



2Q – 2020

Loyalty and customer engagement overview



COMCAP
Where commerce meets capital

An introduction to ComCap

- ComCap is a premier boutique investment bank focused on the intersection of commerce and capital, with key focus on B2B SaaS, B2C e-commerce, payments, mobile commerce, marketplaces and B2B services for retail technologies (IT and marketing services, in-store, fulfillment, logistics, call center, analytics, personalization, location intelligence)
- Headquartered in San Francisco with European coverage from London & Moscow, and LATAM coverage from Sao Paulo. Our firm works with mid-cap public companies on buy-side initiatives and public and private growth companies on financing and strategic M&A
- In addition to being the only boutique focused on disruptive commerce models, we differentiate by:
 - Bringing bulge bracket techniques to emerging models;
 - A strong and uncommon buy-side/strategy practice;
 - Deep understanding of industry drivers and synergy analyses;
 - Deep relationships across the sector; and
 - Worldwide coverage with closed transactions in the United States, Japan, China, the ASEAN region, Western and Eastern Europe and Latin America
- Your global ComCap team:



Aron Bohlig
 Managing Partner
 M: +1 415-235-8270
 E: aron@comcapllc.com



Steve Terry
 Managing Director
 M: +1 415-971-3794
 E: steve@comcapllc.com



Fermin Caro
 Director
 M: +1 650-743-7825
 E: fermin@comcapllc.com



Carlos Gonzalez
 Director
 M: +7 985-062-9894
 E: carlos@comcapllc.com

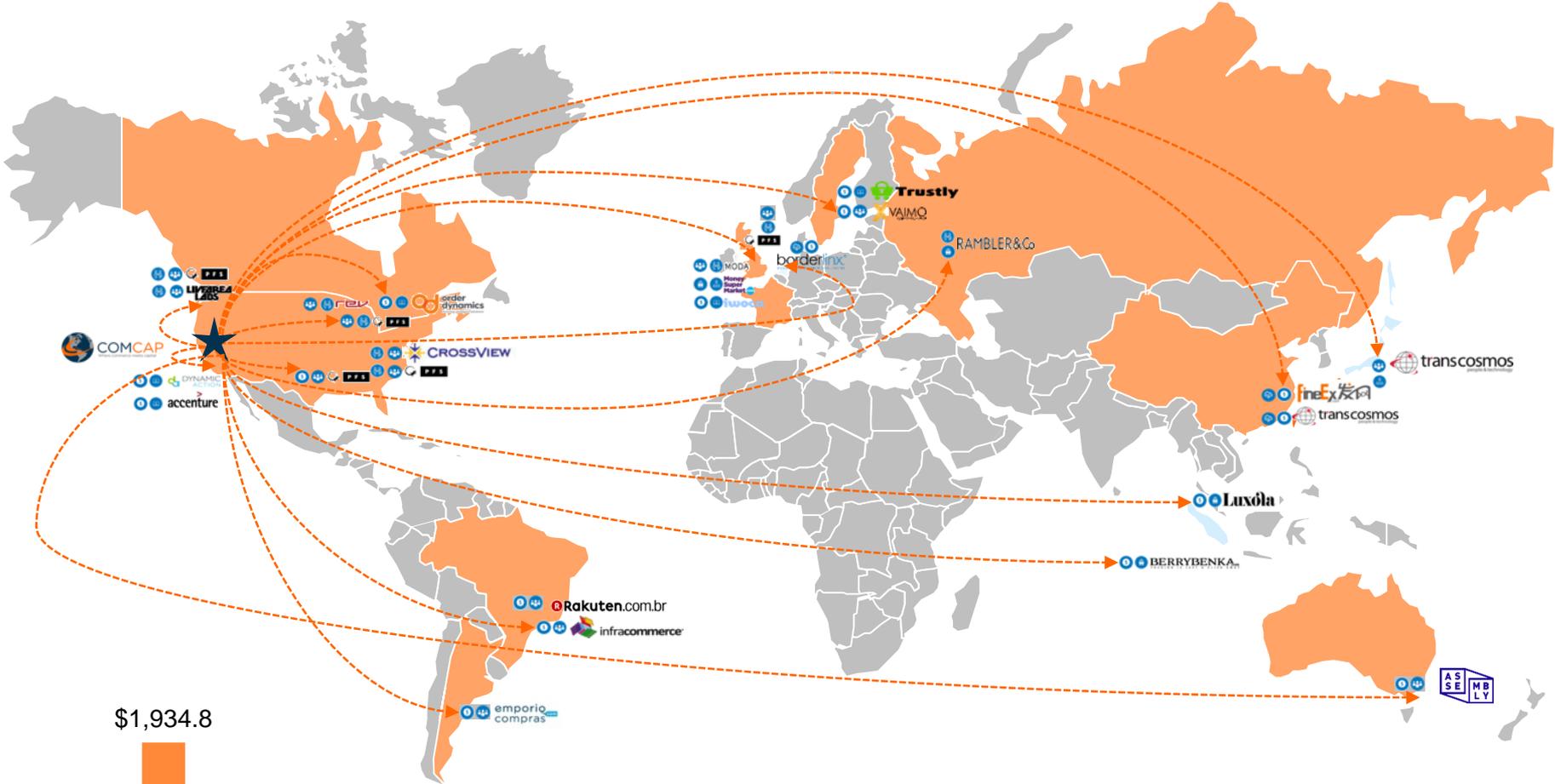


Uren Dhanani
 Vice President
 M: +1 604-816-4989
 E: uren@comcapllc.com



Jason Yang
 Analyst
 M: +1 857-206-2883
 E: jason@comcapllc.com

ComCap – Active in 14 countries, including 9 of the top 10 global ecommerce markets



\$1,934.8

\$586.9

\$141.9

\$115.4

\$103.5

\$81.9

\$69.4

\$49.8

\$46.1

\$27.7

\$26.9

Retail Ecommerce Sales Worldwide – 2019 (\$US bn)¹

China

US

UK

Japan

South Korea

Germany

France

Canada

India

Brazil

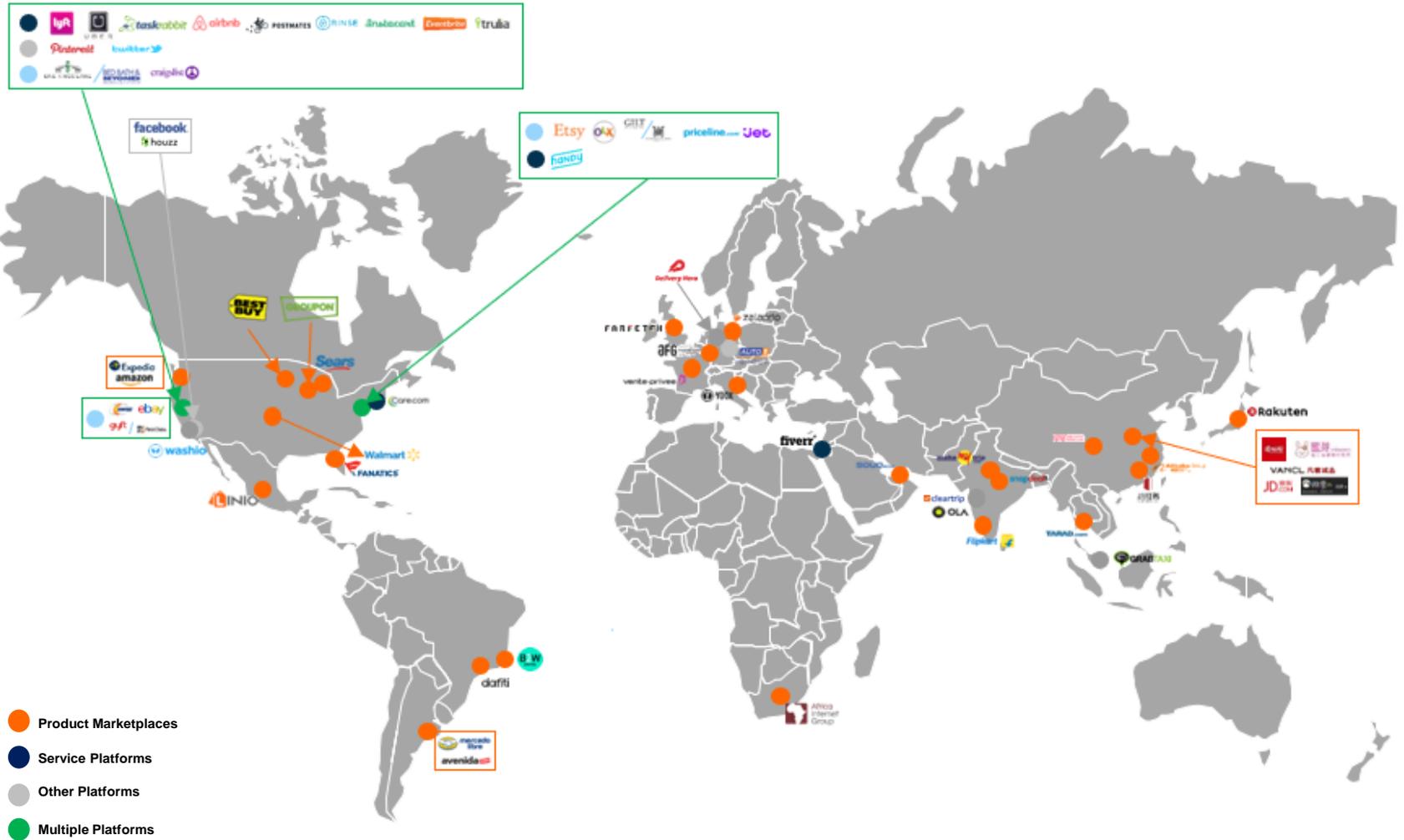
Russia



¹Source: eMarketer May 2019

ComCap covers the leading marketplaces globally in Europe, Asia and the Americas

Overview of leading marketplaces across geographies



Selected ComCap transactions & recent mandates

Deals currently in market	Project Timer Menswear personal styling platform \$30m Capital Raise Exclusive advisor 	Project Tungsten Digital wallet and payments platform \$100m Capital Raise North American advisor 	Project Jade Cross-border payments platform \$150m Capital Raise North American advisor 	Project Teak In-store optimization solution provider Strategic Sale Pending Exclusive advisor 	Project DNA Advanced analytics solution for ecommerce Strategic Sale Pending Exclusive advisor 	Project Galileo Location intelligence platform Strategic Sale Pending Exclusive advisor 	Project Artemis Leading personalization platform Strategic Sale Pending Exclusive advisor
	Deals closed LTM	 JV and strategic round Sole Advisor 	 Sale of Brazilian division Sole Advisor 	 Strategic investment from Sole advisor 	 sale to Sole Advisor to Order Dynamics 	 In its sale to Sole advisor to Symphony Commerce 	 Acquisition of Sole advisor to Astound

[Confidential]

 Sole advisor to [Confidential]

Strategic investment from

 Sole advisor to Dynamic Action

Acquisition of stake in

 Sole advisor to transcosmos

Project Titan
 \$200,000,000 Acquisition
 Sole Advisor

Acquisition of stake in

 Sole advisor to transcosmos

\$20,000,000
 Series B Financing

\$55,000,000 Acquisition of

 Sole Advisor to PFSweb

Acquisition of

 Sole Advisor to PFSweb

\$45,000,000 Financing
 Sole Advisor

Acquisition of

 Sole Advisor to PFSweb

Acquisition of

 Sole Advisor to PFSweb

Strategic Advisory

Acquisition of 20% stake in

 Sole Advisor to transcosmos

\$14,690,000 Acquisition of stake in

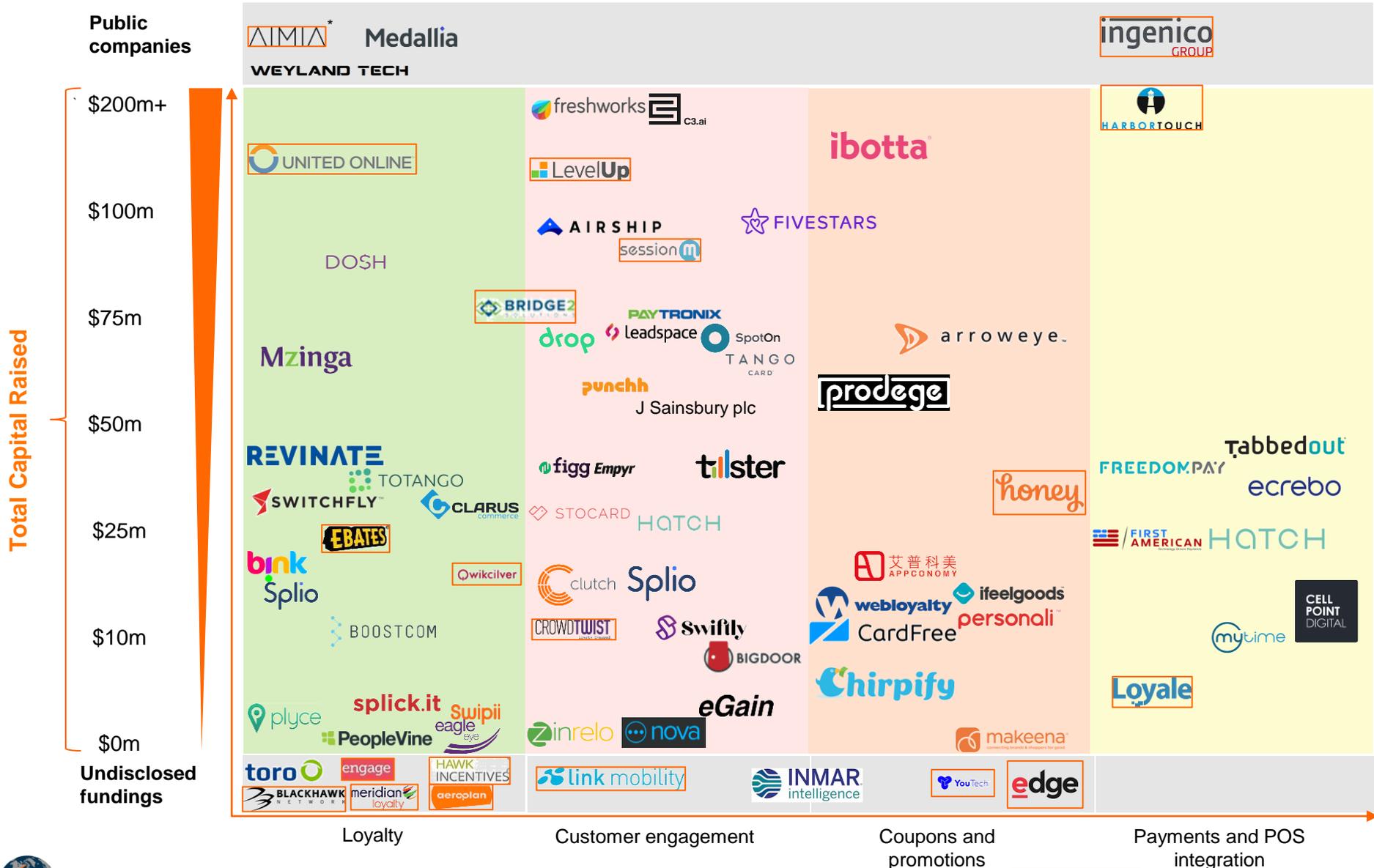
 Sole advisor to transcosmos

\$62,500,000
 Debt Financing

ComCap's current thematic focus areas

Theme	Description	Select companies
Loyalty and customer engagement	Focus on growth of digital wallets, BNPL programs and multiple promotion strategies that are disrupting the traditional Loyalty and customer engagement programs	
Logistics	Emerging platforms and providers innovating and optimizing the many facets of the supply chain ecosystem	
B2C and Vertical Brands (DNVBs)	Digitally native D2C brands harnessing modern technology and business models to reach the end consumer, covering clothing, accessories, personal care, home and kitchen, furniture, and other consumer-focused products	
Artificial Intelligence / Analytics	Focus on disruptors in the artificial intelligence space focused on ecommerce, logistics, retail, predictive, payment, risk and marketing	
Ecommerce SaaS	Emerging and disruptive SaaS businesses in the ecommerce sector	
Fintech	Retail and commerce-related disruptors in the fintech universe. Current focus areas include payments, risk analytics, false declines and retail point-of-sale, especially mobile (mPOS)	
Marketing Suites	Emerging platforms in digital marketing, who focus on optimization in digital marketing and content delivery	
Mobile	Focused on mobile solution providers optimizing the mobile experience from desktop-to-mobile website conversions, targeted mobile marketing, to simplifying the mobile checkout experience	
Personalization	Emerging players in the ecommerce personalization space	
Retail In-store technology	Platforms and solutions that enable retailers improve customer experience, productivity, and operational inefficiencies	
Agencies and System Integrators	Agencies and systems Integrators implementing retail focused technology spanning the above sectors, including large SIs covering multiple platforms, as well as smaller SIs covering just one or a handful of platforms	

Selected loyalty players funding landscape



Total Capital Raised

Public companies

\$200m+

\$100m

\$75m

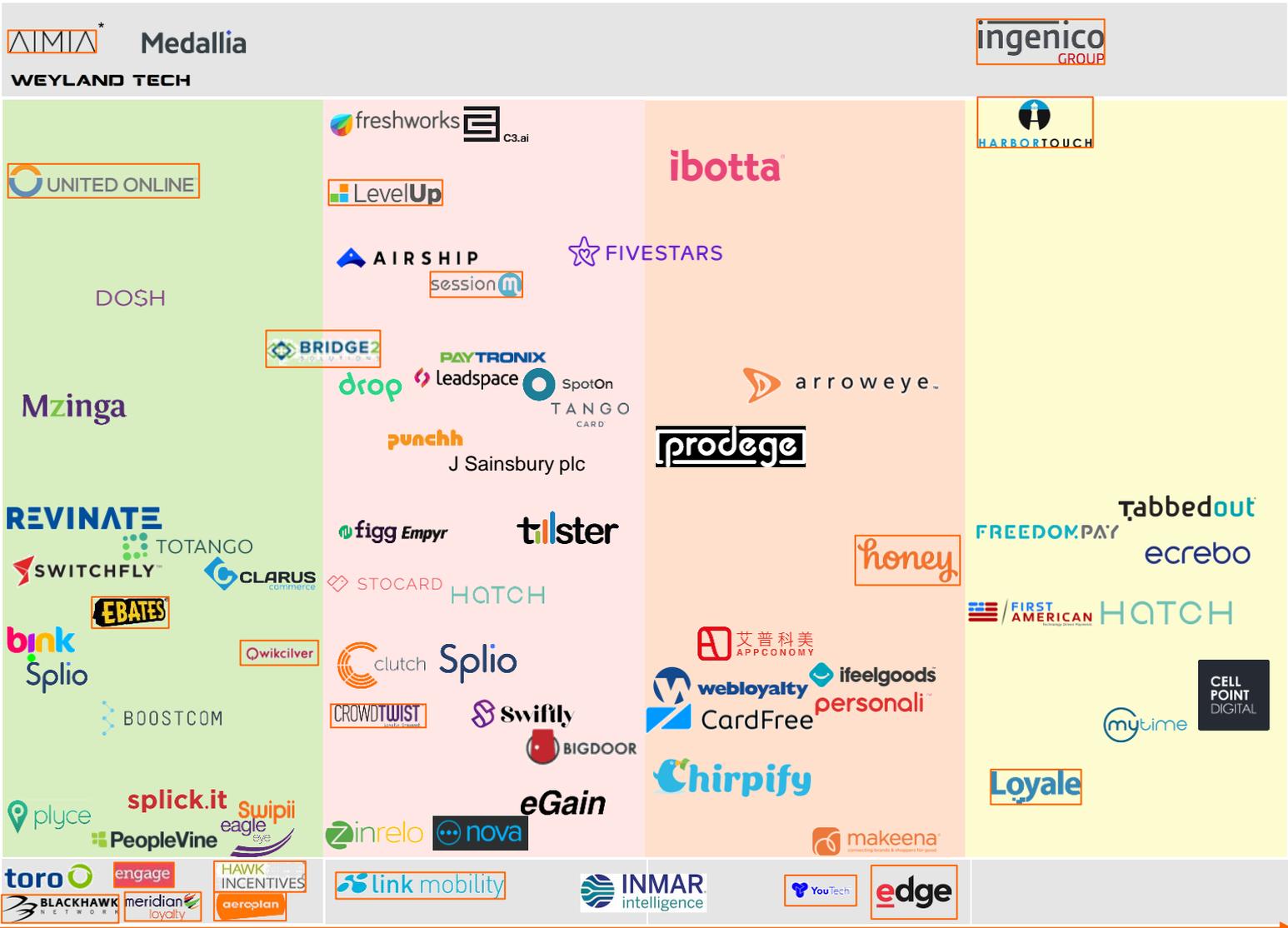
\$50m

\$25m

\$10m

\$0m

Undisclosed fundings



Loyalty – Key themes for 2020



1

Rewards/loyalty programs are evolving into multi-channel/form-factor engagement strategies

2

Retailers and brands deepen digital engagement amid COVID-19 disruptions

3

Tiered loyalty programs deliver unique benefits for brand and retailers

4

Payment disruption presents unique opportunities in loyalty; innovative wallet and buy-now-pay-later engagement models

5

Innovation spotlight: Inmar's "Ecosystem" program accelerates innovation in everyday spend and pharmacy segments

6

Selected loyalty innovator company profiles

7

Equity trading multiples and selected loyalty M&A and financing transactions

1

Standalone rewards/loyalty programs is no longer sufficient; brands need multi-channel/form-factor engagement strategies

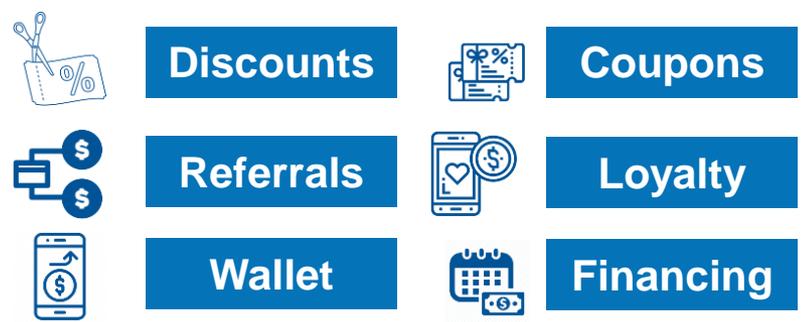
- Top retailers now realize that retaining their top customers will require more than just offering incremental volume-based discounts/loyalty points.
- Loyalty solutions are now easily accessible to even small brands, who are increasingly using them to compete via price matching.
- Larger brands are shifting a substantial part of their marketing budgets from the earlier 'heavy on discounts' strategy, emphasizing higher ROI 'rewards for loyalty' strategies.
 - Companies using rewards-based promotions experienced an annual revenue increase of 36% YOY vs 28% for those using discount strategies.
 - Average profit margin per customer compared favorably, 21% for companies using rewards-based promotions vs. 20% for those using discount strategies.
 - Rewards without validation enjoy 24% average profit margin per customer.

Top criteria firms use when selecting between reward-based promotions vs. discounts & coupons



Source: Aberdeen Group survey, March 2018

Customer acquisition and engagement strategies:



Selected promotion management solutions providers



Amazon, Walmart vie for consumer loyalty and engagement amid supply chain disruption

The rise of COVID-19 and government-mandated stay-at-home orders is disrupting operations and creating challenges in customer engagement elevating the need to engage customers digitally



- Disrupted supply chain, increased demand for essentials, and quarantine conditions are delaying same-day/2-days orders



- Amazon restricted FBA inventory shipments for non-essential items, impacting sales of its merchants
- According to the analytics firm Jungle Scout ~94% of Amazon merchants use FBA for some of their orders, but 64% rely on FBA exclusive



Prolonged shipping times are impacting affiliates and such programs have either been suspended or commission rates have been reduced



- Demand outpaces replenishment of essentials, driving it hard for Walmart to keep its shelves stocked amid the delay in logistics and limited availability of essentials



- Walmart has
- shortened its advance ordering window from one week to two days
 - limited the purchases of some of those products in certain locations
 - adjusted its store timings



Walmart has suspended influencer affiliate programs with social commerce site MagicLinks and ecommerce giant Rakuten

Marketplaces, third-party sellers, and brands need to remain engaged, communicate openly about COVID-19 related disruptions. Offers, incentives and rewards all need to be relevant to retain loyal customers



Retailers and brands prioritize engagement amid pandemic

Players to leverage mobile & digital ordering and ramp up loyalty program

Strategy	Brands	Strategy Description
Preserve point and coupon value for 16 million+ loyalty members		<ul style="list-style-type: none"> ➤ Starbucks extended expiration date of its rewards points
Adapt to customer preferences and interests - highlight offers via website, app, and other digital channels	 	<ul style="list-style-type: none"> ➤ Peet's Coffee offers discounts on coffee subscriptions ➤ Instacart, launched "leave at my door" delivery option
Leverage digitalisation and engage customers through online events, gamification, interactive activities		<ul style="list-style-type: none"> ➤ Nike grew digital business in China by >30% leveraging its digital app ecosystem and Nike expert trainer network ➤ Engaging content – i.e. "living room challenge"
Reaching to customers on mobile ➤ SMS has 150x the engagement rate of email campaigns	 	<ul style="list-style-type: none"> ➤ Optimove and Netcore partner to deliver highly personalized email and SMS customer messaging

Enabling SMEs to adapt

Helping small retailers transition to online		<ul style="list-style-type: none"> ➤ Ebay Canada launched Up & Running, an accelerator program to support small retailers set up ecommerce and reach customers.
Supporting crew of artisans		<ul style="list-style-type: none"> ➤ Simons' Fabrique1840 program, provides ecommerce support to local makers in the fashion, home, beauty and wellness sectors



Fashion brands broaden digital campaigns and experiences

Content Creation

Brands	Strategy
 MICHAEL KORS	At Home with Michael Kors Campaign: a campaign that sees the designer share the mundane, and thus relatable, side of his life in New York under quarantine
 LVMH MOËT HENNESSY . LOUIS VUITTON	LVMH takes customers on 'virtual escapades' while staying at home: LVMH has utilized the vast social media presence of its different brands to tap into the interest of customers around the world
 TORY BURCH	Tory Burch got her own mom to make the Mother's Day selections on her brand's newsletter
TANYA TAYLOR	Tanya Taylor has been inspiring her followers with her Colour Therapy paint-by-numbers exercises, and has brightened her feed by imposing her gorgeous painted spring floral patterns onto old masters' paintings
ALDO	Created #AldoNightsIn on Instagram Live featuring a Montreal DJ. Bottega Veneta has what it calls "residencies," featuring musical guests, artistic collaborations and movie nights

Luxury brands experiment with new tech

Burberry launched a new AR shopping tool in partnership with Google Search technology
 The digital tool allows customers to experience and shop Burberry products in their (virtual) surroundings, by embedding the products into their environments.



"The inspiration phase of the decision to purchase is becoming increasingly important for luxury consumers. Burberry is continuously experimenting with digital innovation such as AR to create a more exciting experience and enhance personalized luxury commerce, blending the technology with other activations around the world."

GUCCI


Gucci launched a comprehensive new app to engage with customers during the COVID-19 crisis



The app offers plenty of digital features including wallpapers, video games, stickers, emojis, and motifs, and augmented reality virtual try-on and virtual 'interior decorating' capabilities

Successful loyalty programs include premium and free offerings

Loyalty management market is expected to grow from \$6.8b in 2019 to \$10.9b by 2024, at a CAGR of 10.1%

Companies are investing in paid & free loyalty programs

- ❑ Clarus Commerce’s 2019 premium loyalty study found:
 - ❖ 80% millennials and 68% of non - millennials would join paid loyalty programs offered by retailers
 - ❖ Premium loyalty targets top 20% of customers responsible for 80% of a retailer’s sales to increase engagement among them
 - ❖ 87% of consumers satisfied with a retailer’s paid loyalty program are likely to choose that retailer over a competitor offering a lower price

Perks consumers value in paid loyalty programs



Free Loyalty Programs

- ❑ Ibotta offers application that pays its users for shopping online or in-store, for zero fees
- ❑ Delivered over \$680m through cashbacks, offering cashback on purchases at >1,500 brands and retailers



Rakuten Rewards

Rakuten partners with over 2,500 stores to offer cashback in the form of a check or PayPal payment

Paid Loyalty Programs

- ❑ For \$119 / year, Amazon Prime offers free, 2-day shipping, savings on grocery and products
- ❑ Prime members spend an average of \$600 more per year than non-Prime members



CLARUS commerce

Clarus a leading white label, customer royalty program solutions provider offers in-store and online discounts, free shipping & returns, members-only content and others

Walmart and Amazon enhance premium loyalty programs

Walmart launched an Express Delivery Service

Walmart 



- ❑ New Express Delivery offers two-hour delivery of online orders
- ❑ Fee of \$10 above the existing delivery charge
- ❑ >160,000 items available for Express Delivery, including groceries, everyday essentials, toys, and electronics
- ❑ Commenced testing in 100 stores in April
- ❑ Will be rolled out to ~1,000 stores by early May with an additional 1,000 stores in the following weeks
- ❑ Existing 74,000 personal shoppers to fulfill the orders, partners will deliver the orders
- ❑ Customers can check Walmart's app to determine whether the service is available in their area

Amazon's strategy to serve its Prime members during COVID-19

amazon 

Amazon Prime members enjoy:



- ❑ Spike in demand for essentials and supply chain disruption led the company to reduce sales of nonessential items and prioritize shipping to Prime members
- ❑ Amazon prime annual subscription costs \$119
- ❑ According to Comscore, Amazon's site saw 2.54 billion visitors in March, a 65% jump from the same time last year
- ❑ The pandemic also pushed Amazon Prime memberships up by 10 percent year over year for the weeks of March 16 and March 23, according to research firm Second Measure
- ❑ Amazon is giving more time to return items during COVID-19 pandemic in the US. It is also extending its return policy for Italy, Spain, France, Turkey, and the Netherlands
- ❑ Amazon launched a new service in India, Amazon Pay Later. The new service brings instant credit on almost all products listed on the portal, utility bills, and groceries

Payment disruption presents unique opportunities in loyalty

Loyalty programs leveraging digital wallet-linked rewards can create value for multiple stakeholders – issuers, consumers, and retailers

- By the end of 2020, 450 million people globally are expected to be using mobile payments, according to Juniper Research
- Volume of in-store contactless payments could reach \$2 trillion (~15% of all POS transactions). Of this, 15% are expected to be powered by mobile devices.
- In 2020, >50% of the US population is expected to give digital wallets a try. However, attractive loyalty rewards programs and easy redemption options are expected to be the key to faster digital wallet adoption.
- Millennials form the largest group of the total number of potential digital wallet users as they enter into the peak earning years. They are also the most loyal to a rewards program as compared to the Gen X and Baby Boomers.

31%

US Cardholders have never redeemed their reward points because of complexity of tracking points on multiple programs and usage limits

>\$100b

Potential liability for financial institutions due to non-redemption of reward points by loyal program members

94%

Would use a mobile wallet more frequently if they could earn and redeem loyalty points with every transaction

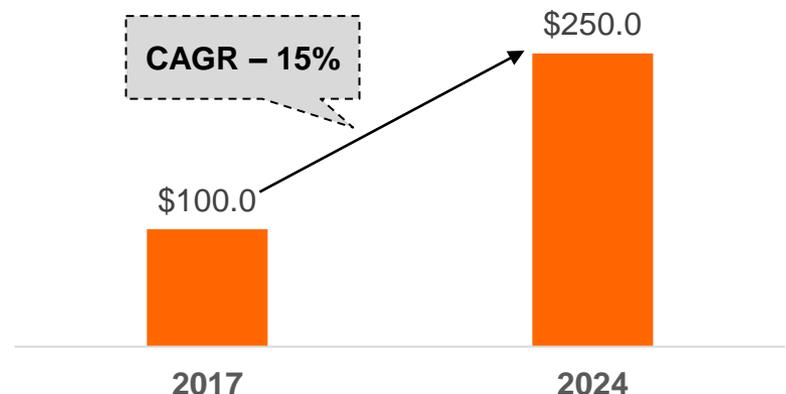
67%

Want loyalty functionality in mobile wallet

Potential areas of improvement for finserv companies

- Simple rewards points redemption interface and policy
- Marry digital payments with existing rewards programs
- Provide personalized shopping offers and encourage users to pay via reward points first
- Collaborate with mobile technology providers
 - For example, American Express is encouraging corporate cardholders to pay with their smartphones via a partnership with Apple Pay

Global digital wallets market (\$b)



Mobile wallet case study: Stocard and Yoyo represent game changers for retailers



Loyalty cards aggregation app

➤ For App Users

- Stocard allows users to store all their loyalty cards in one single app on their smartphone
- The Stocard app will prompt the user to take a picture of the card and upload it; this will scan the barcode or the user will be prompted to enter the membership number and create a digital version of the loyalty card within the app
- The app sorts the card images and details by 'most used' for easy access
- At the store, customers can get their digital card in Stocard scanned to receive all discounts and rewards similar to how they use plastic cards
- It shows current rewards points balance, nearby store locations, best offers, coupons and catalogues matching user preferences
- Stocard has more than 35 million users worldwide

➤ For Merchants

- Helps improve in-store customers by showing merchant offers in the Stocard app
- Analytics to measure the campaign's ROI
- Tracking in-store purchases to build targeted campaigns



Mobile and loyalty points app

➤ For App Users

- Yoyo wallet is a digital loyalty points aggregator and a mobile e-wallet which allow shoppers to make payments via the app, at the same time gather reward points from various merchant loyalty programs
- The app uses QR scans to integrate its functions of payments, receipt scanning, and automating loyalty programs
- It uses a double tokenized technology making it highly secure
- With every purchase shoppers receive more personalized offers based on previous shopping behavior
- In July 2018, it crossed the 1 million user mark making it one of the fastest growing FinTech startups in Europe

➤ For Merchants

- It also provides a marketing platform for retailers that enables digital customer engagement in-store. The platform identifies the shopper in-store and using previous shopping data, enables merchants to offer more personalized service
- Yoyo also offers white-labeled apps and APIs for merchants and service providers to build their own branded loyalty apps
- It's B2B clients includes Retailers, Caterers, Banks, and EPOS Providers

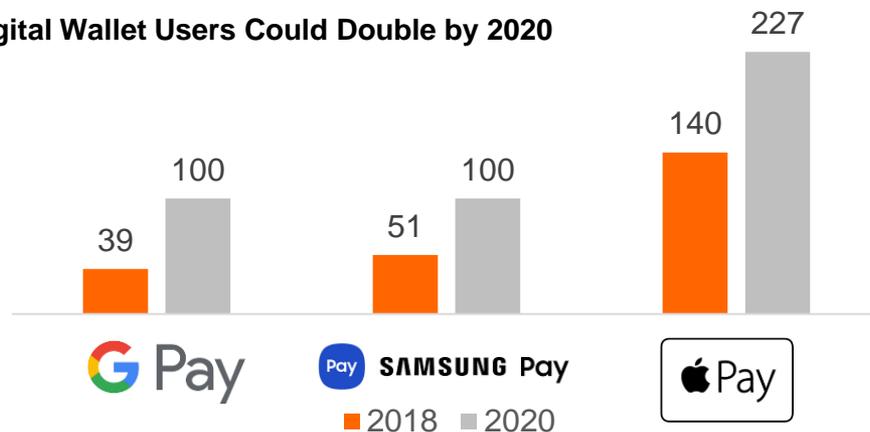




Apple quickly gains lead in loyalty, wallet + card market

- For Apple's Q3 2019 earnings, Tim Cook disclosed that Apple Pay is growing faster than PayPal and processing over 1 billion transactions each month
- For Q3 2019, Apple processed ~3 billion transactions vs PayPal's 3.1 billion
- An estimated 43% iPhone users worldwide use Apple Pay across 47 countries
- Greater acceptance of Apple Pay on public transport systems in the UK, China, Japan, and Russia contributed to growth
- By positioning its Apple Pay and Apple Card services in the intersection of credit cards and digital wallets, Apple is leveraging features of one to drive the other and vice versa, as well as cross sell other mainstream Apple products
 - Is the only card with no annual, late or international fees
 - Offers the highest cash back among all leading cards
 - Zero interest for Apple products
 - Daily redemption of cash back into Apple Wallet as compared to other cards which redeem at fixed intervals, thus incentivising Apple card subscription and Apple wallet usage, both at the same time.

Digital Wallet Users Could Double by 2020

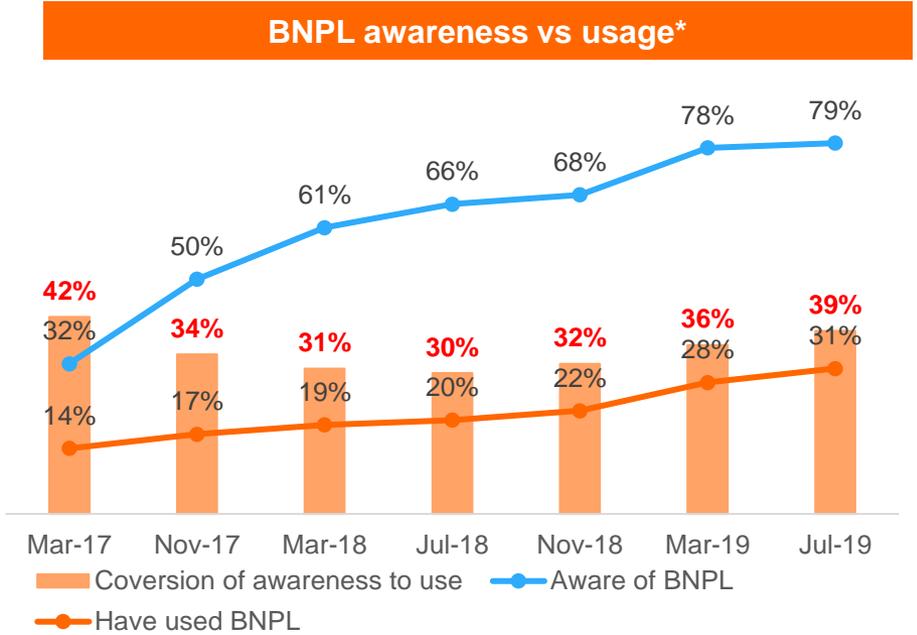


Apple Pay's leadership in digital payments benefits from card + wallet offering



Buy Now, Pay Later (BNPL) increases consumer's purchasing power and in turn increases AOV, shopping frequency & conversion

- The BNPL trend has seen strong growth globally. In Australia, it accounts for about 8-10% of all online sales, whereas in the US, BNPL solutions market represents a >\$1.8T opportunity.
- In FY19, Afterpay (launched in 2014) reported sales of \$5.2B through its platform with >6,500 US and >16,500 Australian merchants. Sezzle's, focused on N. America, growth is equally impressive with >5,800 merchants on boarded since launching in Q3-17.
- Merchants pay a higher fee to BNPL providers (2-6%) than for credit cards. However, BNPL leads to higher order size, lower discounts, higher frequency of visits and better conversions rates which offset the higher transaction cost.
- In July 2019, Visa announced the launch their own BNPL solution soon. Similarly, in January 2020 Commonwealth Bank of Australia (CBA) partnered with Klarna for its launch in Australia and New Zealand.

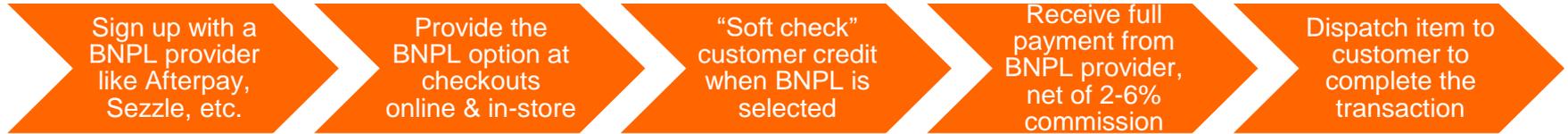


HOW DOES BNPL WORK?

FOR CUSTOMERS



FOR MERCHANTS



Innovation spotlight: Ecosystem strategy accelerates innovation in everyday spend and pharmacy segments



Innovator spotlight

- Inmar is a data and tech enabled service company whose analytics, platforms and services enable engagement with shoppers and patients, and optimize results across every-day spend and pharmacy retailers
- Offers Digital Promotion Network, Advanced Engagement solutions, programmatic capabilities, and Conversational Commerce solutions to engage shoppers

4,500



Employees, in 47 offices

\$120b



In Commerce

90%



CPGs in US, 40K retail locations, 50K Pharmacies

90%



Pharma Manufacturers, 95% of Pharmacies

Innovating via partnership with disruptors



- Brings leading-edge technology together in an integrated digital platform to drive value for businesses
- Provides retailers and CPGs with a superior (ROI), increased transparency and a significantly improved shopper experience

Inmar's Innovator Ecosystem accelerates innovation by integrating best-in-class technology, analytics and media companies with Inmar's existing comprehensive and deep technology solutions set

Inmar

Company overview

Founded: 1980

Status: Private

Employees: 4,500

HQ: Winston-Salem, NC

Company description: Inmar develops technology and uses advanced data analytics to make commerce work smarter. Its analytics, platforms and services enable engagement with shoppers and patients, and optimize results

It helps leading Fortune 500 companies and emerging brands to stay relevant and propel growth while providing their consumers with personalized and precision-driven tools

It offers reverse logistics solutions, engagement solutions that includes promotion solutions, analytics & healthcare solutions, such as pharmacy performance analytics, pharmaceutical returns and others

Key facts

- In Apr 2020, Inmar entered into an agreement with Ibotta, to collaborate and accelerate the growth of world-class cash back offers across retailers nationwide
- In Feb 2020, the company acquired Forerunner Holdings, to make its pharmacy operations more efficient and compliant with industry regulations
- In Oct 2019, Inmar acquired Digitus Solution and Owneriq to expand its innovator ecosystem
- With 47 offices, it offers solutions for brands, eCommerce, government, healthcare, retailers and reverse logistics
- Works with 90% of pharma manufacturers and CPGs and over 50,000 pharmacies in the US
- Its influencer marketing platform was honored with Adweek's Readers' Choice: Best of Tech Awards and the 14th Annual W³ Awards in Oct 2019

Management team



L. David Mounts, Chairman and CEO

David has extensive operations and financial management experience in U.S., Europe and Asia. He has over 30 years of experience and holds an MBA from The Wharton School



Jennifer Mauldin, President and CCO

Jennifer is associated with Inmar for 25 years and leads Inmar's Retailer and Pharmacy Client Development teams. She is the founder of Virago and holds a bachelor's degree from the University of Tennessee.

Key clients



Inmar's M&A deals expand its comprehensive offerings

Company	Description	Target facts	Deal facts	Deal rationale
 Transparent	Develops cloud based software for healthcare supply chain	Founded: 2014 HQ: King of Prussia, PA	Date: Feb 11, 2020 Transaction value: NA	Drive efficiency in pharmacy operations and compliance with industry regulations
 DIGITUS SOLUTIONS	Develops intelligent commerce networks which offers promotion solutions	Founded: 2015 HQ: San Francisco, CA	Date: Oct 24, 2019 Transaction value: NA	Expands Inmar's digital platform by transforming the way adult beverage brands communicate
 ownerIQ	Develops online advertising solutions that digitally connects brands and retailers through second-party data	Founded: 2007 HQ: Boston, MA	Date: Oct 22, 2019 Transaction value: NA	Expand Inmar's services to offer retail and CPG clients fully integrated technology to power their digital media network
 YouTech	A digital-coupon marketing company that operates a cloud based digital coupon platform	Founded: 2007 HQ: San Francisco, CA	Date: Dec 18, 2018 Transaction value: \$565m	Deliver innovation and new products to meet the evolving needs of CPGs and retailers
 iR Innovative Returns Concepts, LLC	Provider of returns management software and product processing that serves the grocery sector	Founded: 2003 HQ: Plano, TX	Date: Nov 13, 2018 Transaction value: NA	Offers new service capabilities and expands services to Inmar's grocery supply chain clients
 RASMAS	A web-based subscription service for notification, distribution, organization, and management of product alerts	Founded: 2004 HQ: Falls Church, VA	Date: Dec 11, 2017 Transaction value: NA	RASMAS helps its pharmacy clients reduce alert processing time by up to 80% and positions Inmar as a powerful ally for healthcare organizations
 [ri] reach influence	A marketing analytics company focused on powering the shopper experience to leverage retail shopper data to increase sales	Founded: 2005 HQ: Detroit, MI	Date: Oct 16, 2017 Transaction value: NA	Adds powerful capabilities for positioning retailers and brands to compete with national/global chains and large ecommerce players
 collective bias	Offers influencer-generated content marketing solutions	Founded: 2009 HQ: Bentonville, AR	Date: Nov 17, 2016 Transaction value: NA	Enables marketers to see data-driven connections between the power of consumer recommendation and in-store sales.

Selected loyalty innovator company profiles

Clarus Commerce



Company overview

Founded: 2001

Status: Private

Employees: 120+

www.claruscommerce.com

HQ: Rocky Hill, CT

Profile: Clarus Commerce is specializing in building, managing and optimizing premium loyalty programs. It provides the full suite of services needed for a successful loyalty program, which includes the technology platform, client services, strategy, creative, marketing, analytics, IT and operations. It not only build but also manage these programs that is it handles every part of the program

Customer list: Amerimark Holdings, Bluestem Brands, Bob's Stores, Restoration Hardware, Wayfair, Lululemon Athletica, ShopHQ and CVS

Strongest verticals: Retailers and publishers

Key facts

- On July 9, 2019, Marlin Equity Partners acquired the company. The investment was made alongside Norwest Venture Partners, which was a prior investor in Clarus and will hold minority stake in the company
 - The investment will allow advance leadership position and innovation in the premium loyalty market
- Clarus is a pioneer in the growing premium loyalty market with an outstanding history of success
- Till date, the company had raised \$32.1m majority through a debt financing round
- It offers a full turnkey approach to developing loyalty programs that covers program design, implementation, management and ongoing support and optimization
- It serves over 50 retail brands in the US and UK including multichannel and brick and mortar client

Management team



Tom Caporaso
CEO

Tom oversees the strategic direction of the company. He joined the company in 2009 and first served as its President and COO. He has over 20 years of experience in the loyalty and subscription space. Previously, he served as VP of Business Development and Marketing at dLife



Bob Breunig
CFO

Bob manages the company's financial direction and aims to grow company's revenue. He is a senior financial executive with over 25 years of experience and is well versed in all areas of accounting, auditing, and financial management. Previously, he served as CFO of Akademos

Key developments

January 22, 2020: Selected Medallia, the global leader in experience management, as its experience management platform of choice

October 16, 2019: ShopHQ Integrates with the company to launch ShopHQ VIP, an exciting new loyalty program for the iMedia Brands

October 1, 2019: Partnered with Silver Star Brands, a direct marketer of consumer gifts and household products, to launch its VIP Rewards premium loyalty program

July 08, 2019: Marlin Equity Partners has acquired the company. The investment was made alongside Norwest Venture Partners, who will hold minority stake in the company. The financial details of the deal have not been disclosed

October 22, 2018: The company has been included in Forrester's Now Tech: Loyalty Marketing, Q4 2018 report as a hybrid loyalty solutions provider



Clarus Commerce: solution snapshot

Clarus premium loyalty programs leverage pre-built infrastructure, its technology platform and years of experience to deliver a similar experience for other retailers and publishers.

Key features include:

- Retailers see increase order frequency, customer engagement, basket size, and brand advocacy
- It has experience in helping retailers launch and manage successful programs
- The company's loyalty programs include in-store and online discounts, free shipping and returns, members-only content and access to physical and virtual experiences
- It provide wisdom and strategy honed by nearly two decades of experience, robust technology infrastructure, on-brand creative, advanced analytics and award-winning service
- The company does not charge up-front fees for their program from retailers and publishers. They get compensated through a small percentage of the fees program members pay

Fees:

A fee-based loyalty program that offers 24/7/365 benefits that free programs do not offer



Premium Loyalty is always on

It offers benefits that are always important to customers every time they shop. The customers need to make purchases over time for discounts later

A two-way street

Customers join premium loyalty programs to access exclusive benefits. Retailers also benefit from an additional revenue stream from membership fees



A special skill set

From build to optimization to billing, you need a team that knows how to manage fee-based membership programs

Engage People

Company overview

Founded: 2008

Status: Private

Employees: 150

www.engagepeople.com

HQ: Markham, Ontario, Canada

Profile: Develops solutions through which enterprises can manage their loyalty and incentive programs. The company offers a SaaS-based platform that manages end to end loyalty rewards, sales, and sales channel incentive programs. Leader in “Shop with Points” solutions converting loyalty currency for e-commerce and retail redemption.

Customer list: TD Bank, RBC, BMO, Medibank, and HSBC (in process)

Strongest verticals: Personalized content for loyalty and engagement

Worldwide Presence: Headquartered in Toronto, Canada with offices in Canada, Italy, and the US

Key facts

- Provides solutions and the intersection of loyalty and experience, delivering against demanding member expectations and corporate objectives through patented technology solutions
- Till date, over 1.4 billion points have been redeemed in programs using Engage People technology solutions
- Its solutions enabled nearly 255% increase in dollars spent by program participants in 2018
- It has 64% market share in Canada and serves banks, airlines, hotels, telecom, ecommerce and credit card industries
- In Feb 2020, it partnered with Priceline, to give loyalty program members the option to pay for travel using credit card loyalty reward points
- In Jun 2019, it partnered with Kount, to boost online security and protect its customer loyalty programs from fraud

Strategic rationale

Engage People is an a leader in Loyalty and Sales Incentive programs with over 25 years of experience.

Their key value proposition includes:

- 1) Proven track record
- 2) Strong and diverse client base
- 3) Profitable operations
- 4) Strong focus on building loyalty via personalization
- 5) Leader in Pay with Points solutions and partnerships

Key clients / partners



Engage people: solution snapshot

Customized loyalty solutions at scale

Personalized, targeted and low-cost loyalty solutions and campaigns with unlimited and fast redemption options

Key features include:

- Engage loyalty rewards platforms allows targeted offers, personalized content, campaigns and communications across individual customers segments
- Campaigns can be run in real-time and at low cost
- 100% access to the leading 13 e-commerce categories in North America.
- Vast variety of reward points redemption options
- Real-time data gathering and management for analytics feed
- Potential to increase revenue by 2.5x
- Boosts customer engagement alongside reducing cost of redemptions

'Podium' loyalty program technology solution with over 10m active managed users



'Access' e-commerce redemption solution allows users to redeem their program points across any global website and in any currency

'Wave' in-store redemption solution allows program's currency (reward points) to be converted into a real-time transaction at any local retailer



'Insights' analytics solution provides deep insights about members of the client's loyalty program

'Travel' solution offers largest selection of flight, hotel, rental car, cruises and vacation packages.



'Acclaim' cloud based Acquisition and Gifting Platform gives tools to acquire new customers, drive loyalty, and thank customers

Nova Now



Company overview

Founded: 2019

Status: Private

Employees: NA

HQ: NA

Profile: Nova is a mobile-based, loyalty and promotions platform, that seeks to drive engagement and sales by rewarding potential audience and users for their loyalty and engagement with brands, artists, and creators. In October 2020, the company had 500K WAUs with 50 brands live

Customer list: Rihanna, Lady Gaga, David Beckham, Secret, Beyonce, Robert Downey Jr., Jessica Alba, Walmart, P&G, Livenation, Adidas

Strongest verticals: Social engagement with artists and celebrities

Worldwide Presence: Has offices in the US and Europe

Key facts

- Various research suggests that Millennials seek personalized, targeted promotions & discounts as the price for their loyalty. NOVA bridges this gap by offering a personalized, mobile only rewards platform for brand loyalty on the social media
- Plans operational expansion
 - Jan 2020: NOVA launched its iOS app, and DMP MVP in beta mode. It plans to launch the commercial iOS and Android versions in March 2020.
 - May 2020: Fully operational DMP with 200m+ user data profiles
- Plans to monetize
 - Jul 2020: NOVA plans to monetize the platform and generate first revenue with 100K WAUs and 10 Brands
 - Oct 2020: Growth to 500K WAUs and 50 Brands live

Management team



Shashank Sripada
CEO

Shashank is a serial entrepreneur and investor with multiple exits and experience in finance, consulting, politics, and economics. He invested globally including over \$10bn in tech, AI, robotics, oil & gas and healthcare.



Ciarra Pardo
Marketing

Ciarra is a 360 creative with expertise in brand and business development. She consulted as the Creative Director for Geffen Records and Island DefJam. After 10 years of working creatively with Rihanna, for last 5 years Ciarra served as Chief Creative Officer of Fenty Corp., while still operating as Rihanna's Creative Director

Key customer results



Lady Gaga

- \$640K in ticket sales
- ROI of 2560%
- Average conversion of 1 out of every 4th impression served



David Beckham & Adidas

- 4.3x better conversion than other marketing channels
- ROAS of 375%
- Sold out product in weeks as compared to expected in months



Secret Deodorant

- 9x better performance than other media options
- Added high quality Facebook, Twitter and other social media followers which brands can interact with on an on-going basis



Nova Now: solution snapshot

Social engagement & loyalty solutions



Nova's Social Impact and Data driven ACTIVE Loyalty Programs use real time data and analytical insights on past interactions to create compelling and engaging rewards.

Key features include:

- Works with existing Loyalty systems or implement new system
- Secure blockchain based user controlled data profiles
- Real Time targeting & engagement for brands, artists, & creators
- Earn Rewards for Social Impact activities and Loyalty
- Aims to create authentic engagement between brands and users by supporting causes and personal achievements their users care about.
- Empower users to convert data profiles into rewards
- Connect Users and Brands with personalized rewards and social impact challenges
- Data Management Platform (DMP) for creators & brands that compiles data in an easy to read dashboard

NOVA is an ecosystem that connects consumers and brands directly and securely.



Already has 400+ First Party Data Partners (brands) and 200m+ consumer profiles in its database

Proprietary Technology that includes an iOS app, DMP and a social impact campaign management platform



Key launch partners like Fendi Beauty, GAP, and CID Entertainment on-board



Rewards Program TAM to grow from current \$2.6b to \$9.3b by 2024



Selected loyalty M&A

Target	Buyer	Date announced	Consideration	Deal commentary
		March 3, 2020	NA	<ul style="list-style-type: none"> The combination will expand the company's payment solutions and bring complementary capabilities to the customers of both organizations
		November 20, 2019	US\$4,000.0m (40.0x LTM revenue)	<ul style="list-style-type: none"> PayPal aims to add Honey's technology to its own product line, expanding its reach to PayPal's 300 million users It will give the payments giant a foothold earlier in the customer's shopping journey
		October 22, 2019	NA	<ul style="list-style-type: none"> The addition of SessionM will enhance Mastercard's ability to help brands deliver personalized, real-time offers and comprehensive campaign measurement based on robust, data-driven insights
		August 29, 2019	A\$32.3m	<ul style="list-style-type: none"> Edge Loyalty Systems will be able to offer enhanced offerings for its respective clients. It will create an accelerated pathway for its growth and broader expansion of its incentive technology and services into Australia and South East Asia Blackhawk will be able to enhance loyalty, promotions and unique content offerings with the acquisition
		July 08, 2019	NA	<ul style="list-style-type: none"> InComm will strengthen its incentives business by creating lasting loyalty for corporations It will also expand the company's capabilities to a comprehensive suite of end-to-end services for brand-focused incentive, loyalty and engagement programs
		December 18, 2018	US\$565.0m	<ul style="list-style-type: none"> Together, Inmar and YouTech will bring innovation and new products to market faster to meet the evolving needs of CPGs and retailers and to enhance the competitive strength of the company
		July 25, 2018	US\$390.0m	<ul style="list-style-type: none"> Accelerates Grubhub's existing POS integration capabilities and provides restaurant partners with CRM and analytical tools to drive increased sales. The transaction expects to contribute revenue of approx. \$2m to 3Q results
		September 09, 2014	US\$1,000.0m (6.0x LTM revenue)	<ul style="list-style-type: none"> The acquisition would offer Rakuten with a new entry point into the U.S.'s growing e-commerce market It also aims to offer similar products, including online e-coupons, back home where they could complement Rakuten's own online shopping loyalty program, Rakuten Super Points

Loyalty M&A: PayPal adds shopping & rewards via Honey for \$4bn

Honey's complementary consumer products enhance PayPal's ability to drive customer engagement

Acquisition overview



The acquisition to strengthen PayPal's customer relationships, provide personalized offers, and drive incremental sales

Announcement Date : Nov 20, 2019

"It (the deal) provides a broad portfolio of services to simplify the consumer shopping experience, while at the same time making it more affordable and rewarding."

- Dan Schulman, president and CEO of PayPal

"Honey's vision has always been to give consumers the tools they need to make the best decisions with their money. PayPal shares that vision and together we can build powerful commerce capabilities that create real value for both consumers and retailers around the world."

,- George Ruan, co-founder- Honey

Target Business Overview

- Founded in 2012, HQ in Los Angeles, CA, ~350 employees
- Key merchant partners include Etsy, Walmart, Macy's, American Eagle Outfitters
- Ecommerce product automatically
 - finds coupon codes for the site the a user is shopping at,
 - applies the discount at checkout,
- Offers
 - **Consumer Engagement:** Web and mobile tools to find & apply savings, price tracking tools and alerts
 - **Loyalty Program:** Proprietary loyalty reward programs redeemable with leading retailers
- ~\$100m in 2018 sales, ~17 million monthly users, >30,000 websites, \$1bn in savings and \$8m cash back

Deal Terms

- PayPal acquired Honey Science Corporation for \$4bn, mostly in cash
- Key Multiple:
 - Implied Enterprise Value/LTM Revenue: 40.0x
- Honey's selling investors include Anthos Capita, Citi Ventures, Inc.
- Honey co-founders George Ruan and Ryan Hudson to continue to lead the Honey team as part of PayPal's global consumer product and technology organization, reporting to Senior Vice President John Kunze

Strategic rationale

- Strengthens PayPal's consumer value proposition via product discovery, price tracking, loyalty, and unified checkout tools
- Enhances ability to help merchants acquire and convert consumers by delivering personalized, timely, and optimized offers across channels
- Gives PayPal a way to ward off competition from big tech like Apple, Google, Facebook in payments
- PayPal could leverage consumer data from Honey through Jetlore, to provide valuable insights into consumer behavior
- Shifts PayPal beyond checkout, reaching consumers at the beginning of the shopping journey



Public Comps and selected transactions

Selected equity trading multiples: payments and loyalty (1/5)

(\$USD millions, except per share amounts)

Company (FYE)	FD Capitalization		Trading Multiples						Operating Statistics			
	Equity Market Value	Enterprise Value	EV / Revenue		EV / EBITDA		Price / Earnings		Rev. Growth		LTM	LTM
			CY20E	CY21E	CY20E	CY21E	CY20E	CY21E	CY18	CY19	Gross Margin	EBITDA Margin
Prepaid / Stored Value												
Green Dot Corporation (US)	\$1,533	\$528	0.5x	0.5x	3.3x	2.8x	20.7x	15.8x	4.0%	(7.6%)	81.9%	NA
EML Payments Limited (AU)	\$662	\$501	5.5x	3.7x	23.5x	12.3x	29.1x	22.5x	37.0%	16.9%	76.4%	15.1%
PaySign, Inc. (US)	\$379	\$370	7.9x	5.4x	24.7x	16.0x	37.7x	24.1x	48.0%	34.8%	55.5%	21.9%
Appreciate Group plc (GB)	\$89	\$86	0.6x	0.7x	6.5x	7.4x	8.1x	11.5x	9.0%	(7.7%)	28.6%	11.0%
25th Decile	\$162	\$157	0.5x	0.5x	4.1x	3.9x	11.3x	12.6x	5.3%	(7.7%)	35.3%	11.0%
Median	\$520	\$435	3.1x	2.2x	15.0x	9.8x	24.9x	19.2x	23.0%	4.7%	65.9%	15.1%
75th Decile	\$1,315	\$521	7.3x	5.0x	24.4x	15.0x	35.6x	23.7x	45.2%	30.3%	80.5%	21.9%
Payment Processors / Acquirers												
PayPal Holdings, Inc. (US)	\$1,47,116	\$1,41,871	7.2x	6.0x	26.8x	21.9x	39.5x	31.4x	15.0%	10.6%	44.9%	19.2%
Global Payments Inc. (US)	\$50,106	\$58,748	8.9x	7.9x	20.1x	16.5x	27.3x	21.5x	67.5%	17.4%	55.4%	37.4%
Square, Inc. (US)	\$29,296	\$28,832	5.8x	4.5x	NM	50.0x	NM	68.6x	(31.0%)	119.0%	40.2%	1.8%
Adyen N.V. (NL)	\$29,987	\$28,147	42.0x	29.6x	NM	NM	NM	73.5x	(70.5%)	20.3%	14.1%	10.0%
Worldline S.A. (FR)	\$12,331	\$13,244	5.2x	4.7x	21.0x	17.8x	37.5x	30.8x	35.7%	(4.9%)	63.4%	20.6%
Wirecard AG (DE)	\$11,720	\$9,569	2.6x	2.0x	8.6x	6.6x	15.7x	11.9x	31.7%	19.4%	47.3%	28.7%
PagSeguro Digital Ltd. (BR)	\$8,924	\$8,245	7.7x	6.0x	20.8x	15.7x	34.1x	25.9x	108.1%	(24.6%)	22.2%	(2.2%)
StoneCo Ltd. (BR)	\$7,417	\$8,124	15.6x	11.5x	30.6x	20.3x	48.7x	32.4x	240.7%	(18.9%)	61.3%	7.9%
Network International Holdings plc (AE)	\$2,366	\$2,690	8.6x	7.3x	19.0x	15.1x	32.1x	22.3x	12.4%	(6.6%)	76.2%	43.9%
Tyro Payments Limited (AU)	\$966	\$886	6.9x	4.9x	NM	NM	(64.5x)	(84.5x)	NA	NA	42.5%	(6.5%)
Priority Technology Holdings, Inc. (US)	\$99	\$591	1.2x	1.1x	7.0x	6.4x	74.0x	11.4x	15.1%	10.9%	32.1%	11.1%
25th Decile	\$2,366	\$2,690	5.2x	4.5x	16.4x	10.9x	21.5x	11.9x	1.5%	(9.7%)	32.1%	1.8%
Median	\$11,720	\$9,569	7.2x	6.0x	20.5x	16.5x	34.1x	25.9x	23.4%	10.7%	44.9%	11.1%
75th Decile	\$29,987	\$28,832	8.9x	7.9x	22.4x	21.1x	44.1x	32.4x	77.7%	19.6%	61.3%	28.7%



Selected equity trading multiples: payments and loyalty (2/5)

(\$USD millions, except per share amounts)

Company (FYE)	FD Capitalization		Trading Multiples						Operating Statistics			
	Equity Market Value	Enterprise Value	EV / Revenue		EV / EBITDA		Price / Earnings		Rev. Growth		LTM	LTM
			CY20E	CY21E	CY20E	CY21E	CY20E	CY21E	CY18	CY19	Gross Margin	EBITDA Margin
Card Networks												
Visa Inc. (US)	\$3,79,902	\$3,91,692	17.9x	15.4x	26.8x	22.1x	36.0x	28.7x	10.7%	(7.0%)	96.9%	68.5%
Mastercard Incorporated (US)	\$2,75,005	\$2,76,887	17.7x	14.7x	31.8x	24.0x	42.0x	31.4x	12.9%	(7.6%)	100.0%	60.1%
American Express Company (US)	\$69,823	\$0	0.0x	0.0x	NM	NM	24.9x	12.4x	17.8%	(12.8%)	67.2%	NA
Discover Financial Services (US)	\$12,589	\$0	0.0x	0.0x	NM	NM	15.8x	6.3x	49.3%	(4.0%)	94.2%	NA
25th Decile	\$26,898	\$0	0.0x	0.0x	28.1x	22.6x	22.6x	10.9x	12.4%	(8.9%)	73.9%	62.2%
Median	\$1,72,414	\$1,38,443	8.9x	7.4x	29.3x	23.1x	30.5x	20.6x	15.3%	(7.3%)	95.6%	64.3%
75th Decile	\$3,53,678	\$3,62,991	17.8x	14.9x	30.6x	23.6x	37.5x	29.4x	25.7%	(6.2%)	99.2%	66.4%
Payment Software / Infrastructure												
Shopify Inc. (CA)	\$80,428	\$78,112	38.8x	27.9x	NM	NM	NM	NM	47.0%	27.6%	54.5%	(7.7%)
Tyler Technologies, Inc. (US)	\$12,826	\$12,507	10.9x	9.9x	39.8x	35.8x	61.1x	56.4x	16.2%	5.9%	47.5%	18.3%
Pegasystems Inc. (US)	\$6,851	\$6,881	6.5x	5.5x	NM	NM	NM	NM	2.2%	16.7%	67.3%	(11.0%)
Diebold Nixdorf, Incorporated (US)	\$386	\$2,355	0.6x	0.6x	6.2x	4.8x	10.0x	3.3x	(3.7%)	(9.6%)	25.0%	6.2%
Bottomline Technologies (de), Inc. (US)	\$1,763	\$1,801	3.9x	3.5x	17.5x	15.6x	29.0x	24.8x	4.7%	6.8%	57.2%	8.7%
Lightspeed POS Inc. (CA)	\$1,735	\$1,632	12.2x	8.2x	NM	NM	(56.4x)	(80.9x)	47.0%	26.9%	65.4%	(32.6%)
NIC Inc. (US)	\$1,601	\$1,394	3.7x	3.4x	15.8x	13.5x	31.5x	26.1x	2.7%	7.3%	38.2%	19.0%
Everi Holdings Inc. (US)	\$391	\$1,216	2.9x	2.1x	6.3x	4.6x	(6.7x)	8.7x	13.6%	(22.3%)	78.9%	45.2%
Mitek Systems, Inc. (US)	\$369	\$340	3.4x	2.8x	16.1x	12.1x	19.2x	15.6x	28.8%	11.2%	86.4%	22.6%
25th Decile	\$388	\$1,305	3.4x	2.8x	8.7x	6.6x	1.7x	6.0x	2.7%	5.9%	42.8%	(9.3%)
Median	\$1,735	\$1,801	3.9x	3.5x	16.0x	12.8x	19.2x	15.6x	13.6%	7.3%	57.2%	8.7%
75th Decile	\$9,838	\$9,694	10.9x	8.2x	17.2x	15.1x	30.2x	25.5x	28.8%	16.7%	73.1%	20.8%



Selected equity trading multiples: payments and loyalty (3/5)

(\$USD millions, except per share amounts)

Company (FYE)	FD Capitalization		Trading Multiples						Operating Statistics			
	Equity Market Value	Enterprise Value	EV / Revenue		EV / EBITDA		Price / Earnings		Rev. Growth		LTM Gross Margin	LTM EBITDA Margin
			CY20E	CY21E	CY20E	CY21E	CY20E	CY21E	CY18	CY19		
Payments and Bank Infrastructure												
Fidelity National Information Services, Inc. (US)	\$81,510	\$1,01,161	8.1x	7.4x	18.6x	16.0x	23.5x	19.3x	22.7%	21.2%	36.0%	32.9%
Fiserv, Inc. (US)	\$70,224	\$93,851	6.1x	5.7x	17.2x	15.2x	23.7x	19.3x	171.3%	(2.8%)	48.4%	34.7%
Intuit Inc. (US)	\$71,499	\$69,987	9.2x	8.2x	26.9x	22.3x	36.9x	32.5x	13.2%	7.2%	82.6%	29.7%
Jack Henry & Associates, Inc. (US)	\$13,518	\$13,516	7.8x	7.2x	24.2x	23.5x	45.0x	41.4x	6.5%	6.8%	41.0%	28.2%
Nexi S.p.A. (IT)	\$9,007	\$11,781	10.6x	9.5x	20.0x	16.6x	35.4x	29.3x	1.9%	0.6%	44.2%	22.7%
Temenos AG (CH)	\$9,089	\$10,085	10.6x	9.3x	23.9x	21.2x	35.7x	31.6x	15.6%	(2.2%)	71.0%	26.5%
The Sage Group plc (GB)	\$8,527	\$9,018	3.9x	3.7x	15.9x	15.0x	26.3x	21.3x	7.3%	(9.8%)	92.9%	24.9%
ACI Worldwide, Inc. (US)	\$3,139	\$4,470	3.0x	2.8x	10.5x	9.7x	13.0x	11.4x	24.6%	17.9%	50.9%	16.0%
Q2 Holdings, Inc. (US)	\$3,904	\$4,242	10.4x	8.4x	NM	NM	NM	NM	30.9%	29.1%	48.5%	(10.4%)
OneConnect Financial Technology Co., Ltd. (CN)	\$3,687	\$3,679	7.5x	4.8x	NM	NM	(17.1x)	(26.0x)	62.7%	47.6%	34.2%	(65.3%)
Cardtronics plc (US)	\$862	\$1,659	1.4x	1.3x	6.3x	5.6x	12.2x	8.5x	0.3%	(9.3%)	36.4%	21.3%
i3 Verticals, Inc. (US)	\$334	\$531	3.4x	3.0x	12.2x	10.1x	25.8x	20.3x	(54.8%)	5.8%	29.5%	8.2%
Asseco South Eastern Europe S.A. (PL)	\$393	\$390	2.0x	1.9x	8.3x	8.3x	9.8x	8.3x	30.1%	(16.1%)	24.5%	17.7%
Silverlake Axis Ltd (MY)	\$494	\$368	2.2x	2.1x	5.4x	5.2x	11.0x	10.5x	12.7%	(1.9%)	62.1%	38.1%
De La Rue plc (GB)	\$70	\$319	0.7x	0.7x	5.2x	4.6x	3.4x	2.6x	(49.7%)	39.8%	26.5%	11.9%
25th Decile	\$494	\$531	2.6x	2.5x	8.3x	8.3x	11.3x	9.0x	4.2%	(2.5%)	34.2%	11.9%
Median	\$3,904	\$4,470	6.1x	4.8x	15.9x	15.0x	23.6x	19.3x	13.2%	5.8%	44.2%	22.7%
75th Decile	\$13,518	\$13,516	8.6x	7.8x	20.0x	16.6x	33.1x	27.3x	27.4%	19.5%	62.1%	29.7%



Selected equity trading multiples: payments and loyalty (4/5)

(\$USD millions, except per share amounts)

Company (FYE)	FD Capitalization		Trading Multiples						Operating Statistics			
	Equity Market Value	Enterprise Value	EV / Revenue		EV / EBITDA		Price / Earnings		Rev. Growth		LTM Gross Margin	LTM EBITDA Margin
			CY20E	CY21E	CY20E	CY21E	CY20E	CY21E	CY18	CY19		
<i>Specialty Financing - Online and Consumer Lenders</i>												
LendingTree, Inc. (US)	\$3,059	\$3,431	3.7x	3.0x	24.6x	16.7x	79.8x	40.5x	44.7%	(17.1%)	94.2%	12.4%
Aaron's, Inc. (US)	\$1,987	\$2,639	0.8x	0.6x	8.6x	6.1x	13.2x	7.2x	3.1%	(11.0%)	46.6%	12.0%
World Acceptance Corporation (US)	\$422	\$1,118	1.8x	1.6x	11.8x	NM	12.6x	11.9x	10.4%	4.9%	69.5%	15.1%
Regional Management Corp. (US)	\$155	\$980	2.6x	2.4x	NM	NM	5.6x	4.1x	19.3%	7.3%	71.3%	31.7%
International Personal Finance plc (GB)	\$131	\$951	0.9x	0.8x	NM	NM	1.7x	1.5x	6.6%	(10.6%)	72.6%	20.9%
Elevate Credit, Inc. (US)	\$82	\$562	0.7x	0.7x	4.4x	3.8x	2.3x	1.9x	(5.0%)	0.6%	40.5%	15.7%
Funding Circle Holdings plc (GB)	\$367	\$93	0.4x	0.4x	NM	NM	(10.1x)	(19.4x)	22.6%	1.4%	46.1%	(24.9%)
Synchrony Financial (US)	\$10,507	\$0	0.0x	0.0x	NM	NM	16.8x	6.0x	72.0%	(6.9%)	0.0%	NA
LendingClub Corporation (US)	\$467	\$0	0.0x	0.0x	NM	NM	32.7x	12.7x	9.2%	2.8%	86.3%	NA
Enova International, Inc. (US)	\$404	\$0	0.0x	0.0x	NM	NM	8.3x	3.4x	31.5%	0.4%	39.7%	NA
On Deck Capital, Inc. (US)	\$61	\$0	0.0x	0.0x	NM	NM	(0.8x)	15.6x	70.8%	(25.5%)	88.7%	NA
Atlanticus Holdings Corporation (US)	\$259	\$0	NA	NA	NM	NM	NA	NA	NA	NA	(40.7%)	NA
Moneyme Limited (AU)	\$104	\$0	0.0x	0.0x	NM	NM	55.9x	21.2x	NA	35.7%	100.0%	NA
25th Decile	\$118	\$0	0.0x	0.0x	7.6x	5.0x	2.1x	3.0x	7.9%	(10.7%)	40.1%	12.0%
Median	\$367	\$93	0.6x	0.5x	10.2x	6.1x	10.5x	6.6x	19.3%	0.5%	69.5%	15.1%
75th Decile	\$1,227	\$1,049	1.1x	1.0x	15.0x	11.4x	20.8x	13.4x	38.1%	3.3%	87.5%	20.9%



Selected equity trading multiples: payments and loyalty (5/5)

(\$USD millions, except per share amounts)

Company (FYE)	FD Capitalization		Trading Multiples						Operating Statistics			
	Equity Market Value	Enterprise Value	EV / Revenue		EV / EBITDA		Price / Earnings		Rev. Growth		LTM	LTM
			CY20E	CY21E	CY20E	CY21E	CY20E	CY21E	CY18	CY19	Gross Margin	EBITDA Margin
<u>Specialty Financing Alt. Lenders</u>												
Afterpay Limited (AU)	\$6,576	\$6,585	17.1x	11.3x	NM	NM	(284.1x)	NM	134.6%	47.2%	71.4%	(7.9%)
Zip Co Limited (AU)	\$655	\$1,231	9.2x	6.2x	NM	NM	(32.6x)	(95.6x)	107.6%	59.8%	35.6%	(25.4%)
GreenSky, Inc. (US)	\$292	\$417	0.8x	0.7x	2.9x	2.4x	10.2x	8.4x	27.7%	(2.7%)	37.2%	27.6%
Sezzle Inc. (US)	\$208	\$196	5.3x	3.6x	NM	NM	(13.3x)	(17.1x)	884.0%	131.6%	52.3%	(29.6%)
Splitit Payments Ltd (IL)	\$91	\$80	NA	NA	NM	NM	NA	NA	NA	NA	70.8%	NA
25th Decile	\$149	\$138	4.2x	2.9x	2.9x	2.4x	(95.5x)	(56.3x)	87.6%	34.7%	36.4%	(28.5%)
Median	\$292	\$417	7.2x	4.9x	2.9x	2.4x	(23.0x)	(17.1x)	121.1%	53.5%	52.3%	(16.6%)
75th Decile	\$3,615	\$3,908	11.2x	7.5x	2.9x	2.4x	(7.4x)	(4.4x)	322.0%	77.7%	71.1%	18.7%
<u>Loyalty and Rewards</u>												
Alliance Data Systems Corporation (US)	\$2,159	\$18,830	3.8x	3.8x	17.1x	14.9x	5.8x	3.4x	(1.5%)	(12.2%)	18.8%	16.3%
Quotient Technology Inc. (US)	\$580	\$552	1.2x	1.0x	11.3x	7.1x	(322.5x)	26.1x	12.7%	3.6%	38.7%	1.4%
Aimia Inc. (CA)	\$148	\$185	4.6x	52.0x	NM	NM	(31.7x)	(221.9x)	(15.6%)	(60.7%)	39.0%	(42.5%)
Points International Ltd. (CA)	\$120	\$59	0.2x	0.2x	20.7x	3.1x	48.0x	16.6x	6.6%	(21.2%)	16.3%	5.0%
25th Decile	\$127	\$90	1.0x	0.8x	14.2x	5.1x	(104.4x)	(52.9x)	(5.0%)	(31.1%)	16.9%	(31.5%)
Median	\$364	\$369	2.5x	2.4x	17.1x	7.1x	(13.0x)	10.0x	2.6%	(16.7%)	28.8%	3.2%
75th Decile	\$1,764	\$14,260	4.0x	15.9x	18.9x	11.0x	16.3x	19.0x	8.1%	(8.2%)	39.0%	13.5%



Selected M&A: Loyalty & Rewards

(\$USD millions)

Date	Target	Acquirer	Transaction Size	Enterprise Value	EV / LTM Revenue	EV / LTM EBITDA
03/03/20	Loyale Healthcare, LLC	RevSpring, Inc.	NA	NA	NA	NA
11/20/19	Honey Science Corporation	PayPal Holdings, Inc.	\$4,000.0	\$4,022.1	NA	NA
10/22/19	SessionM, Inc.	Mastercard Incorporated	\$215.0	\$215.0	NA	NA
08/29/19	Edge Loyalty Systems Pty Ltd.	Blackhawk Network (Australia) Pty Ltd	\$21.7	\$22.2	NA	10.8x
07/08/19	Clarus Commerce, LLC	Norwest Venture Partners; Marlin Equity Partners, LLC	NA	NA	NA	NA
07/08/19	Meridian Loyalty	InComm Inc.	NA	NA	NA	NA
03/19/19	Qwiksilver Solutions Pvt Ltd.	Pine Labs Pvt. Ltd.	\$110.0	\$110.0	NA	NA
12/18/18	YOU Technology, LLC	Inmar, Inc.	\$565.0	\$565.0	NA	NA
07/25/18	Level UP	Grubhub	\$390.0	NA	NA	NA
07/25/18	Aimia Canada Inc.	The Toronto-Dominion Bank; Canadian Imperial Bank of Commerce; Air Canada; Visa Canada Corporation	\$1,836.6	\$1,809.6	NA	NA
07/02/18	Link Mobility Group ASA	ABRY Partners, LLC; ABRY Partners Fund VIII, L.P.	\$535.2	\$509.4	2.4x	23.4x
02/01/18	Nectar and related businesses of Aimia Inc.	J Sainsbury plc	\$85.4	\$85.2	NA	NA
01/16/18	Blackhawk Network Holdings, Inc.	Silver Lake; P2 Capital Partners, LLC; P2 Capital Master Fund I, LP; Silver Lake Partners V	\$3,294.6	\$3,150.4	1.4x	15.8x
08/31/16	The Grass Roots Group Holdings Limited (nka:Hawk Incentives Holding Limited)	Blackhawk Network Holdings, Inc.	\$122.9	\$118.5	NA	NA
05/31/16	Harbortouch Payments, LLC	Searchlight Capital Partners, L.P.	\$500.0	NA	NA	NA
05/04/16	United Online, Inc.	B. Riley Financial, Inc.	\$169.3	\$43.8	0.3x	3.7x
03/31/16	888extramoney.com, LLC	Blackhawk Network Holdings, Inc.	\$90.0	\$90.0	NA	NA
Min			\$21.7	\$22.2	0.3x	3.7x
Mean			\$852.6	\$895.1	1.4x	13.4x
Median			\$302.5	\$166.8	1.4x	13.3x
Max			\$4,000.0	\$4,022.1	2.4x	23.4x



Selected private placements: Loyalty & Rewards

(\$USD millions)

Date	Target	Buyers	Deal Size (\$M)
28-04-2020	Paytronix Systems, Inc.	Great Hill Partners, LP	\$10.0
14-11-2019	Punchh Inc.	Adams Street Partners, LLC; Sapphire Ventures, LLC; AllianceBernstein Holding L.P.	\$40.0
16-10-2019	UrbanPiper Technology Pvt. Ltd.	Sequoia Capital India Advisors Private Limited; Tiger Global Management LLC; Axilor Ventures	\$9.5
24-09-2019	Splio SAS	Bpifrance Investissement SAS; Amundi Private Equity Funds S.A.; Swen Capital Partners, SA; Ring SAS	\$11.0
26-08-2019	Dreamplug Technologies Pvt Ltd.	General Catalyst Partners; Sequoia Capital India Advisors Private Limited; RTP Global; Tiger Global Management LLC; Hillhouse Capital Management, Ltd.; Ribbit Capital; Dragoneer Investment Group, LLC; Greenoaks Capital Partners LLC; ANXA Holding Pte. Ltd.; DF International Partners; Sequoia Capital India V Ltd.; Greenoaks Capital Opportunities Fund II LP; Internet Fund V Pte. Ltd.	\$120.0
22-08-2019	Drop Technologies Inc.	New Enterprise Associates, Inc.; Sierra Ventures; Royal Bank of Canada; White Star Capital, L.P.; HOF Capital	\$43.6
06-08-2019	Ibotta, Inc.	Koch Disruptive Technologies	\$75.0
07-06-2019	Brex Inc.	Institutional Venture Partners; Kleiner Perkins Caufield & Byers; Y Combinator Management LLC; Green Growth Fund I, L.P.; DST Global; Ribbit Capital; Greenoaks Capital Partners LLC; Y Combinator Continuity Fund I, L.P.	\$100.0
24-05-2019	SpotOn Transact, LLC	Franklin Resources, Inc.; Dragoneer Investment Group, LLC	\$40.0
07-05-2019	Affinity Solutions, Inc.	NA	\$20.0
31-01-2019	Tango Card, Inc.	NA	\$10.0
22-01-2019	DOSH, LLC	Anthem Venture Partners; Westech Investment Advisors, LLC; PayPal Holdings, Inc.; Goodwater Capital, LLC; BAM Capital, LLC	\$40.0
22-01-2018	Paytronix Systems, Inc.	Great Hill Partners, LP	\$65.0
16-11-2018	Zero Financial, Inc.	New Enterprise Associates, Inc.; SVB Silicon Valley Bank, Investment Arm; ENIAC Ventures; Nyca Partners	\$16.0
03-07-2018	SessionM, Inc.	Charles River Ventures, Inc.; General Atlantic Service Company, L.P.; Highland Capital Partners; Kleiner Perkins Caufield & Byers; Causeway Media Partners, L.P.; Causeway Management LLC; Salesforce Ventures, Inc.	\$23.8
05-06-2018	Stocard GmbH	High-Tech Gründerfonds Management GmbH; engelhorn sports GmbH; Macquarie Capital (Europe) Limited; Shortcut Ventures GmbH; ALSTIN II GmbH; Rocketship.vc	\$20.0
03-05-2018	Tango Card, Inc.	FTV Capital	\$35.0
20-04-2018	Rocketrip, Inc.	Bessemer Venture Partners; Canaan Partners; GV	\$15.0
20-04-2018	DOSH, LLC	PayPal Holdings, Inc.; Goodwater Capital, LLC	\$45.1
12-04-2018	Punchh Inc.	Sapphire Ventures, LLC; Cervin Ventures	\$20.0
29-01-2018	Drop Technologies Inc.	New Enterprise Associates, Inc.; Sierra Ventures; SVB Silicon Valley Bank, Investment Arm; ff Venture Capital; White Star Capital, L.P.; Portag3 Ventures L.P.	\$20.9
10-10-2017	StreetTeam Software Limited	Draper Esprit plc; Frontline Ventures Management Company Limited; Kindred Capital LLP; Backed LLP	\$18.5
22-08-2017	Amplero, Inc.	Ignition Partners; Greycroft Partners LLC; Trilogy Equity Partners; Seven Peaks Ventures LLP; Wildcat Venture Partners, LP	\$17.5
17-07-2017	Ibotta, Inc.	Graphics Properties Holdings, Inc.; GGV Capital; Harbor Spring Capital, LLC; FJ Labs; Teamworthy Ventures	\$25.0
28-06-2017	Tango Card, Inc.	NA	\$10.0
13-06-2017	Bridg Inc.	Visa Inc.; March Capital Partners; NextEquity; Morpheus Ventures	\$11.2
Min			\$9.5
Mean			\$33.2
Median			\$20.5
Max			\$120.0

