



# Finch Market Pulse

February 2024 Edition

Partnering with Ambitious Teams in Finance & Business Technology

Accelerating the Path to Profitable Scale



Welcome to our **Monthly Market Pulse!**

At Finch Capital, we focus on **7 core themes** across **Finance & Business Technology**: Insurance, Banking & Wealth Management, Payments, Tax & Accounting, Regulatory, Legal & Compliance, HR & Payroll, and Business Process Automation. In the Market Pulse, we look at recent trends and performance within each theme and the outlook for the future. We delve into the top M&A and fundraising deals in Europe and look at the financial performance of public companies in each core theme, giving us an insight into the current industry landscape.

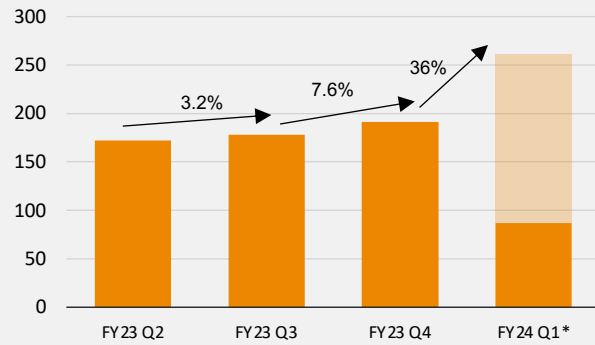
**Finch Capital** is a growth investor, partnering with ambitious teams in **Finance & Business technology**. We focus on seven themes including Payments; Banking & Wealth Management; Regulatory, Legal & Compliance; Business Process Automation; Tax & Accounting; HR & Payroll and Insurance. With €450m AuM, we back companies generating €2m+ in annualized revenues by investing tickets of up to €20m. We aim to help our companies scale to €30m-€50m in revenues by building sustainable and capital-efficient business models. We have invested in ±45 companies including Fourthline, Goodlord, Grab, ZOPA, Twisto, AccountsIQ, NomuPay and Symmetrical.

Finch Capital consists of 12 investment professionals with wide entrepreneurial experience across offices in Amsterdam, London and Dublin. For more information see [www.finchcapital.com](http://www.finchcapital.com) and subscribe to our newsletter.

# Comps are re-adjusting for Insurance software

Insurance    Banking & Wealth Management    Payments    Tax & Accounting    Regulatory, Legal & Compliance    HR & Payroll    Business Process Automation

## Growth/VC Funding (€m)



\*Most recent monthly figures used for quarterly estimates.

## Notable Growth/VC deals in Jan 24

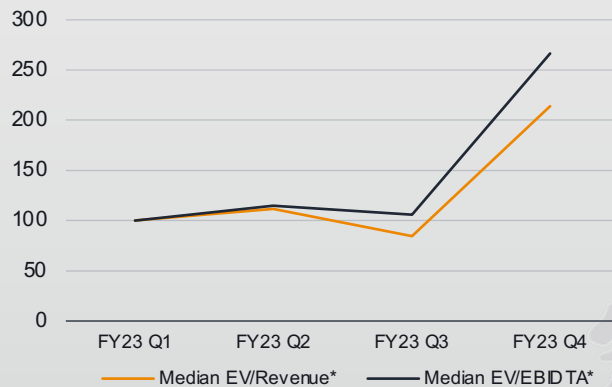
Company	Country HQ	Summary	Round Size	Round stage	Lead Investor
hypereponential		Pricing and decision intelligence for insurance	€67m	Series B	Battery Ventures
CarbonPool		Carbon Credit Insurance	€11m	Seed (1st deal)	Heartcore Capital
SPOTR		Image recognition for building inspection	€4.3m	Later Stage VC (4th Deal)	EDF Pulse Ventures, InnovationQ uarter

## Notable Exits in Jan 24

Acquirer	Acquiree	Country HQ	Transaction Size	EV/Revenue	EV/EBITDA
ieDigital	ABAKA		€20-50m*	n/a	n/a
Allianz Direct	luko		€4.3m	n/a	n/a
IPO	Boleron ONLINE INSURANCE		€1.6m	n/a	n/a

\* Estimates

## Public Comps Index



\*Calculated as the quarterly percentage change.

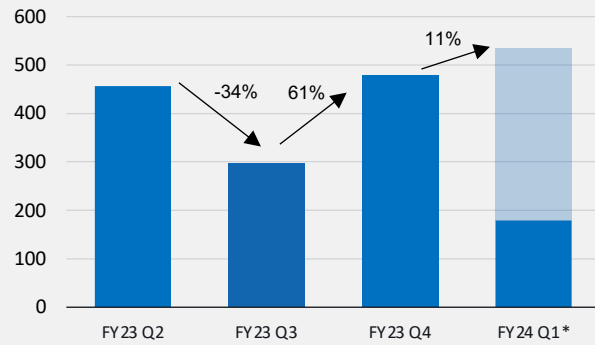
## Comps Table

Companies	EV/Revenue				EV/EBITDA				KPIs – FY23 Q3		
	FY23 Q4	FY23 Q3	FY23 Q2	FY23 Q1	FY23 Q4	FY23 Q3	FY23 Q2	FY23 Q1	Rev YoY growth	Rule of 40	EBITDA margin
GoHealth	n/a	1.67	1.77	1.56	n/a	n/a	n/a	n/a	-1%	-10%	-9%
Guidewire Software	7.15	6.54	6.74	6.02	n/a	n/a	n/a	n/a	5%	-22%	-27%
Hippo Enterprises	n/a	0.08	1.62	1.72	n/a	n/a	n/a	n/a	88%	9%	-79%
Lemonade	n/a	2.14	3.37	3.29	n/a	n/a	n/a	n/a	55%	7%	-48%
PolicyBazaar	9.65	7.11	10.19	21.86	n/a	n/a	n/a	n/a	66%	56%	-11%
Sapiens	n/a	2.98	2.74	2.31	n/a	15.92	14.75	12.48	10%	29%	19%
SelectQuote	1.00	1.15	1.09	1.03	47.56	n/a	n/a	n/a	9%	23%	14%
DXC Technology	0.64	0.66	0.68	0.72	3.01	3.05	3.20	3.13	-13%	1%	14%
<b>Median</b>	<b>4.07</b>	<b>1.90</b>	<b>2.25</b>	<b>2.01</b>	<b>25.28</b>	<b>9.49</b>	<b>8.97</b>	<b>7.81</b>	<b>9%</b>	<b>8%</b>	<b>-10%</b>

# The Banking & Wealth Management space is showing resilience

Insurance   **Banking & Wealth Management**   Payments   Tax & Accounting   Regulatory, Legal & Compliance   HR & Payroll   Business Process Automation

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## Notable Growth/VC deals in Jan 24

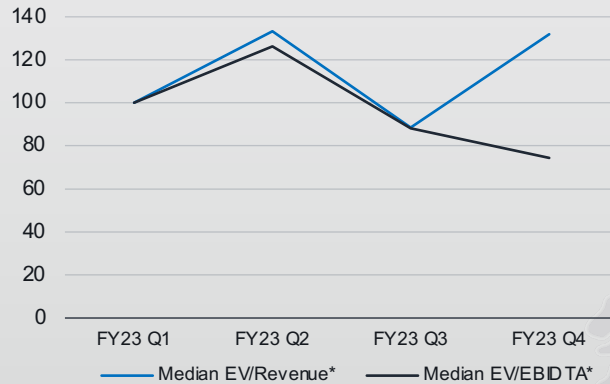
Company	Country HQ	Summary	Round Size	Round stage	Lead Investor
<b>FINN</b>		Short & mid-term car lending platform	€100m	Series C	Planet First Partners, HV Capital, Korelya Capital
<b>7ox</b>		Cloud-native core banking provider	€40m	Venture Round	Blackstone, JP Morgan Chase
<b>ZILO</b>		Fund administration platform	€29m	Series A	Citigroup, Fidelity International Strategic Ventures

## Notable Exits in Jan 24

Acquirer	Acquiree	Country HQ	Transaction Size	EV/Revenue	EV/EBITDA
AMETHIS	Capital Banking Solutions		€100-200m*	n/a	n/a
myinvestor	hellobeca		€20-50m*	n/a	n/a
CDPQ	THE HOKUS PLATFORM		€20-50m*	n/a	n/a

\* Estimates

## Public Comps Index



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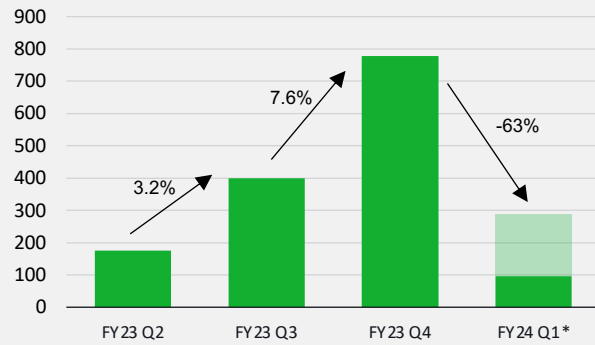
## Comps Table

Companies	EV/Revenue				EV/EBITDA				KPIs – FY23 Q3		
	FY23 Q4	FY23 Q3	FY23 Q2	FY23 Q1	FY23 Q4	FY23 Q3	FY23 Q2	FY23 Q1	Rev YoY growth	Rule of 40	EBITDA margin
Alkami	n/a	6.94	6.28	5.11	n/a	n/a	n/a	n/a	27%	8%	-19%
Blend (Financial Software)	n/a	1.92	0.94	0.65	n/a	n/a	n/a	n/a	-27%	-108%	-81%
Fiserv	5.35	4.94	5.28	5.04	12.68	11.93	13.09	12.91	8%	54%	46%
MeridianLink	n/a	5.70	6.63	5.94	n/a	16.79	19.03	15.38	7%	33%	26%
Pagaya	n/a	1.94	1.63	1.14	n/a	261.05	n/a	n/a	9%	-17%	-26%
Robinhood	3.37	2.11	2.44	1.83	12.31	8.93	n/a	n/a	29%	17%	-12%
Temenos Headquarters	n/a	5.97	6.43	5.79	n/a	18.38	19.92	15.07	11%	39%	28%
Forge Global	n/a	3.17	3.88	1.67	n/a	n/a	n/a	n/a	16%	-81%	-97%
<b>Median</b>	<b>5.35</b>	<b>4.06</b>	<b>4.58</b>	<b>3.44</b>	<b>12.49</b>	<b>16.79</b>	<b>19.03</b>	<b>15.07</b>	<b>10%</b>	<b>13%</b>	<b>-16%</b>

# The Payments sector is experiencing a slower start to the year

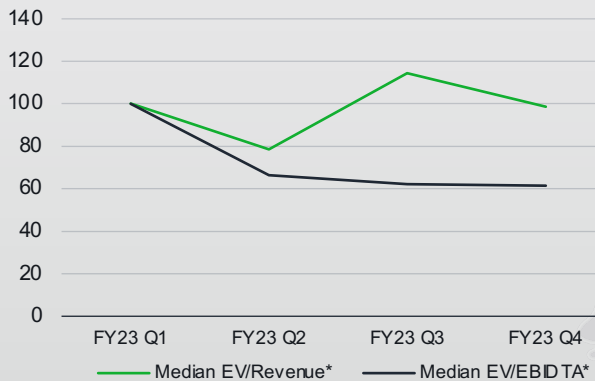
Insurance    Banking & Wealth Management    **Payments**    Tax & Accounting    Regulatory, Legal & Compliance    HR & Payroll    Business Process Automation

## Growth/VC Funding (€m)



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## Public Comps Index



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## Notable Growth/VC deals in Jan 24

Company	Country HQ	Summary	Round Size	Round stage	Lead Investor
<b>MONTA</b>		Payments and operating EV platform	€79m	Early Stage VC	Energise Capital, GreenPoint Partners
<b>Rivero</b>		Compliance automation and chargeback automation FS solutions	€6.3m	Series A	6 Degrees Capital, Inference Partners, Seed X
<b>SORO</b>		Payments invoicing for office real estate	€4m	Seed Round	Daphni, Kernel Investissements

## Notable Exits in Jan 24

Acquirer	Acquiree	Country HQ	Transaction Size	EV/Revenue	EV/EBITDA
			€20-50m*	n/a	n/a
			€20-50m*	n/a	n/a
			€0-20m*	n/a	n/a

\* Estimates

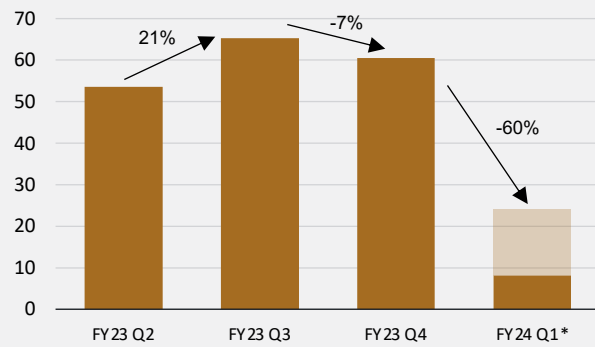
## Comps Table

Companies	EV/Revenue				EV/EBITDA				KPIs – FY23 Q3		
	FY23 Q4	FY23 Q3	FY23 Q2	FY23 Q1	FY23 Q4	FY23 Q3	FY23 Q2	FY23 Q1	Rev YoY growth	Rule of 40	EBITDA margin
Adyen	n/a	n/a	25.06	n/a	n/a	n/a	55.97	n/a	n/a	n/a	n/a
Block	n/a	1.17	1.86	2.09	n/a	16.90	29.68	36.94	24%	26%	2%
Flywire	n/a	10.06	9.34	9.59	n/a	134.52	148.32	186.17	29%	39%	9%
Marqeta	n/a	2.16	1.43	1.06	n/a	n/a	n/a	n/a	-43%	-91%	-47%
Payoneer	n/a	2.22	1.71	2.61	n/a	13.93	15.20	33.77	31%	45%	14%
PayPal Holdings	2.16	2.25	2.53	2.99	8.56	8.90	10.28	12.52	8%	28%	20%
Paysafe	n/a	1.98	1.91	2.26	n/a	7.18	7.01	8.26	8%	39%	30%
Wise (Financial Software)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Median</b>	<b>2.16</b>	<b>2.19</b>	<b>1.91</b>	<b>2.44</b>	<b>8.56</b>	<b>13.93</b>	<b>22.44</b>	<b>33.77</b>	<b>16%</b>	<b>33%</b>	<b>12%</b>

# More growth deals and M&As in **Tax & Accounting** are to be expected this quarter

Insurance    Banking & Wealth Management    Payments    **Tax & Accounting**    Regulatory, Legal & Compliance    HR & Payroll    Business Process Automation

## Growth/VC Funding (€m)



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## Notable Growth/VC deals in Jan 24

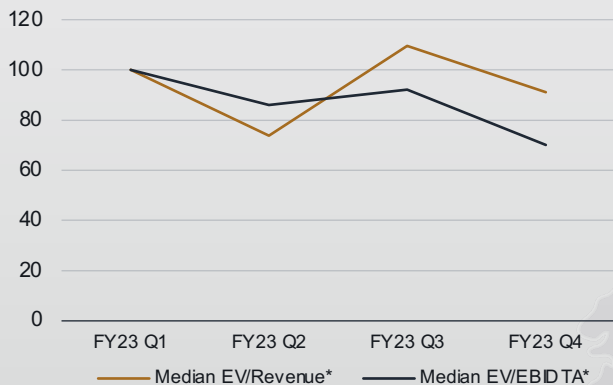
Company	Country HQ	Summary	Round Size	Round stage	Lead Investor
qvalia		Process Automation Platform	€4m	Later Stage VC (4 <sup>th</sup> Deal)	Spiltan, Stella Capital
aldara		Automating back-office & operations for real estate	€2.7m	Early Stage VC (2 <sup>nd</sup> Deal)	Y Combinator
ROOT		Carbon accounting platform	€1.2m	Early Stage VC	Maze X

## Notable Exits in Jan 24

Acquirer	Acquiree	Country HQ	Transaction Size	EV/Revenue	EV/EBITDA
ALPHA + LEONIS PARTNERS	CHAINTRUST		€20-50m*	n/a	n/a
FIRMAMENT	navitrans		€20-50m*	n/a	n/a

\* Estimates

## Public Comps Index



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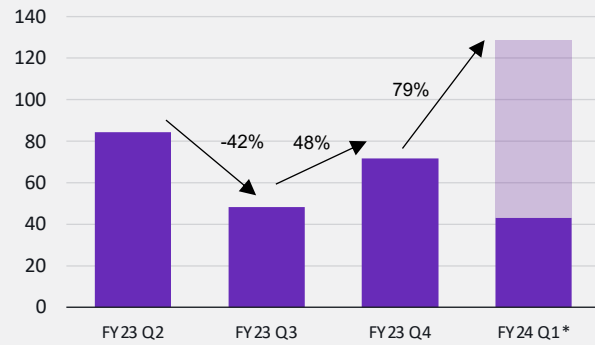
## Comps Table

Companies	EV/Revenue				EV/EBITDA				KPIs – FY23 Q3		
	FY23 Q4	FY23 Q3	FY23 Q2	FY23 Q1	FY23 Q4	FY23 Q3	FY23 Q2	FY23 Q1	Rev YoY growth	Rule of 40	EBITDA margin
BlackLine	n/a	6.54	6.36	8.13	n/a	31.24	41.01	65.54	12%	20%	8%
Clearwater Analytics	n/a	11.22	9.31	9.40	n/a	41.34	34.84	35.16	24%	22%	-2%
H&R Block	1.59	2.12	2.18	2.56	6.32	8.24	8.42	9.95	2%	45%	43%
Intuit	9.82	9.04	9.16	10.94	25.22	24.54	25.72	30.10	7%	56%	49%
Sage Group	n/a	5.13	n/a	4.29	n/a	20.84	n/a	17.84	n/a	n/a	n/a
Vertex	n/a	6.60	5.54	6.07	n/a	41.67	35.39	37.93	15%	26%	11%
Wolters Kluwer	5.99	n/a	5.64	n/a	19.55	n/a	17.76	n/a	n/a	n/a	n/a
Xero	n/a	n/a	n/a	9.95	n/a	n/a	n/a	46.18	n/a	n/a	n/a
<b>Median</b>	<b>5.99</b>	<b>6.57</b>	<b>6.00</b>	<b>8.13</b>	<b>19.55</b>	<b>27.89</b>	<b>30.28</b>	<b>35.16</b>	<b>12%</b>	<b>26%</b>	<b>11%</b>

# A consistent upswing for Regulation, Legal & Compliance technology

Insurance    Banking & Wealth Management    Payments    Tax & Accounting    Regulatory, Legal & Compliance    HR & Payroll    Business Process Automation

## Growth/VC Funding (€m)



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## Notable Growth/VC deals in Jan 24

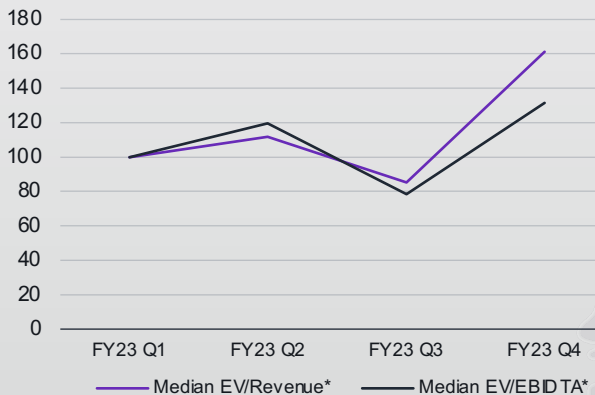
Company	Country HQ	Summary	Round Size	Round stage	Lead Investor
Robin AI		AI Legal Software	€30m	Later Stage VC	Temasek Holding
sinpex		Cloud-based data collection for compliance	€4m	Later Stage VC	Ace Ventures
AVALLONE		KYC workflows with legal entity management	€3.7m	Seed	Proseed Ventures

## Notable Exits in Jan 24

Acquirer	Acquiree	Country HQ	Transaction Size	EV/Revenue	EV/EBITDA
LexisNexis	jarvisLEGAL		€0-20m*	n/a	n/a
MAIN CAPITAL PARTNERS	LARI		€0-20m*	n/a	n/a

\* Estimates

## Public Comps Index



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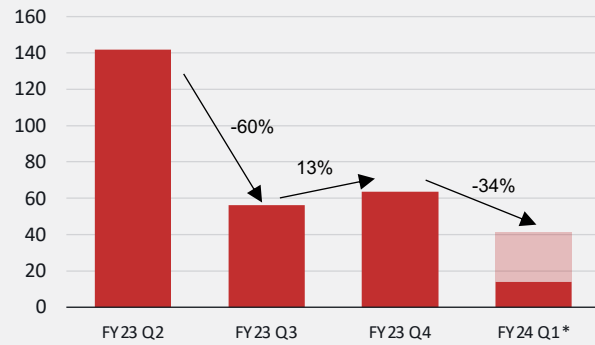
## Comps Table

Companies	EV/Revenue				EV/EBITDA				KPIs – FY23 Q3		
	FY23 Q4	FY23 Q3	FY23 Q2	FY23 Q1	FY23 Q4	FY23 Q3	FY23 Q2	FY23 Q1	Rev YoY growth	Rule of 40	EBITDA margin
DISCO	n/a	1.73	2.25	1.42	n/a	n/a	n/a	n/a	1%	-7%	-8%
Equifax	6.85	5.45	6.51	5.76	22.13	17.30	20.39	17.14	6%	37%	31%
Experian	n/a	n/a	n/a	5.29	n/a	n/a	n/a	16.54	n/a	n/a	n/a
FiscalNote Holdings	n/a	3.73	6.75	3.71	n/a	n/a	n/a	n/a	17%	21%	4%
IntApp	8.05	8.80	5.42	4.75	289.17	1149.00	127.71	185.65	32%	17%	-15%
LegalZoom	n/a	2.85	3.21	2.50	n/a	18.99	24.21	24.36	8%	17%	10%
Moody's	12.98	11.35	12.32	11.00	27.81	24.91	27.21	23.27	15%	59%	44%
Nasdaq	6.15	4.62	4.53	4.96	17.45	13.45	13.55	14.94	-7%	26%	33%
<b>Median</b>	<b>7.45</b>	<b>4.62</b>	<b>5.42</b>	<b>4.85</b>	<b>24.97</b>	<b>18.99</b>	<b>24.21</b>	<b>20.21</b>	<b>8%</b>	<b>21%</b>	<b>10%</b>

# The HR & Payroll funding space is being challenged whilst exhibiting strong comps

Insurance    Banking & Wealth Management    Payments    Tax & Accounting    Regulatory, Legal & Compliance    **HR & Payroll**    Business Process Automation

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## Notable Growth/VC deals in Jan 24

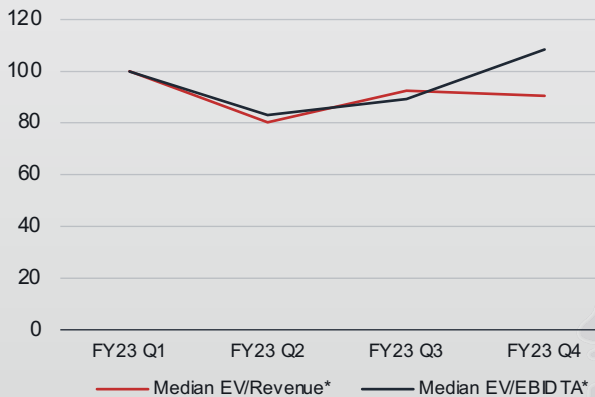
Company	Country HQ	Summary	Round Size	Round stage	Lead Investor
mbrella		Flexible Mobility HR platform	€8m	Later Stage VC	n/a
Quan.		Employee well-being platform	€2.5m	Early Stage VC	4impact Capital, Hearst Lab
CloseRocket		B2B Sales Platform	€1m	Seed	Vision Ventures

## Notable Exits in Jan 24

Acquirer	Acquiree	Country HQ	Transaction Size	EV/Revenue	EV/EBITDA
zest	bloomin		€0-20m*	n/a	n/a
ISH	HOMERUN		€0-20m*	n/a	n/a
HORVATH & PARTNERS	INTERIM		€0-10m*	n/a	n/a

\* Estimates

## Public Comps Index



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## Comps Table

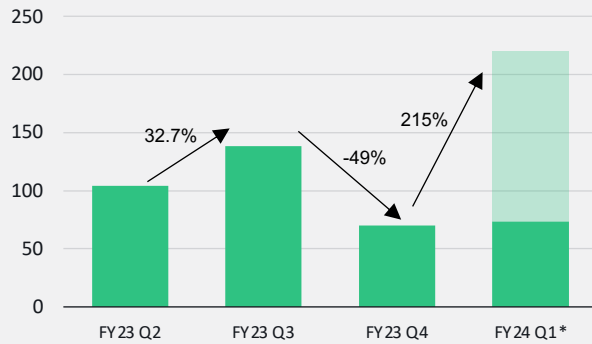
Companies	EV/Revenue				EV/EBITDA				KPIs – FY23 Q3		
	FY23 Q4	FY23 Q3	FY23 Q2	FY23 Q1	FY23 Q4	FY23 Q3	FY23 Q2	FY23 Q1	Rev YoY growth	Rule of 40	EBITDA margin
Automatic Data Processing	5.21	5.45	6.28	6.84	20.02	20.94	24.33	26.56	6%	34%	27%
Paychex	7.33	8.15	9.95	10.85	16.27	18.09	21.97	24.41	8%	56%	47%
Paycom	6.78	9.24	11.77	12.07	15.63	21.58	27.53	28.63	22%	54%	32%
Paycor HCM	7.52	9.21	9.42	13.52	36.70	55.89	59.00	87.71	32%	49%	18%
Paylocity	8.86	10.63	11.89	17.87	29.07	36.82	57.31	64.06	38%	67%	29%
TriNet Group	n/a	1.18	1.11	0.98	n/a	8.70	8.14	6.95	-2%	10%	11%
Workday	7.31	7.50	7.87	10.98	32.19	31.25	31.61	42.57	20%	25%	4%
Dayforce	7.48	8.06	8.10	9.30	28.64	33.40	35.94	46.27	20%	36%	16%
<b>Median</b>	<b>7.33</b>	<b>8.10</b>	<b>8.76</b>	<b>10.92</b>	<b>28.64</b>	<b>26.41</b>	<b>29.57</b>	<b>35.60</b>	<b>20%</b>	<b>43%</b>	<b>22%</b>



# New verticals are emerging in the Business Process Automation sector

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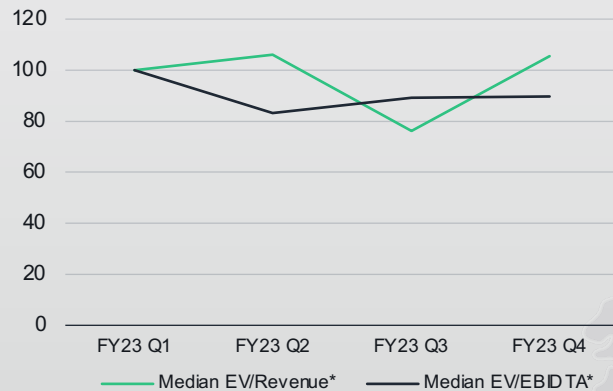
Company	Country HQ	Summary	Round Size	Round stage	Lead Investor
airfocus		Prioritization and road mapping platform	€6.8m	Later Stage VC	Newion Investments
BlueLayer		Carbon projects management software	€5.1m	Seed Round	Point Nine Capital
S <sup>2</sup> data & algorithms		Operative logistics planning software	€1.4m	Early Stage VC	Rethink Ventures

## Notable Exits in Jan 24

Acquirer	Acquiree	Country HQ	Transaction Size	EV/Revenue	EV/EBITDA
BLOCKSTART INVESTMENTS	lomads		€20-50m*	n/a	n/a
KRAKEN FLEX	kwest		€0-20m*	n/a	n/a

\* Estimates

## Public Comps Index



\*Calculated as the quarterly percentage change.

## Comps Table

Companies	EV/Revenue				EV/EBITDA				KPIs – FY23 Q3		
	FY23 Q4	FY23 Q3	FY23 Q2	FY23 Q1	FY23 Q4	FY23 Q3	FY23 Q2	FY23 Q1	Rev YoY growth	Rule of 40	EBITDA margin
AppFolio	10.17	11.89	11.40	8.77	145.21	190.42	1955.23	152.20	32%	37%	4%
HubSpot	13.29	12.19	13.41	11.45	77.89	79.37	98.69	89.81	26%	25%	0%
Oracle	7.51	6.96	7.39	6.64	16.42	15.08	15.52	13.36	18%	55%	37%
Pegasystems	3.09	2.98	3.34	3.22	23.07	41.39	107.73	70.74	24%	24%	0%
Salesforce	5.53	6.20	7.43	7.52	22.21	26.80	33.86	34.97	14%	33%	19%
SAP	5.19	4.53	4.86	4.58	16.67	15.02	16.56	15.49	4%	32%	28%
ServiceNow	16.27	13.79	14.05	12.28	51.17	44.82	46.41	40.84	25%	39%	14%
UiPath	6.36	5.96	9.86	9.98	442.25	n/a	n/a	360.09	19%	-5%	-24%
<b>Median</b>	<b>6.94</b>	<b>6.58</b>	<b>8.64</b>	<b>8.15</b>	<b>37.12</b>	<b>41.39</b>	<b>46.41</b>	<b>55.79</b>	<b>21%</b>	<b>32%</b>	<b>9%</b>



Amsterdam

London

Dublin