



Financial Technology Industry Report

April 2023

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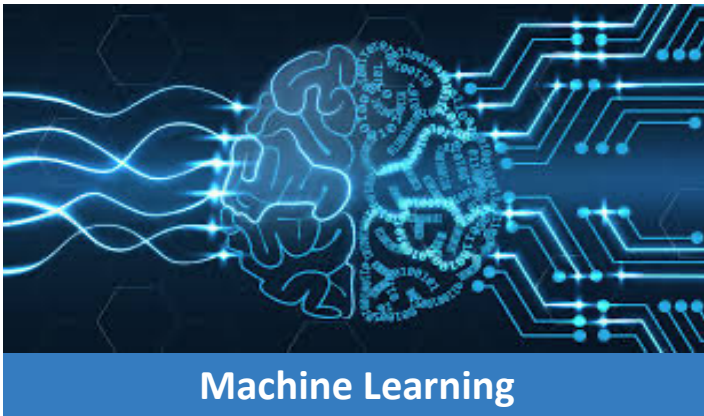
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The State of FinTech

Financial Technology (“FinTech”) leverages new technology to create new and improved financial services for both consumers and businesses, providing products and services previously exclusively available through financial institutions. The global FinTech-as-a-service market size is expected to reach \$949.49 Billion by 2030, growing at a CAGR of 17.2% from 2022 to 2030.

Top Areas of Focus for FinTech in 2023



- ML is an application of artificial intelligence technology that recognizes patterns and learns from data through algorithms
- Companies can automate financial processes (e.g., loan origination) and reduce labor costs to increase performance



- Integration of multiple financial services and products within a single framework/platform
- “Buy Now, Pay Later” model where customers can split payments over time for purchases
- Expected annual growth rate of 40.4% over next several years



- Decentralized Finance: access to financial services without requiring a central institution
- Usage of blockchain technology in peer-to-peer lending, decentralized trading, and payments/transfers
- Cryptocurrency and digital assets providing liquidity, divisibility, and mobility through tokenization

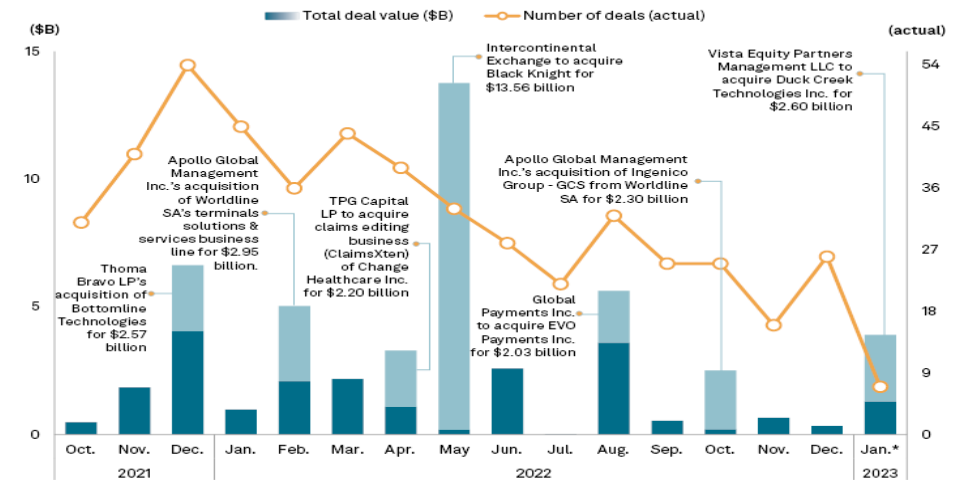


Continued Momentum in FinTech M&A Activity

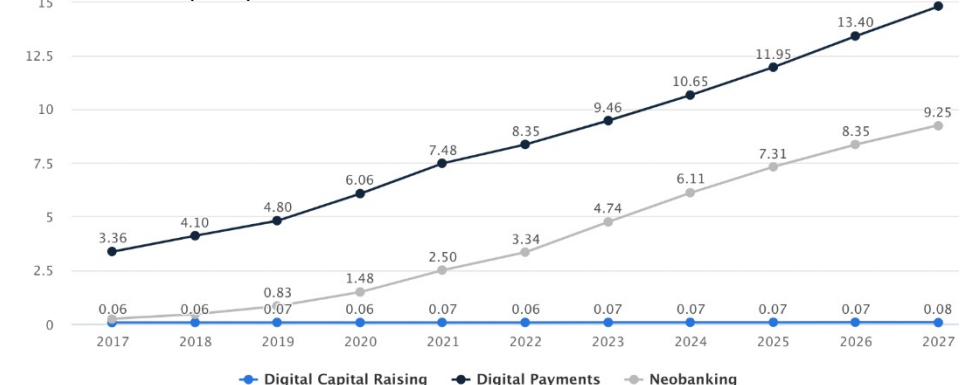
FinTech M&A Activity Projected to Grow After 2022 Slowdown

- With global economic uncertainty, as well as challenges from rising interest rates, significant layoffs in the technology industry, and instability in the banking world, FinTech could struggle without strategic M&A.
- Thus, given this new stage of slowing growth and greater savings mindset, especially with this macro environment of inflation and rising rates, FinTech M&A is expected to increase significantly, with greater consolidation and fewer players.
- Combined with recently depressed valuations of FinTech companies, opportunistic buyers (including private equity firms) will seek to take advantage of these drastic discounts from 2021's high valuations, despite reluctance to sell.

Fintech and payments M&A deals announced since October 2021



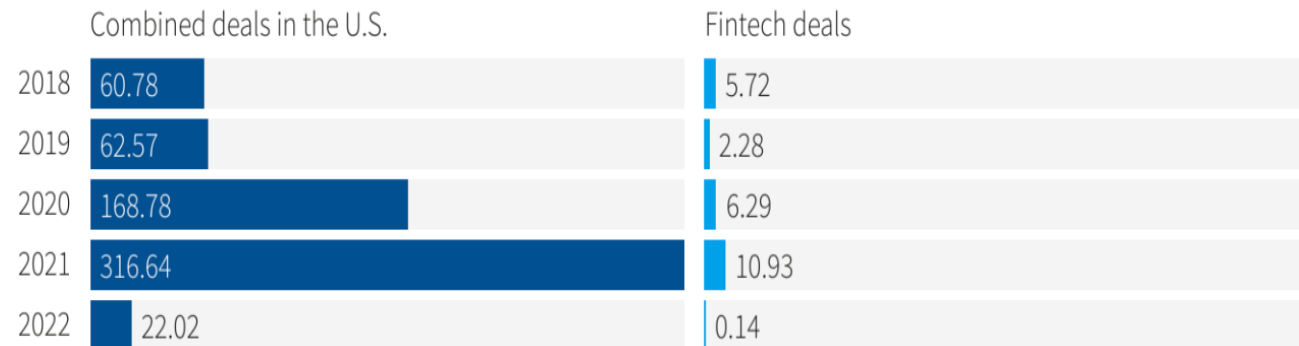
FinTech M&A Aggregate Deal Value by Segment Trillions (USD)





FinTech IPO Activity

- Due to the Federal Reserve's aggressive contractionary monetary policy, 2022 saw an extreme slowdown in global IPO activity, with 2023 showing the same signs amid rising interest rates, inflation, and volatility in the banking industry.
- Even as IPO activity picks up throughout 2023, FinTech is expected to remain relatively stagnant due to increasing levels of cash-burn, as well as poor performance and consistent losses throughout the industry (as evidenced by notable 2021 FinTech IPOs), making it difficult to justify high valuations to investors.
- In 2022, only one FinTech company went public through an IPO, raising a \$144 Million valuation. Though investors are waiting on major companies, such as Stripe and Klarna, to announce plans for IPO, 2023 is poised to further reflect the previous year's standstill in the IPO market.



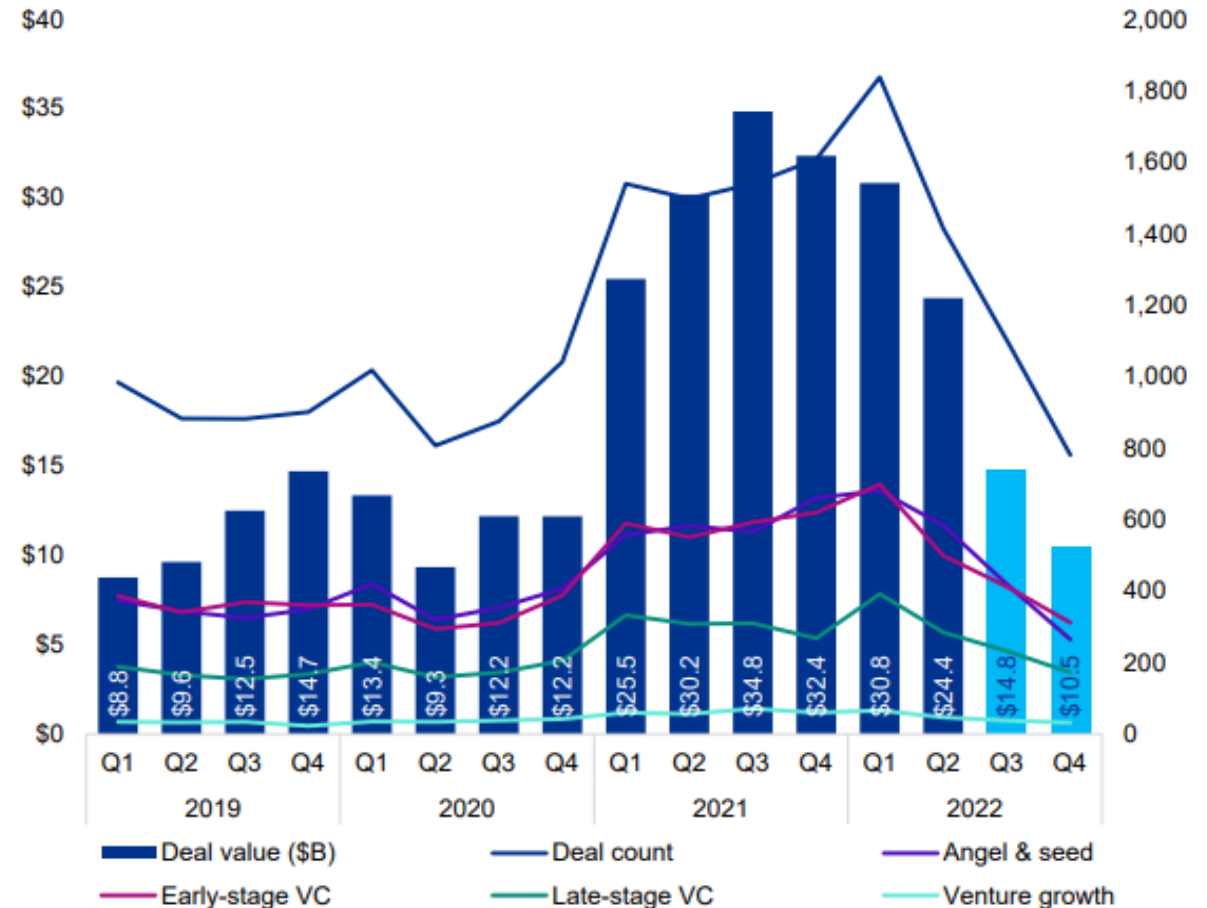


Venture Capital Activity

- Total global investment in FinTech ventures between 2019 and 2022 reached US \$312B
- Global fintech funding reached \$75.2B in 2022 — down 46% from 2021, but up 52% when compared to 2020
- In 2022, global fintech funding falls 46% and deals fall 8% YoY
- Funding to US-based fintechs halved from 2021's record high to \$32.8B in 2022. Despite the drop, 2022 was the second-highest funding year for US fintechs
- At the same time, investment activity trended downward throughout the year. Q4'22 marked the lowest quarter for US fintech funding since 2018

VC Investments in FinTech

Billions (USD)





Private Equity Activity

Notable FinTech Public-Private Buyouts

\$8.4 Billion

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\$2.6 Billion

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\$1.7 Billion

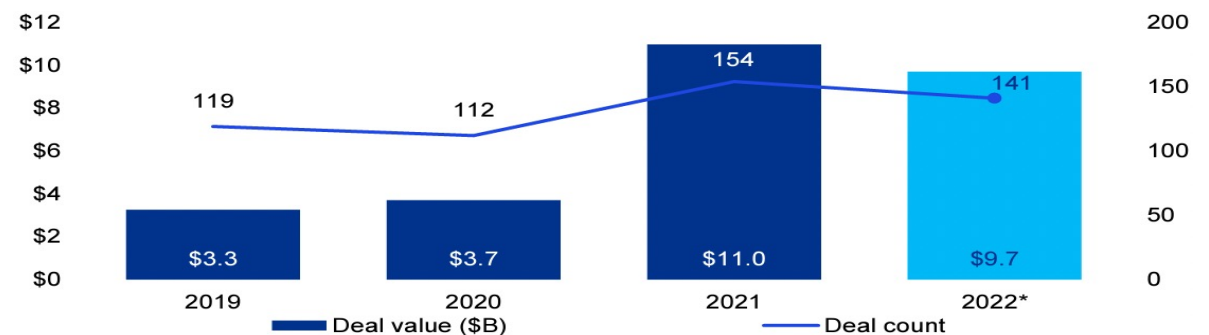
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\$1.6 Billion

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- In 2022, the FinTech industry was characterized by fewer unicorns and less investment overall, with Q4 marking the U.S.'s lowest for FinTech funding since 2018.
- However, despite market troubles, investors were still inclined to utilize private funding, given a difficulties with macroeconomics and public valuation.
- Private equity investment in 2023 will likely come from stabilizing (below-IPO) valuations in the take-private market, particularly with late-stage FinTech firms.

Global PE Activity in FinTech





Key Trends in FinTech

Key Drivers

Open Banking



Trends

- Open banking allows third-party service providers to access real-time customer data through open application programming interfaces (APIs).
- As a result of open banking, it is now much easier to access information previously only available to financial institutions. Thus, financial services become both simpler to provide and more accessible.

Banking as a Service (BaaS)



- BaaS offers financial products and services through third-party non-banking businesses, allowing for new, specialized offerings and opportunities for growth without requiring a traditional foundational infrastructure.
- Existing players include Apple, who spearheaded Apple Pay and partnered with Goldman Sachs to produce the Apple Card.

Personalization



- From tailored loan programs to real-time visibility into payroll data, new technologies have modernized available products and services.
- Continued measures to increase user personalization will help improve performance and enhance both customer offerings and outcomes.

Regulatory Compliance

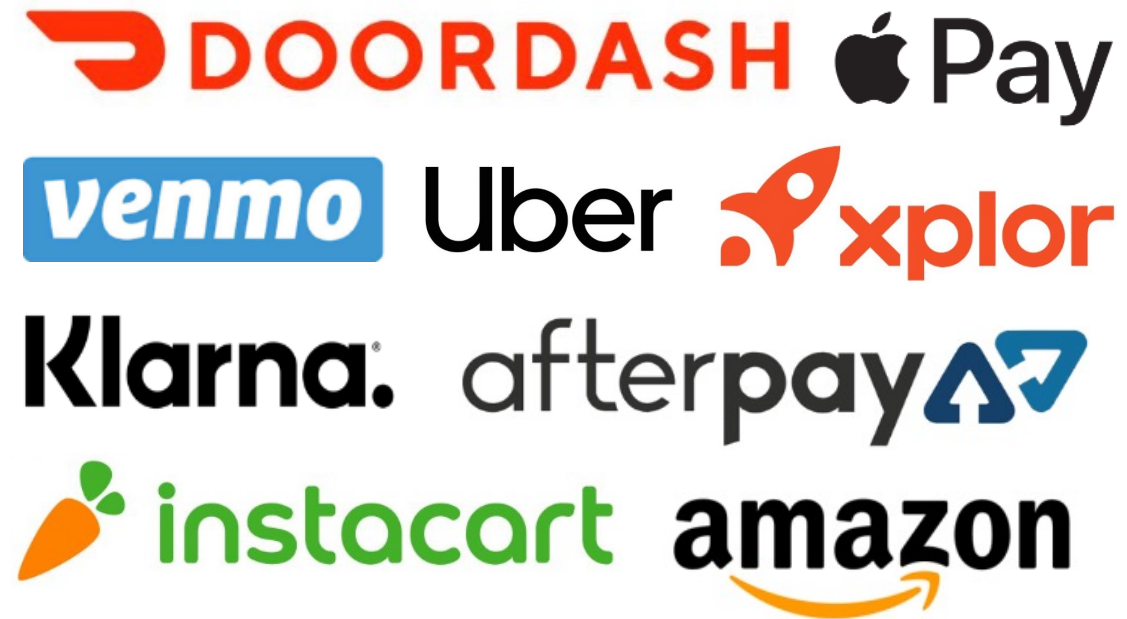


- Regulators are currently requiring financial services companies to increase spending on improving compliance programs, which will spur the integration of these new technologies.
- A greater focus on regulatory compliance and internal controls will ultimately prove beneficial long-term, for both businesses and the industry, with firms who integrate earlier developing a competitive advantage.



Embedded Finance on the Rise

Embedded Finance is Offered Through Social Media, Mobile Apps, E-Commerce, Etc.



















Benefits of Embedded Finance:

- The embedded finance market is evolving rapidly with an expected annual growth rate of 40.4% over the next several years
- Embedded finance can help to make financial services more accessible and convenient for consumers, by bringing them directly to where they need them
- Embedded finance is also opening new opportunities for financial institutions, as they can now partner with non-financial companies to reach new customers and offer new products and services
- Growth is expected to continue as more industries look to integrate financial services into their offerings



Applications of AI in FinTech

Application	Key Players	Application	Key Players	Application	Key Players
Credit Scoring / Direct Lending Create robust credit scoring and lending applications	 	Insurance Utilizes large amounts of data for underwriting, customer service, claims, and fraud detection	 	Business Finance & Expense Reporting Leverages AI to improve basic business accounting and expense reporting	 ZEITGOLD.
Assistants / Personal Finance Uses Natural Language Processing to monitor personal finances and offer financial advice	 	Market Research / Sentiment Analysis Uses AI to efficiently research and measure sentiment and transactions	 	General Purpose / Predictive Analytics Uses AI for general purpose semantic and natural language applications and applied predictive analytics	 KENSHO
Quantitative & Asset Management Employ AI algorithmic trading and investment strategies or tools	 sentient  NUMERAI	Debt Collection Uses AI to improve creditor collection of outstanding debt through personalized and automated communication	 TrueAccord  collectAI	Regulatory, Compliance & Fraud Detection Uses AI to detect fraud and abnormal financial behavior and used to improve general compliance matters and workflow	 TRIFACTA  ASCENT



Silicon Valley Bank



Impact of Silicon Valley Bank Failure



Methodology :



In order to evaluate the impact of Silicon Valley Bank on the future of Fintech funding, we started by identifying all the companies that raised debt capital from SVB in 2022. We wanted to examine a full 12-month timeframe.



Next, we tried to determine SVB's role – whether it functioned as a sole lender or as part of a syndicate.



We also assessed the total amount of capital raised by each company from all participating lenders.



Finally, we analyzed the data to generate a high-level estimate of the potential impact on the Fintech funding landscape.

Company Name	\$USDm Raised	Announced Date	Funding Status	Sole lender?
Celonis	\$600.0	08/23/22	Late Stage Venture	No
Navan	\$400.0	12/08/22	Late Stage Venture	No
Automation Anywhere	\$200.0	10/03/22	Not specified	No
Pivot Energy	\$190.0	04/18/22	M&A	No
SunVest Solar	\$154.0	12/13/22	Not specified	No
Slope	\$125.0	10/03/22	Early Stage Venture	Yes
Cypress Creek Renewables	\$125.0	05/03/22	M&A	No
Wagestream	\$115.0	04/13/22	Late Stage Venture	Yes
TomoCredit	\$100.0	07/21/22	Early Stage Venture	Yes
Netradyne	\$65.0	09/07/22	Late Stage Venture	Yes
Alida	\$60.0	11/09/22	Late Stage Venture	No
Aspen Neuroscience	\$40.0	12/21/22	Early Stage Venture	Yes
Antheia	\$40.0	06/22/22	Early Stage Venture	No
Blueground	\$40.0	01/01/22	Not specified	Yes
Holidu	\$24.7	10/19/22	Late Stage Venture	No
Keepit	\$22.5	06/09/22	Early Stage Venture	No
Ambient Photonics	\$17.5	09/07/22	Early Stage Venture	No
Kerecis	\$15.0	07/21/22	Late Stage Venture	Yes
Click Therapeutics	\$15.0	04/15/22	Early Stage Venture	Yes
Enveda Biosciences	\$13.0	12/21/22	Early Stage Venture	Yes
Kognitiv	\$13.8	02/02/22	M&A	Yes
Troy Medicare	\$10.0	02/04/22	Not specified	Yes
Wrk	\$9.9	02/02/22	Early Stage Venture	Yes
Oma Fertility	\$8.5	06/21/22	Not specified	Yes
Standard Bariatrics	\$7.0	05/09/22	M&A	Yes
Flueid	\$5.0	10/11/22	Early Stage Venture	Yes
Pryon	\$3.0	06/07/22	Not specified	Yes
Genecis	\$3.0	08/05/22	Not specified	Yes
&Open	\$2.1	04/17/22	Early Stage Venture	Yes
Precision AI	\$1.5	01/01/22	Seed	Yes
Emma	\$1.5	11/29/22	Not specified	Yes
Total	\$2,427.0			



Conclusion:



Most of the debt capital (\$1.8b out of \$2.4b) was raised through syndicates for late-stage ventures.



In these cases, it is reasonable to expect that other banks may step in to fill this gap. However, this may be at less competitive pricing now that there are fewer lenders competing for the business.



The highest impact will likely be felt with early-stage companies. In 2022, \$593m of debt capital was raised through SVB-only*, of which \$310m was for early-stage ventures.



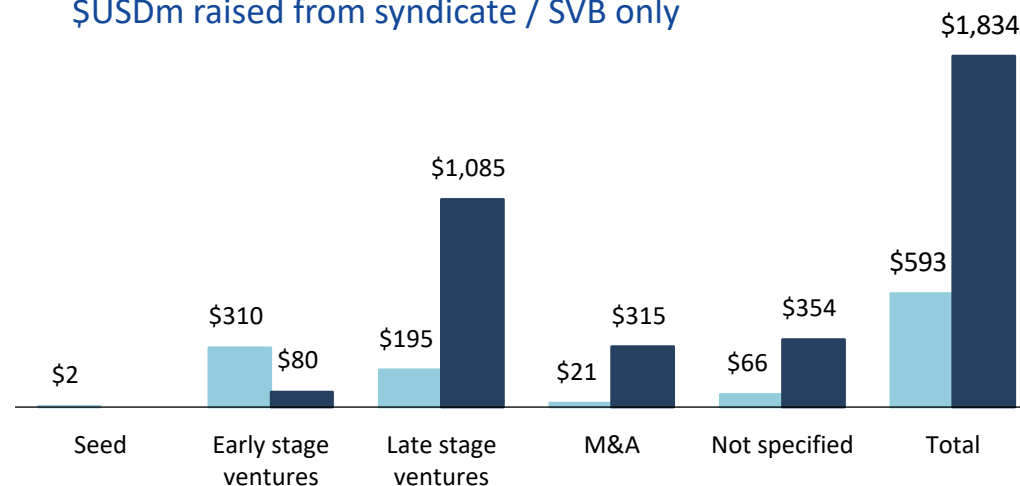
Early-stage ventures are inherently more risky, and lenders typically have less appetite for them. Yet SVB played an important role in independently funding them.



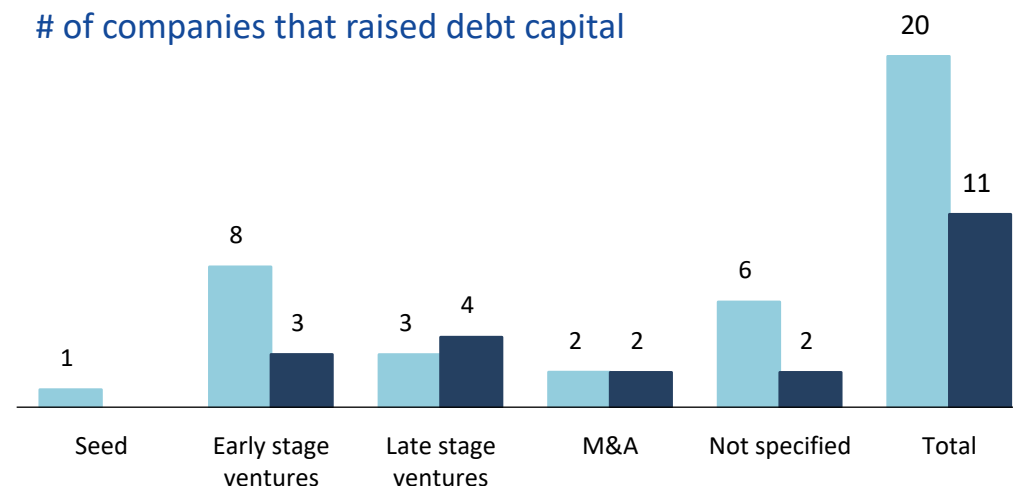
Other banks and alternative lenders will need to step-up and fill the gap that was left by SVB to ensure that the Fintech ecosystem is not adversely affected.

* The list was compiled using publicly available sources and is therefore not comprehensive. It does not include transactions that were not publicly announced. However, it should be sufficient to provide a directional view.

\$USDm raised from syndicate / SVB only



of companies that raised debt capital





Notable FinTech IPOs



Vista Equity Partners Acquires Avalara for \$8.4B



Avalara's Business:

- Avalara provides tax compliance automation services for businesses of all sizes with 30,000 customers worldwide
- Avalara processes billions of indirect tax transactions, files tax compliance documents and tax returns every year

Transaction Data:

- Partnering with Vista, Avalara aims to enhance its platform by improving its go-to-market approach, expanding its global workforce, simplifying its system architecture, and pursuing profitable M&A opportunities

Investment Rationale:

- Vista's acquisition will allow Avalara to scale its business and enter new markets through industry connections and identifying potential partners
- Avalara will gain resources and guidance to develop software that supports more businesses globally

Funding Rounds:

- Series D Funding - \$100M (April 2014)
- Series C Funding - \$20M (October 2007)
- Series B Funding - \$7.6M (May 2006)
- Series A Funding - \$10M (January 2005)



Nubank Raises \$2.6B in IPO



Nubank's Business:

- Nubank is an online bank that offers digital financial services including credit cards, personal loans, and savings accounts to 75M customers worldwide
- Nubank plans to launch in more South American countries which could result in total customers of over 100M and saw a 76% year-on-year increase in revenue in 2021 with \$1.7B reported

IPO Data:

- Nubank (NU) began trading on the NYSE for \$9 on December 9, 2021, finishing the day with a \$41.4B valuation
- 289M shares were offered at \$9 each, with shares closing at \$10.33 on the first day

Funding Rounds:

- Series F Funding - \$750M (June 2021)
- Series E Funding - \$400M (July 2019)
- Series D Funding - \$150M (October 2018)
- Series C Funding - \$80M (January 2016)
- Series B Funding - \$30 (August 2015)
- Series A Funding - \$14.3M (2014)



Robinhood Raises \$2.1B in IPO

Robinhood 

Robinhood's Business:

- Robinhood is a trading platform for commission-free stock, options, and cryptocurrency trading
- Robinhood generated \$1.81 billion revenue in 2021, a 90% year-on-year increase

IPO Data:

- Robinhood (HOOD) began trading on July 29, 2021 for \$38 on the NASDAQ, closing at \$34.82
- Robinhood priced 55M shares at \$38 each reaching a \$32B market cap, but share price dropped 8% after its IPO

Funding Rounds:

- Series E Funding - \$200M (July 2020)
- Series D Funding- \$363M (May 2018)
- Series C Funding - \$110M (April 2017)
- Series B Funding – \$50M (May 2015)
- Series A Funding - \$13M (May 2014)
- Seed Round Funding - \$3M (April 2013)



SoFi acquires Technisys for \$1.1B



Technisys Business:

- Technisys provides digital banking solutions including core banking, lending, payments, and wealth management
- The company's mission is to help financial institutions transform their businesses through innovative, flexible, and scalable digital solutions

Transaction Data:

- SoFi acquired Technisys for \$1.1B and the acquisition is expected to generate up to \$800M in additional revenue along with \$85M in cost savings through 2025

Investment Rationale:

- SoFi's plans to leverage the Technisys platform to introduce personalized financial services to its banking customers
- SoFi intends to utilize the combination of Galileo/Technisys to establish the only end-to-end vertically integrated banking technology stack in order to meet the expanding needs of their existing partners

Funding Rounds:

- Series C Funding - \$50M (January 2021)
- Series B Funding - \$15M (May 2017)
- Series A Funding - \$13M (February 2015)
- Seed Round Funding - Undisclosed (February 2009)



Notable FinTech PE / VC Transactions



Personetics Secured \$85M Investment from Thoma Bravo

Announced: January 2022



Business Summary:

- Provides AI-powered personalization and customer engagement solutions for banks and financial institutions
- Offers suite of tools to help banks with personalized marketing, product recommendations, and financial advice
- Real-time analysis of customer financial data and behavior to create personalized experiences
- Serves 80 banking customers, including major banks like Metro Bank, Santander, Huntington Bank, and MUFG
- 120 million users across 30 countries

Transaction Summary:

- Raised \$85m in growth funding led by Thoma Bravo
- Previous investors including Lightspeed Ventures, Sequoia Capital, and Warburg Pincus also participated
- Funding to be used for expanding tools provided to banking customers and user base
- Valuation undisclosed

Recent Funding:

Round	Date	Amount	Investors
Growth	2021-02-14	\$75m	Warburg Pincus LLC, Viola Ventures, Lightspeed Ventures, Sequoia Capital, Nyca Partners
Growth	2022-01-18	\$85m	Thoma Bravo, Sequoia Capital, Lightspeed Ventures, Warburg Pincus, Nyca Partners, Viola Ventures



SavvyMoney Secured \$45M Growth Investment from Spectrum Equity and TransUnion

Announced: January 2022



Business Summary:

- Offers comprehensive credit score analysis, reporting, monitoring, and financial wellness tools
- Allows financial institutions to access credit score trends and market share analysis
- Provides personalized loan offers for banks and credit unions
- Rapid adoption by financial institutions – over tripled revenue in the past two years
- Strategic partnerships and direct integrations with 34 digital banking platforms
- Over 20 million consumers

Transaction Summary:

- Raised \$45m in a funding round
- Led by growth equity firm Spectrum Equity
- Participation from existing investor TransUnion
- Funds to be used for new product development, talent acquisition, and expansion of various teams

Recent Funding:

Round	Date	Amount	Investors
Series D	2016-09-22	n/a	TransUnion, Tugboat Ventures LLC
Equity	2022-01-24	\$45m	Spectrum Equity, TransUnion



CAIS Secured \$225M Financing Round Led by Apollo and Motive Partners

Announced: June 2022



Business Summary:

- Alternative investment platform reshaping engagement, learning, and transactions for wealth management communities
- Aims to remove barriers to alternative investments for the independent wealth management community
- Transaction volume increased by 65% YoY, and the number of platform users grew by 60%
- Doubled workforce in the last year to meet demand

Transaction Summary:

- Raised \$225m in a funding round led by Apollo and Motive Partners
- Participation from existing investor Franklin Templeton
- Valuation of over \$1b post-money
- Blythe Masters (Motive) and Andrew Gosden (Apollo) will join CAIS's board of directors
- Proceeds will be used to advance technology, enhance customer experience, digitize product operations and processes, and explore strategic opportunities

Recent Funding:

Round	Date	Amount	Investors
Equity	2022-01-10	\$225m	Apollo, Motive Partners, Franklin Templeton
Growth	2022-04-05	\$100m	Reverence Capital Partners LP
Equity	2022-06-27	n/a	Hamilton Lane



Pico Secured \$200M Investment from Golden Gate Capital

Announced: July 2022



Business Summary:

- Provides mission-critical technology services, software, data, and analytics for the financial markets community
- Offers financial services trading cloud infrastructure, connectivity, data, software, and analytic solutions across 55 data centers in the Americas, Europe, and Asia
- Powers mission-critical applications for 430+ clients, including top 25 global banks, 39 exchanges, electronic market makers, and premier asset managers

Transaction Summary:

- Pico signed an agreement for a \$200m strategic investment from Golden Gate Capital
- Capital will be used to pursue strategic M&A opportunities to enhance Pico's global ecosystem and for general corporate purposes
- Golden Gate Capital's experience in financial services and successful acquisitions will help advance Pico's strategy
- Investment follows the cancellation of a proposed \$1.75b IPO and merger with a special-purpose acquisition company (SPAC)

Recent Funding:

Round	Date	Amount	Investors
PIPE	2021-08-03	\$200m	Golden Gate Capital, Wellington Management, Wells Fargo, DRW Venture Capital LLC
Private Equity Round	2022-07-12	\$200m	Golden Gate Capital



Grasshopper Secured \$30.4M Investment from GCP Capital Partners

Announced: July 2022



Business Summary:

- Digital commercial bank focused on small businesses and the innovation economy
- Offers tailored banking solutions for specific industries
- Banking services include small business, venture-backed companies, Banking-as-a-Service (BaaS), commercial API banking platforms, SBA lending, commercial real estate lending, and yacht financing
- Total assets of over \$500m

Transaction Summary:

- Raised \$30.4m in equity funding from GCP Capital Partners
- Funds to be used for advancing strategic growth initiatives in lending, deposit, and payment solutions for small businesses
- CEO Mike Butler assumed the role of chairman, succeeding John Flemming who remains on the board
- Under Butler's leadership, Grasshopper has added new business lines, launched a BaaS platform in partnership with Treasure Financial, and developed a suite of digital banking tools for SMBs

Recent Funding:

Round	Date	Amount	Investors
Private Equity Round	2019-07-11	n/a	Golden Seeds
Private Equity Round	2022-07-31	\$30.4m	Patriot Financial Partners, Endeavour Capital Advisors, FJ Capital Management, Carpenter & Company, GCP Capital Partners



Tidal Financial Group secured \$32M in Growth Equity Funding from FTV Capital

Announced: October 2022



Business Summary:

- Chicago-based provider of an ETF investment and technology platform
- Offers cost-effective custom solutions for the creation, operation, and growth of ETFs for third parties
- Works with asset/wealth managers, institutions, and RIAs to develop, launch, and market private label ETFs
- Currently partners with over 55 ETFs in the U.S., overseeing more than \$6.5b in assets
- Toroso Investments, owned by Tidal, operates in Europe and is licensed in Ireland

Transaction Summary:

- Raised \$32m in Growth Equity funding
- Investment made by FTV Capital
- Mike Vostrizansky, principal at FTV Capital, joined Tidal's board of directors
- Funds to be used for team expansion, unifying multi-brand offering, further digitization of client solutions, and delivering services to new and existing ETF issuers

Other info:

- Tidal Financial Group recently merged with Tidal ETF Services and Tidal Asset Management.
- Following the \$32m investment, the company aims to grow its European business and considers white-labeling in Europe.
- Currently, Tidal provides portfolio management and trading services in Europe through its Ireland-licensed subsidiary, Toroso Investments.

Recent Funding:

Round	Date	Amount	Investors
Growth	2022-10-05	\$32m	FTV Capital



Chronograph Secured \$20M “Series X” Investment Led by Summit Partners

Announced: October 2022



Business Summary:

- Founded in 2016, headquartered in Brooklyn
- Offers cloud-based analytics and data management solutions for private capital market investors
- Monitors over \$6 trillion of private equity and venture capital assets
- Represents over 100,000 private companies on its platform

Transaction Summary:

- Series X investment led by Summit Partners
- Existing investors Carlyle and Nasdaq Ventures participated in the round
- Intends to use the investment for global growth and product development
- Plans to hire more software engineers, aiming to quadruple the number of engineers to around 40
- Generates about 30% of its revenue from outside the U.S. Plans to establish a presence in Europe and Asia

Recent Funding:

Round	Date	Amount	Investors
Series A	2019-05-27	n/a	AlpInvest Partners, Nasdaq Ventures
Private Equity Round	2022-10-10	\$20m	Summit Partners, Carlyle



Human Interest Secured Investment From Blackrock (Terms Undisclosed)

Announced: January 2023



Business Summary:

- Digital retirement benefits platform for small and medium-sized businesses (SMBs)
- Allows users to launch and automate retirement plans while eliminating all 401(k) transaction fees
- Works with a wide range of SMBs, from tech startups to nonprofits
- Founded in 2015 and based in San Francisco

Transaction Summary:

- BlackRock acquires a minority stake in Human Interest
- Terms of the deal were not disclosed
- BlackRock's investment will support the next phase of Human Interest's growth, including enhancing its technology platform and maturing operational processes

Recent Funding:

Round	Date	Amount	Investors
Series C	2021-02-10	\$55m	Glynn Capital Management, NewView Capital
Series D	2021-08-03	\$200m	The Rise Fund, SoftBank Vision Fund 2, Crosslink Capital, NewView Capital, Glynn Capital, U.S. Venture Partners, Wing Venture Capital, Uncork Capital, Slow Capital, Susa Ventures
Minority Stake	2023-01-16	n/a	BlackRock



Built Technologies Secured Funding from Citi Institutional Strategic Investments

Announced: April 2023



Business Summary:

- Leading provider of construction and real estate finance technology
- Streamlines construction loan administration process through a centralized platform
- Enables faster funding decisions, draws, and real-time transparency into construction projects
- Used by over 250 banks and private capital providers in North America

Transaction Summary:

- Strategic investment from Citi through its SPRINT program
- Citi SPRINT focuses on incubating innovative fintech companies
- Investment to accelerate growth in commercial real estate asset management and enable further operational and technological enhancements
- Citi to introduce digitization solutions to other lenders, developers, and borrowers in the ecosystem

Recent Funding:

Round	Date	Amount	Investors
Equity	2022-06-29	\$23.6m	Goldman Sachs Investment Partners, Index Ventures, Addition
Equity	2023-04-12	n/a	Citi Institutional Strategic Investments



Taxcloud Secured \$20M in Growth Equity from Camber Partners

Announced: April 2023

TaxCloud

Business Summary:

- Leading sales tax compliance platform for ecommerce businesses
- Calculates, collects, and files sales and use tax for transactions in all 50 U.S. states and the District of Columbia
- Trusted by more than 4,000 ecommerce businesses
- Calculates the right tax rates across 13,000+ different tax jurisdictions in the US

Transaction Summary:

- Raised \$20m in a growth equity round led by Camber Partners
- Camber Partners' first investment in the ecommerce sales tax and use space – it aligns with the firm's thesis to invest in SaaS and PLG products in large, addressable markets with under-optimized go-to-market strategies
- Investment to be used for expanding product offerings, marketing efforts, and sales operations
- Nate Gilmore appointed as CEO. Previously Chief Revenue Officer and Chief Marketing Officer at PandaDoc.

Recent Funding:

Round	Date	Amount	Investors
Equity	2011-12-11	\$0.1m	
Growth	2023-04-16	\$20m	Camber Partners



Notable FinTech Debt Transactions



DailyPay Secured \$260M in Debt Funding

Announced: January 2023



Business Summary:

- Financial technology company providing on-demand pay solutions to help workers get paid faster
- Partners with leading employers across various industries, including Fortune 500 companies like Hilton, Target, Kroger, and Dollar Tree
- Aims to build a new financial system for everyone with insight-driven pay strategies

Transaction Summary:

- Secured \$260m in funding
- Funding divided between revolving credit facility capacity from Barclays and Angelo Gordon, and term loan funding from SVB Capital and a fund managed by Neuberger Berman
- Funds to be used for domestic growth, international expansion, and product innovation

Recent Funding:

Round	Date	Amount	Investors
Debt (RCF)	2022-03-17	\$300m	Barclays
Debt	2023-01-23	\$260m	Barclays, Angelo Gordon, SVB Capital



Tranch Secured \$100M Seed Funding - Debt and Equity

Announced: January 2023



Business Summary:

- London, UK-based buy-now-pay-later (BNPL) platform for SaaS sellers and service providers
- Allows providers to be paid upfront and offer customers flexible payment options for up to 12 months
- Targets industries like SaaS, cloud, professional, and marketing expenses

Transaction Summary:

- Raised \$100m in Seed funding round
- Round led by Soma Capital and FoundersX
- Includes a credit facility from Clear Haven Capital Management

Recent Funding:

Round	Date	Amount	Investors
Pre-seed	2022-05-22	\$4.3m	Flash Ventures, Global Founders Capital, Columbia Lake Partners, Yobota
Equity	2022-08-31	\$2.5m	Flash Ventures
Seed	2023-01-23	\$100m	Soma Capital, FoundersX



Highbeam Secured \$10M in Debt

Announced: February 2023



Business Summary:

- Startup offering banking features, credit, and cash flow insights to e-commerce customers
- Co-founders: Samir Shergill (previously at Microsoft, McKinsey, and AppNexus) and Gautam Gupta (formerly of Shopify, Venmo, and Alloy)
- Provides a range of financial services and tools for e-commerce brands, including bank accounts, free wire transfers, debit cards with 2% cash back, and a dashboard for insights and forecasts on business expenses
- Offers a flat-rate, revenue-based line of credit allowing flexible repayment based on sales
- Experiencing 30% month-over-month growth and annual cash flow in the hundreds of millions

Transaction Summary:

- Raised \$10m in debt from TriplePoint to expand its digital product portfolio

Recent Funding:

Round	Date	Amount	Investors
Seed	2022-05-15	\$7m	FirstMark, Mayfield
Debt	2023-02-12	\$10m	TriplePoint



Octane Closed A \$407M Asset-backed Securitization (Upsize From Initial \$305M Target)

Announced: February 2023



Business Summary:

- Provides digital end-to-end buying experience for recreational products like powersports, vehicles, RVs, and outdoor power equipment
- Aims to revolutionize the buying experience for recreational purchases

Transaction Summary:

- Octane closed a \$406.9m securitization, initially targeted at \$305.2m
- Largest deal for Octane to date, first to receive AAA-rating from both S&P and KBRA
- Issued five classes of fixed-rate notes with varying ratings
- Attracted seven new investors, indicating strength and growth of the program
- Truist Securities acted as lead bookrunner and structuring agent, with J.P. Morgan as joint bookrunner
- Completed two asset-backed securitizations in 2022, OCTL 2022-1 and OCTL 2022-2
- Senior class of notes rated AAA by KBRA and AA by S&P
- Total of nearly \$2.3b of asset-backed securitizations since program launch in December 2019

Recent Funding:

Round	Date	Amount	Investors
Debt	2022-08-18	\$375m	
Debt	2023-02-24	\$407m	Truist Securities, JP Morgan



Marco Secured \$200M Credit Facility and \$8.2M Equity

Announced: February 2023



Business Summary:

- Tech-enabled trade financing platform for SMEs in Latin America and the United States
- Aims to close the \$2 trillion global trade finance gap impacting SMEs
- Offers products such as factoring, purchase order financing, and asset-based lending to SMEs
- Leadership team includes industry experts Barry Kastner, Fred Leder, and CTO Nik Bougalis
- Lent \$100 million faster than any other LatAm fintech in 2022
- Financed over \$254m in under two years of operations
- Saw 1,500%+ CAGR in financing with no losses between 2021 and 2022
- Aims to fund \$750m by the end of 2023, targeting segments in the U.S. and across LatAm, specifically in Mexico, Ecuador, Colombia, and Peru

Transaction Summary:

- Received a \$200m credit facility from MidCap Financial and Castlelake
- Raised \$8.2m in equity funding led by Arcadia Funds LLC
- Funds will be used to expand Marco's trade finance platform and suite of trade services

Recent Funding:

Round	Date	Amount	Investors
Debt	2023-02-26	\$200m	MidCap Financial Investment Corp, Castlelake LP
Equity	2023-02-26	\$8.2m	Arcadia Funds LLC



Parker Secured \$157M in Funding, of Which \$120M in Debt

Announced: March 2023



Business Summary:

- NYC-based charge card for e-commerce businesses
- Offers customizable, rolling payment terms
- Serves mid-market, internet-native retailers in industries like apparel, luxury goods, wellness, skincare, beauty, and food & beverage
- Brands using Parker include Amour Vert, Italic, SpikeBall, Canopy, and Caraway
- Surpassed \$300m in transaction volume since inception
- Serves hundreds of customers
- Top ten largest brands using Parker generate over \$1b in combined annual revenue

Transaction Summary:

- Raised \$157m in funding
- \$31.1m in Series A venture funding led by Valar Ventures
- \$5.9m in previously unannounced Seed funding
- \$70m in debt, comprising venture debt from Triple Point Capital and warehouse debt from Jefferies
- Jefferies warehouse debt facility includes an uncommitted option to upsize by \$50m, for a combined total amount of \$120m

Recent Funding:

Round	Date	Amount	Investors
Seed	2021-06-07	\$5.9m	Triple Point Capital, Jefferies Financial Group Inc
Series A	2023-03-20	\$31.1m	Valar Ventures



Rain Technologies Secured \$116M Funding – \$50M Debt and \$66M Equity

Announced: March 2023



Business Summary:

- Provider of on-demand pay or earned wage access (income streaming) to employees
- Platform helps businesses attract and retain workers
- Currently serves over half a million employees across industries like healthcare, senior living, hotel franchises, and fast-food chains
- Integrates with existing payroll and timekeeping software, and is a marketplace partner of ADP, UKG, and SAP
- Launched Instant Pay app in early 2020, with 20% monthly growth over the past 30 months

Transaction Summary:

- Raised \$116m in funding, including \$66m in equity and \$50m in debt
- Series A round led by QED Investors and Invus Opportunities, with participation from WndrCo, Tribe Capital, and Dreamers VC
- Debt facility arranged by Sound Point Capital Management, LP
- Funding to be used for expansion in the U.S., investing in technology and infrastructure, employee and employer experience, and marketing

Recent Funding:

Round	Date	Amount	Investors
Series A	2023-03-20	\$116m	QED Investors, Invus Opportunities, WndrCo, Tribe Capital, Dreamers VC



Orion180 Insurance Secured \$42.5M Senior Secured Credit Facility

Announced: April 2023



Business Summary:

- Insurance solutions provider, offering products for agents and consumers
- Formed in 2016, with carriers Orion180 Insurance Co. (excess-and-surplus lines insurance carrier) and Orion180 Select Insurance Co. (admitted insurance carrier)
- Operates in the Southeast and Midwest, with plans for geographic expansion
- Affiliate Orion180 Insurance Services, LLC, a managing general underwriter, produced about \$145m in written premium in 2022, serving over 80,000 policyholders
- Developed proprietary mobile application and technology platform, MY180, and supports third-party data integrations with insurance industry partners

Transaction Summary:

- Raised \$42.5m in a senior secured credit facility led by Regions Bank
- Funds to be used for underwriting growth, product line expansion, and geographic expansion

Recent Funding:

Round	Date	Amount	Investors
Debt	2023-04-05	\$42.5m	Regions Bank



Notable FinTech M&A Transactions



Yieldx Acquired by FNZ (Details Undisclosed)

Announced: January 2023



Target Business Summary:

- YieldX is a wealth-tech startup that provides fixed income portfolio management technology, optimization services, and direct indexing tools for home offices, asset managers, and financial advisors.
- Founded in 2019 by Adam Green and Steve Gross.

Transaction Summary:

- FNZ has acquired US-based wealthtech start-up YieldX for an undisclosed sum.
- The acquisition aims to integrate YieldX's technology into FNZ's wealth platform, enabling clients to access global fixed-income opportunities.
- The deal is expected to boost FNZ's presence in the US market and accelerate the delivery of personalized investment solutions to more clients in the wealth management industry.
- The acquisition of YieldX is aimed at enhancing FNZ's wealth management platform by integrating YieldX's fixed income portfolio management technology and services.
- The deal is expected to help FNZ accelerate the delivery of modern, digital, and personalized fixed income solutions at scale.
- The acquisition will further FNZ's presence in the US market, supporting its mission to open up wealth and deliver personalized investment solutions to more clients.

Recent Funding:

- In February 2022, FNZ secured \$1.4b in funding from CPP Investments and Motive Partners to help accelerate expansion.



Xignite Acquired by QUODD (Details Undisclosed)

Announced: February 2023



Target Business Summary:

- Xignite is a leading global provider of financial market data APIs.
- The company has more than 500 API endpoints and offers data products curated from over 150 sources.
- Xignite serves over 700 firms, including brokers, wealth managers, and tech firms.

Transaction Summary:

- QUODD, a comprehensive market data-on-demand provider, has acquired Xignite.
- The acquisition aims to enhance QUODD's offerings, scale, and momentum, creating a preeminent market data solutions provider.
- The acquisition will bolster QUODD Fuel and Universe+ by integrating Xignite's content catalog and expansive market data offering.
- Both companies share a vision of advancing the industry with accurate, timely, and comprehensive content delivered via innovative and scalable technologies.

Recent Funding:

Round	Date	Amount	Investors
Series A	2006-04-18	\$5.7m	Altos Ventures, Startup Capital Ventures
Equity	2010-10-27	\$0.7m	Startup Capital Ventures
Series B	2011-09-12	\$10m	StarVest Partners
Series C	2016-02-06	\$20.5m	QUICK Corporation, StarVest Partners, Altos Ventures, Startup Capital Ventures



Broadway Technology Acquired by Bloomberg (Details Undisclosed)

Announced: March 2023



Target Business Summary:

- Broadway Technology is a provider of high-performance front-office fintech solutions for sell-side clients and leading banks around the world.
- Founded in 2003, Broadway has offices in New York, Austin, Chicago, London, Waterloo, and Hyderabad.
- The company's platform offers universal interoperability, low-latency, and highly customizable workflows.
- Two years prior to this acquisition, Broadway was split to appease the UK's competition watchdog and secure an acquisition of the rest of the company by ION Group.
- At that time, ION sold Broadway's fixed income business, including the underlying software and the brand, to a buyer consortium led by Broadway's CEO.

Transaction Summary:

- Bloomberg has entered into an agreement to acquire Broadway Technology.
- The acquisition will enable Bloomberg to provide a low latency execution management offering optimized for rates trading and deliver further innovations in multi-asset software.
- The transaction is subject to customary regulatory approvals.

Recent Funding:

Round	Date	Amount	Investors
Growth	2017-05-08	\$42m	Long Ridge Equity Partners
Equity	2020-02-17	n/a	ION Investment Group



Railsr Acquired by a Consortium Led by D Squared Capital (Details Undisclosed)

Announced: March 2023



Target Business Summary:

- Embedded finance platform providing banking-as-a-service and cards-as-a-service
- Offers card issuing, virtual wallets, BIN sponsorship, and streamlined connectivity to popular payment schemes
- Principal Visa and Mastercard issuer
- Trading name for Embedded Finance Limited
- Operates Payrnet UK and Payrnet UAB, Electronic Money Institution (EMI) licensed businesses

Transaction Summary:

- Purchased and re-capitalized by a consortium led by D Squared Capital
- Change of control approved by the Financial Conduct Authority in the UK
- Railsbank Technologies Ltd to be placed under administration, with essential business assets transferred to Embedded Finance Limited
- Announced a \$46m funding round in October 2022, including a \$20m loan facility from Mars Growth Capital
- Mars Growth Capital requested payback due to concerns over Railsr's stability; Railsr repaid the debt in late 2022

Recent Funding:

Round	Date	Amount	Investors
Series B	2021-07-13	\$70m	Anthos Capital, Central Capital, Cohen and Company, Outrun Ventures
Series C	2022-10-03	\$46m	Anthos Capital, Ventura, Outrun Ventures, CreditEase, Moneta Seeds, Mars Capital



Mediant Communications Acquired by Betanxt (Details Undisclosed)

Announced: March 2023



Target Business Summary:

- Mediant Communications is a provider of investor communications technology and technology-enabled solutions.
- It serves banks, brokers, corporations, funds, and investment managers.
- The company offers digital-forward communications capabilities, industry experience, and reliability.

Transaction Summary:

- BetaNXT has acquired Mediant Communications through certain affiliates.
- The acquisition aims to expand BetaNXT's wealth management solutions by integrating Mediant's technology and communications services.
- BetaNXT will incorporate Mediant's technology to digitize and incorporate the investor communications process into its broader suite of software solutions.
- The integration will result in a more complete, holistic solution for wealth management firms, allowing for additional cost savings and a more streamlined communications process that will benefit investors.
- BetaNXT was advised by Sidley Austin LLP, while Mediant was advised by Ardea Partners LP and Morgan, Lewis & Bocklus LLP during the acquisition process.

Recent Funding:

- BetaNXT is backed by Clearlake Capital and Motive Partners.



Gohenry Acquired by Acorns (Details Undisclosed)

Announced: April 2023



Target Business Summary:

- Fintech focused on providing money management and financial education services to 6-18-year-olds
- Offers a prepaid debit card and financial education app for children and teens
- Founded in 2012 in the U.K.
- Operates in the U.K., France, Italy, Spain, and the U.S.
- Raised a total of \$125m in funding
- Posted \$42m in revenue in 2021

Transaction Summary:

- Acorns acquired GoHenry in an all-equity deal
- Combined company will have nearly 6 million subscribers
- GoHenry will operate as GoHenry by Acorns in the U.S.
- GoHenry and PixPay will continue to operate under their own brands in the U.K. and Europe

Recent Funding:

Round	Date	Amount	Investors
Series A	2020-12-07	\$40m	Edison Partners, Gaia Capital Partners, Muse Capital
Series B	2022-10-11	\$55m	Edison Partners, Revaia, Nexi, Adison Partners



Thimble Acquired by Arch Insurance (Details Undisclosed)

Announced: April 2023



Target Business Summary:

- Thimble is a leading insurtech platform for small business customers and agents.
- It enables small businesses to quickly get insurance coverage by the job, month, or year.
- Since May 2018, Thimble has delivered more than 170,000 policies to small businesses across the US.
- Thimble works with carriers such as Markel and Employers.

Transaction Summary:

- Arch Insurance has acquired Thimble.
- The acquisition expands Arch's suite of digital solutions for small business customers and brokers.
- The Thimble team will continue growing the business with its existing carrier partners and offer new solutions through Arch.
- Both Arch and Thimble aim to enhance the digital experience for small business customers and agents to acquire and manage insurance.

Recent Funding:

Round	Date	Amount	Investors
Seed	2018-05-22	\$7m	Slow Ventures
Series A	2019-10-14	\$22m	IAC, Slow Ventures, AXA Venture Partners, Open Ocean



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