

Q3: Quarterly Industry Update

AS OF September 30, 2019



Fintech - SaaS

INDUSTRY SUMMARY

COGENT VALUATION identified Fintech SaaS publicly traded companies, IPOs, and recent M&A transactions within the Financial SaaS industry, which provides a basis for market and transaction pricing that can be used by your firm in estimating market sentiment and its impact on your firm's value. Over the last year since June 30, 2018, the median 52-week share price return of the Financial SaaS industry was 18.0%. Between June 30, 2017 and September 30, 2019, the median EV/EBITDA multiple decreased from 37.2 to 30.9. However, the median price-to-earnings multiple increased from 71.1 to 72.7 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were 0.3% and 10.8%, respectively.

Public Company Key Statistics

Median 52-Week
Return

48.9%

Median Year to Date
Return

33.8%

Median EV/Revenue
Multiple

8.4x

Median EV/EBITDA
Multiple

30.9x

Median Price/Earnings
Multiple

72.7x

Median EV/Gross CF
Multiple

48.5x

Comparable Public Company Market Price Returns as of September 30, 2019

	2019	3 Month	1 Year	2 Year	3 Year	5 Year	2018	2017	2016	2015	2014
2U, Inc.	-22.9%	-22.9%	111.9%	92.8%	48.7%	N/A	114.0%	7.8%	42.3%	N/A	N/A
Alarm.com Holdings, Inc.	37.4%	37.4%	22.8%	26.2%	N/A	N/A	35.6%	66.8%	N/A	N/A	N/A
Amber Road, Inc.	12.1%	12.1%	15.3%	28.3%	-1.3%	N/A	-19.2%	78.4%	-50.2%	N/A	N/A
AppFolio, Inc.	42.7%	42.7%	50.2%	82.7%	N/A	N/A	74.0%	63.4%	N/A	N/A	N/A
Apptio, Inc.	69.3%	69.3%	141.6%	N/A	N/A	N/A	-9.1%	-18.4%	10.8%	-43.1%	N/A
athenahealth, Inc.	24.8%	24.8%	26.9%	1.5%	6.2%	8.1%	18.7%	N/A	N/A	N/A	N/A
Benefitfocus, Inc.	-20.1%	-20.1%	-12.7%	-14.5%	-12.8%	N/A	52.4%	-0.7%	N/A	N/A	N/A
BlackLine, Inc.	-0.8%	-0.8%	31.8%	N/A	N/A	N/A	-11.8%	29.8%	-20.3%	-45.0%	56.4%
Box, Inc.	0.6%	0.6%	26.0%	29.5%	1.3%	N/A	53.0%	67.3%	-31.3%	20.6%	27.9%
Brightcove Inc.	-42.1%	-42.1%	-21.9%	5.5%	-1.8%	2.3%	-24.2%	15.9%	-63.5%	N/A	N/A
Carbonite, Inc.	26.1%	26.1%	41.9%	90.1%	26.3%	21.3%	-37.3%	3.6%	-35.8%	-48.3%	N/A
Castlight Health, Inc.	101.3%	101.3%	0.0%	4.7%	-22.2%	N/A	24.8%	N/A	N/A	N/A	N/A
ChannelAdvisor Corporation	91.0%	91.0%	-18.4%	-10.1%	-2.1%	N/A	61.1%	N/A	N/A	N/A	N/A
Cornerstone OnDemand, Inc.	75.7%	75.7%	0.6%	9.2%	10.6%	2.8%	75.3%	63.1%	94.2%	N/A	N/A
Coupa Software	42.2%	42.2%	79.6%	N/A	N/A	N/A	88.1%	-16.5%	67.5%	N/A	N/A
Everbridge, Inc.	13.3%	13.3%	78.3%	N/A	N/A	N/A	2018	-6.1%	N/A	N/A	N/A
Five9, Inc.	-22.9%	-22.9%	81.0%	83.1%	75.0%	N/A	114.0%	2017	2016	2015	2014
HubSpot, Inc.	37.4%	37.4%	78.9%	57.6%	39.5%	N/A	35.6%	7.8%	42.3%	N/A	N/A
Instructure, Inc.	27.3%	27.3%	80.1%	53.3%	N/A	N/A	-19.2%	66.8%	N/A	N/A	N/A

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Comparable Public Company Market Price Returns as of September 30, 2019

	2019	3 Month	1 Year	2 Year	3 Year	5 Year	2018	2017	2016	2015	2014
LogMeIn, Inc.	-28.8%	-28.8%	18.5%	51.3%	27.3%	43.2%	18.6%	43.9%	36.0%	47.1%	49.7%
Mimecast Limited	17.3%	17.3%	58.2%	90.8%	N/A	N/A	60.2%	86.5%	N/A	N/A	N/A
MINDBODY, Inc.	40.2%	40.2%	41.7%	70.8%	N/A	N/A	43.0%	40.8%	N/A	N/A	N/A
New Relic, Inc.	52.4%	52.4%	99.9%	68.6%	28.8%	N/A	104.5%	-22.5%	4.6%	N/A	N/A
Paycom Software, Inc.	27.7%	27.7%	86.7%	73.7%	49.6%	N/A	76.6%	20.9%	42.9%	N/A	N/A
Paylocity Holding Corporation	-5.6%	-5.6%	32.6%	25.1%	21.4%	N/A	57.1%	-26.0%	55.3%	N/A	N/A
Proofpoint, Inc.	34.5%	34.5%	52.8%	45.4%	24.3%	46.5%	25.7%	8.7%	34.8%	45.4%	169.5%
Q3 Holdings, Inc.	25.9%	25.9%	30.7%	37.7%	29.2%	N/A	27.7%	9.4%	40.0%	N/A	N/A
Qualys, Inc.	-69.9%	-69.9%	92.0%	69.5%	16.1%	42.6%	87.5%	-4.4%	-12.3%	63.3%	56.3%
Real Matters Inc.	8.8%	8.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
RealPage, Inc.	70.3%	70.3%	47.6%	57.2%	36.7%	20.0%	47.7%	33.6%	2.2%	-6.1%	8.4%
RingCentral, Inc.	34.0%	34.0%	124.4%	100.8%	60.6%	N/A	135.0%	-12.6%	58.0%	-18.8%	N/A
Salesforce.com, Inc.	36.6%	36.6%	41.0%	25.5%	20.3%	21.1%	49.3%	-12.7%	32.2%	7.5%	31.3%
ServiceNow, Inc.	37.1%	37.1%	89.2%	64.4%	28.1%	35.5%	75.4%	-14.1%	27.6%	21.1%	86.5%
Shopify Inc.	-28.8%	-28.8%	83.0%	110.2%	N/A	N/A	135.6%	66.2%	N/A	N/A	N/A

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Comparable Public Company Market Price Returns as of September 30, 2019

	2019	3 Month	1 Year	2 Year	3 Year	5 Year	2018	2017	2016	2015	2014
SPS Commerce, Inc.	69.5%	69.5%	9.5%	22.2%	-1.5%	8.5%	-30.5%	-0.5%	24.0%	-13.3%	75.2%
Ultimate Software Group	12.2%	12.2%	24.8%	12.2%	12.8%	18.5%	19.7%	-6.7%	33.2%	-4.2%	62.3%
Twilio Inc.	278.4%	278.4%	32.2%	N/A	N/A	N/A	-18.2%	N/A	N/A	N/A	N/A
Veeva Systems Inc.	61.6%	61.6%	42.4%	70.8%	41.9%	N/A	35.8%	41.1%	9.2%	-17.7%	N/A
Workday, Inc.	56.9%	56.9%	52.6%	28.6%	14.6%	15.6%	53.9%	-17.1%	-2.4%	-1.9%	52.6%
Workiva Inc.	67.7%	67.7%	51.4%	42.6%	18.1%	N/A	56.8%	-22.3%	31.1%	N/A	N/A
Xero Limited	32.3%	32.3%	86.0%	54.9%	13.1%	22.6%	82.3%	-9.6%	4.8%	-52.3%	332.8%
Zendesk, Inc.	72.5%	72.5%	70.7%	51.2%	28.3%	N/A	59.6%	-19.8%	8.5%	N/A	N/A
Median of Industry Public Companies	33%	33%	47.5%	51.3%	20.8%	20.5%	49.3%	5.7%	10.8%	-5.1%	59.4%

Public Company Median Multiples by Quarter

	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18	12/31/17
EV/Revenues Multiple	8.4x	8.3x	7.2x	7.3x	7.4x	7.0x	5.8x	6.6x
EV/EBITDA Multiple	30.9x	35.3x	34.3x	40.5x	37.3x	35.0x	38.0x	32.0x
Price/Earnings Multiple	72.7x	65.5x	87.1x	91.2x	77.5x	72.3x	63.6x	78.9x
EV/Gross Cash Flows Multiple	48.5x	54.1x	41.7x	45.0x	45.4x	50.3x	52.4x	54.1x

■ Highest Multiple
 ■ Lowest Multiple
 ■ Median Multiple

Initial Public Offerings Fintech - SaaS (dollars in millions, except share prices)

Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
8/22/19	Tecnos Data Science Engineering Incorporated	\$28.32	2.5	\$35.1	N/A	N/A	N/A	N/A	N/A	N/A
11/6/18	Yusys Technologies Co., Ltd.	\$1.21	0.4	\$5.2	\$16.4	\$1.7	\$262.4	\$4.1	\$2.5	\$4.1
10/15/18	identitii Limited	\$0.54	5.3	\$23.2	\$10.3	\$6.6	\$1.3	\$3.1	\$1.7	\$3.3
6/26/18	Property Data Bank, Inc.	\$16.19	78.0	\$324.1	\$85.7	\$0.0	\$11.7	\$22.5	\$11.6	\$23.1
6/14/18	Huifu Payment Limited	\$0.96	30.0	\$4.5	\$1.7	\$3.1	\$265.3	(\$1.3)	(\$1.9)	(\$1.2)
5/23/18	CLPS Incorporation	\$5.25	8.6	\$146.2	\$331.2	\$65.8	\$39.2	(\$19.2)	(\$30.7)	(\$15.4)
9/28/17	Money Forward, Inc.	\$13.76	0.2	\$3.1	\$24.6	\$11.0	N/A	\$3.2	\$1.5	\$3.9
9/19/17	Needs Well Inc.	\$14.97	105.0	\$2,371.3	\$4,393.0	\$2,116.0	\$45.3	\$286.4	\$49.3	\$315.4
7/20/17	Seamless Distribution Systems AB (publ)	\$4.38	0.0	\$9.1	\$1.4	\$0.0	\$11.3	\$0.6	\$0.4	\$0.6
5/26/17	Alfa Financial Software Holdings PLC	\$4.16	18.8	\$11.2	\$1.4	\$0.0	\$90.5	(\$2.2)	(\$2.2)	(\$2.2)
9/23/16	Servtech Global Holdings Limited	\$0.15	0.1	\$2.6	\$17.1	\$2.3	\$6.0	\$0.0	(\$0.0)	\$0.0
10/27/15	Equiniti Group plc	\$2.53	192.0	\$485.0	\$1,261.0	\$477.0	\$536.9	\$97.8	(\$66.7)	\$104.1
5/20/15	Shopify Inc.	\$17.00	7.7	\$130.9	\$97.3	\$0.0	\$123.6	N/A	(\$20.5)	(\$10.2)

Initial Public Offerings Fintech - SaaS (dollars in millions, except share prices)

Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
12/11/14	Workiva Inc.	\$14.00	7.2	\$100.8	\$82.6	\$36.6	\$106.1	(\$30.6)	(\$35.5)	(\$27.0)
10/2/14	Yodlee, Inc.	\$12.00	6.3	\$75.0	\$43.6	\$12.1	\$84.3	\$4.2	(\$1.3)	\$7.6
8/4/14	FairFX Group Plc	\$0.76	5.7	\$4.3	\$19.4	\$0.8	\$704.6	(\$0.5)	(\$0.5)	(\$0.4)
7/9/14	Digiliti Money Group, Inc.	\$1.50	4.5	\$6.8	\$3.5	\$13.1	\$1.8	(\$7.8)	(\$12.2)	(\$7.5)
3/19/14	Q3 Holdings, Inc.	\$13.00	7.8	\$100.9	\$61.1	\$7.6	\$56.9	(\$14.2)	(\$17.9)	(\$11.2)
12/9/13	Link Mobility Group ASA	\$3.58	1.4	\$4.9	\$12.0	\$0.9	\$22.2	\$1.4	\$1.9	\$1.5
10/15/13	Tungsten Corporation Plc	\$3.59	71.1	\$255.4	\$297.1	\$0.0	\$0.6	\$0.0	(\$9.4)	\$0.0
9/25/13	Finsoft Financial Investment Holdings Limited	\$0.11	50.0	\$5.3	\$3.0	\$0.0	\$4.4	\$1.8	\$0.9	\$1.8
11/26/12	FinTech Chain Limited	\$0.63	4.0	\$2.5	\$3.6	\$0.0	\$0.2	(\$1.0)	(\$1.1)	(\$1.0)
10/11/12	Workday, Inc.	\$28.00	22.8	\$637.0	\$267.2	\$16.1	\$199.1	(\$75.8)	(\$90.3)	(\$62.7)
7/19/11	Zillow Group, Inc.	\$20.00	3.5	\$69.2	\$33.9	\$0.0	\$44.9	\$1.1	(\$1.2)	\$2.6
	Median of all IPOs	nm	nm	\$29.1	\$24.6	\$2.3	\$44.9	\$0.0	(\$1.2)	\$0.0

Size of Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
9/21/19	Avoka Technologies Pty, Ltd.	Temenos AG	\$245.0	55%	\$14.7	N/A
3/13/19	Hyperwallet Systems Inc.	PayPal Holdings, Inc.	\$400.0	100%	\$78.0	2.3x
12/1/18	Agiletics, Inc.	Jack Henry & Associates, Inc.	\$6.3	100%	N/A	1.6x
9/4/18	Miles Software Solutions (P) Ltd.	Itz Cash Card Ltd.	\$27.5	100%	\$18.7	5.3x
8/21/18	Thumbworks Technologies Pvt. Ltd.	CapFloat Financial Services Private Limited	\$29.9	100%	\$43.1	N/A
7/30/18	Vipera Plc	Sella Open Fintech Platform S.P.A. (nka:Fabrck S.p.A)	\$19.4	100%	\$1,213	6.0x
5/10/18	Inworx S.A de CV	Charles Taylor InsureTech.	\$50.5	100%	N/A	4.8x
4/6/18	CAD IT S.p.A.	Quarantacinque Srl	\$44.1	100%	\$32.6	N/A
3/31/18	Ensenta Corporation	Warburg Pincus LLC	\$419.0	100%	\$27.0	2.1x
2/28/18	BluePay, Inc.	Verdane Capital	\$60.8	100%	N/A	N/A
9/28/17	eg solutions plc	UTIB INVL Technology	\$5.8	77%	\$3.1	2.4x

■ USA ■ International

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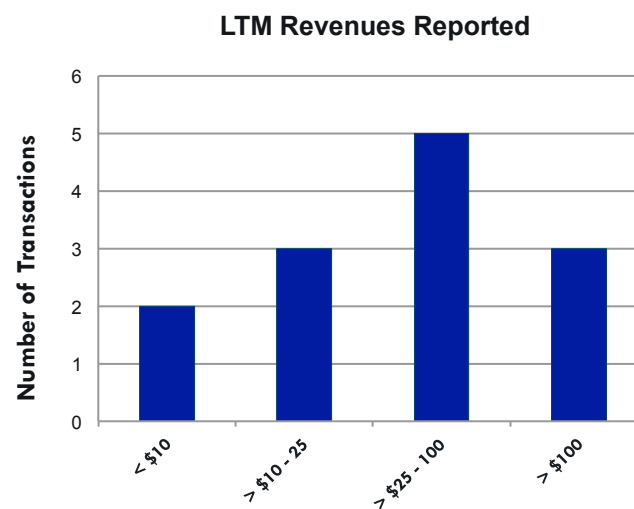
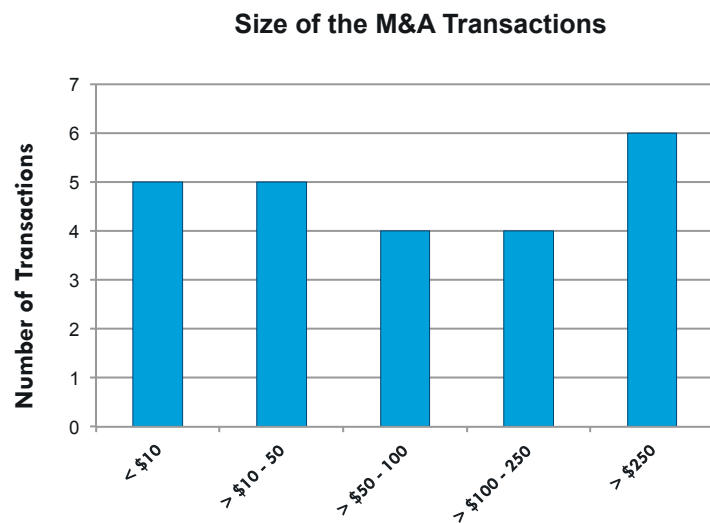
Size of Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

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Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
9/28/17	Unafortis AG	Luxoft Global Operations	\$17.2	100%	N/A	N/A
9/1/17	Monitise plc	Fiserv (Europe) Limited	\$95.1	100%	\$81.2	0.7x
8/28/17	Meontrust Inc.	Inside Secure S.A.	\$6.0	100%	N/A	N/A
8/14/17	Decillion Solutions Pte Ltd	Bottomline Technologies	\$4.6	100%	N/A	N/A
8/11/17	Horizon Globex	N/A	\$2.0	100%	N/A	N/A
8/10/17	Mercury Network, LLC	CoreLogic, Inc.	\$153.0	100%	N/A	N/A
8/3/17	SoftTelecom Desarrollos I Mas	Vipera Plc	\$1.5	100%	\$0.9	1.6x
7/5/17	CardConnect Corp.	First Data Corporation	\$727.7	100%	\$616.0	1.2x
7/3/17	Archway Technology Partners	SEI Investments Co.	\$88.0	100%	\$17.9	4.9x
6/29/17	Credit.fr, SAS	Tikehau Capital	\$13.7	96%	N/A	N/A
6/13/17	DH Corporation	Misys Limited	\$3,502.0	100%	\$1,250.0	2.8x
6/6/17	Banking Computer Services	Network For Electronic Transfers	\$27.1	100%	N/A	N/A
5/22/17	Rubik Financial Limited	Temenos Solutions Australia	\$62.2	100%	\$32.0	1.9x
Median of the 24 M&A Transaction Targets			\$79.5	100%	\$32.0	2.3x

■ USA ■ International

Size of Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)



Definitions of Financial Terms Used in this Quarterly Industry Update:

Enterprise Value (EV): Market Value of Equity + Market Value of Debt —Cash

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA): Referred to as operating profit or operating earnings.

Gross Cash Flows: Net Income + Depreciation and Amortization Expense

Latest Twelve Months (LTM): Financial information is as of the latest twelve months through the date of this Quarterly Industry Update.

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