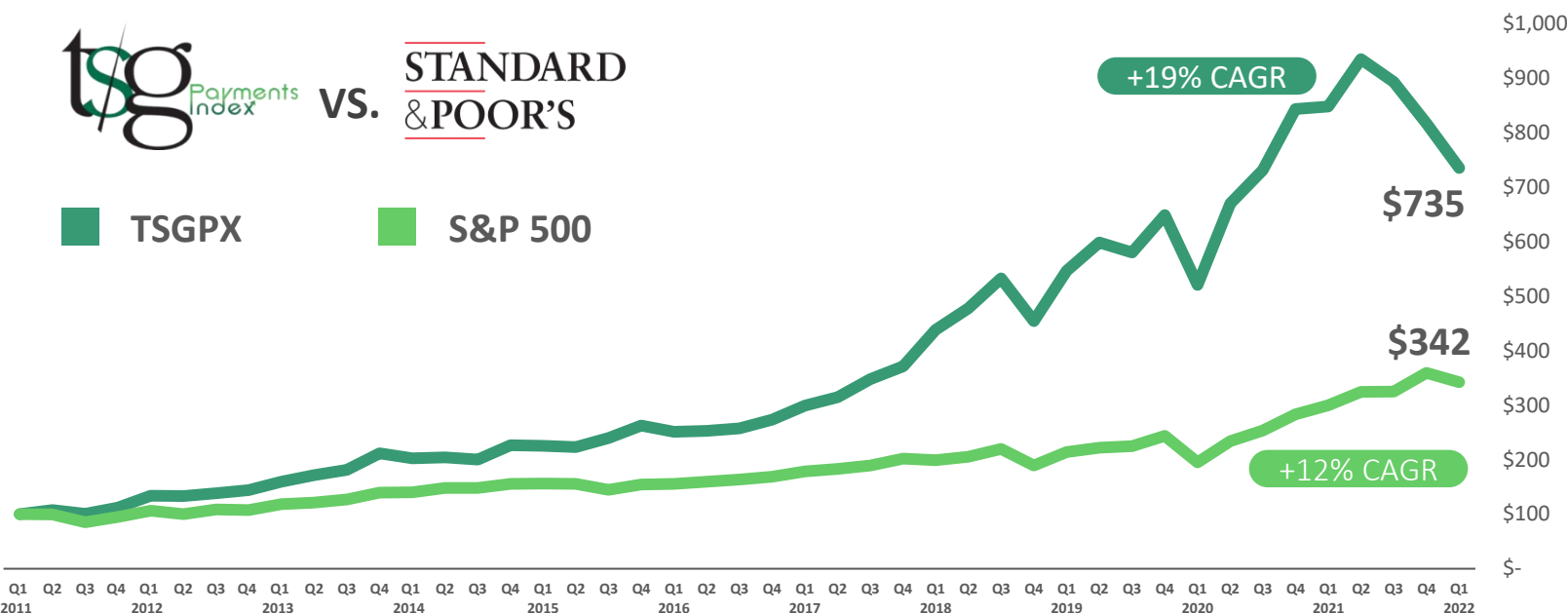
tsg
Payments
Index

VS.

STANDARD
& POOR'S

TSGPX

S&P 500



Payments companies have been thriving in recent years and are becoming more valuable and profitable for the company and its investors. With strong earnings year after year, many payments companies are rapidly increasing their market capitalization and gaining the attention of additional stakeholders.

The chart displays the performance of a \$100 investment in an index of selected payments companies which represent the "TSG Payments Index" – this index is calculated on a value weighted basis using market capitalization and is compared to the S&P 500 which is also calculated using the same methodology. **A \$100 investment in the TSGPX in Q1 2011 would be valued at approximately \$735 in Q1 2022, as compared to \$342, if invested in the S&P 500.**

On average, payments companies grow at a compounded rate that is **7% higher** than that of the industry average. This growth rate is more than double of the industry average and represents the attractiveness of the payments market. The Payments Index is depicted to portray the growing nature of the payments market and hints at where this market is headed in the coming years.





TSG Buy/Sell Consulting Services

Buy-Side

- Buyers use TSG's due-diligence subject matter experts for support on a variety of key decision criteria can affect the value of the property. TSG assists buyers by acting as their advisor as they evaluate the financial value, benchmarking key performance metrics, determine risk, and evaluate the value of any technology assets.

Sell-Side

- The key factor in a successful asset sale is understanding the true value of your enterprise. Value is defined as the "amount a buyer is willing to pay." TSG has a pulse of the market and performs an extensive evaluation of value drivers to ensure potential "sellers" understand the value of their company in the marketplace – prior to starting the sales process. In addition, buyers can use the data to assess offers that have been received for an accurate and fact-based assessment of the offer.

Private Equity

- TSG can help private equity firms understand the landscape before investing and can build a market analysis to determine which investment is the best fit to create the highest ROI. TSG provides investors and financial institutions with the documented valuation information needed to support funding events.

Restructuring & Re-Capitalization

- TSG can facilitate strategic exercises to help forge a new path ahead and can help with implementation of a new structure to ultimately maximize the value and performance of the entity.

30+
ACQUISITIONS
AND INVESTMENT
TRANSACTIONS



250+
COMPLETED
PAYMENTS CO.
VALUATIONS



8 of 12
OF THE LARGEST
PAYMENTS TRANS
IN THE LAST YEAR



\$10-100M
TYPICAL DEAL
RANGE





TSG Buy/Sell Consulting Services

TSG Has Advised For Many Leading Companies in the Payments Industry

GI PARTNERS

on its
investment in

Rectangle
HEALTH

WesBanco

In a debit card
sponsorship
portfolio sale to

PB&T BANK
Local People Making Local Decisions Since 1889

payroc
STABILITY IN
PAYMENTS

In the
acquisition of

 **Integrity**

CLARUS
MERCHANT SERVICES

In the
acquisition of

 **NAMS**

PARthenON
CAPITAL PARTNERS

In the
acquisition of

NXGEN
& **pay**scape®

 **POS PROS**
POINT OF SALE ADVISORS

In its
sale to

Paysafe:

**Goldman
Sachs**

On their funding
event with

Newtek
"The Small Business Authority"

**Goldman
Sachs**

On their funding
event with

 **Bluefin**
Payment Systems

 **PIVOTAL**
PAYMENTS

In the
acquisition of

 **CAPITAL**
PROCESSING NETWORK

 **Bregal**Sagemount

In due diligence support
of its investment into

 **YAPSTONE**
POWERING PAYMENTS

Terrapin
Financial Services, LLC

In its
sale to

 **BluePay**

sage

In a merchant portfolio
purchase from

 **Heartland**
PAYMENT SYSTEMS®

 **PRIORITY**
PAYMENT SYSTEMS

In its
merger with

 **cynergydata**

Mutual of Omaha Bank

On the organization of
its joint venture with

 **First Data.**

 **SIG**
SUSQUEHANNA
GROWTH EQUITY, LLC

On their
investment in

PaySimple®

CAYAN

In the
acquisition of

CPS
CARD PAYMENT SERVICES

 **Shift4**
PAYMENTS

In its
sale to

 **LIGHTHOUSE**
NETWORK

talus 

In acquisition of the
operation assets of

 **PROLIFIC**
BUSINESS SOLUTIONS

 **BluePay**

In the
acquisition of

Primax
Defining Card Processing

KeyBank


On their joint
venture with

 **Elavon**



Payments Experts. Powerful Data.
THE STRAWHECKER GROUP®

ANALYTICS + CONSULTING

The Strawhecker Group (TSG) is a fast-growing analytics and consulting firm. The company serves the entire payments ecosystem, from fintech startups to Fortune 500 companies. The firm provides its clients with advisory services, research and analytics to help them plan and execute their strategic initiatives. Based in Omaha, a recognized payments industry hub, TSG is an established leader in this high-growth, ever-evolving space.

