

WINDSOR DRAKE

Fintech Acquisitions: September 2025

SEPTEMBER 2025

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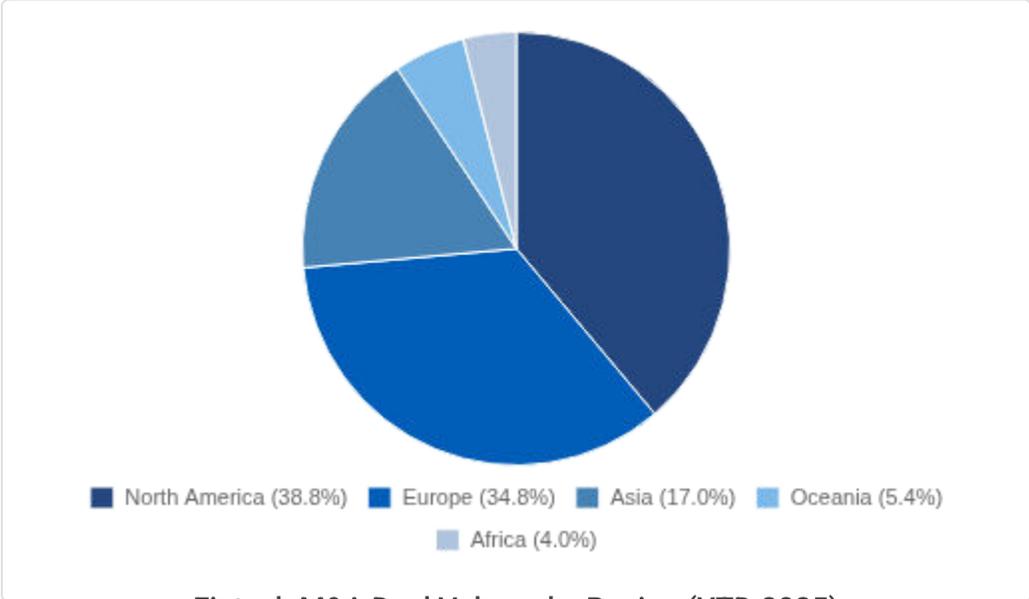
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Executive Summary

- **Market Size:** Global fintech M&A volume reached 400 deals YTD 2025, representing a 5% increase year-over-year, with a total deal value of \$55B+.
- **Regional Leadership:** North America commands 38.8% of global fintech M&A activity, followed by Europe (34.8%) and Asia (17%), with emerging markets showing accelerated growth.
- **Valuation Trends:** Average transaction multiples have moderated to 4.4x EV/Revenue in 2025 YTD, down from the sector's five-year average of 5.2x, with notable regional variations.
- **Subsector Focus:** Payments leads M&A activity (30% of deals), with a 27.7% YOY increase in transaction volume as acquirers target integrated solutions.

Key Transaction Highlight

Global Payments' acquisition of Worldpay for \$24.3B (April 2025) represents the largest fintech transaction of the year, illustrating the premium valuation commanded by payment platforms with global reach and recurring revenue models.

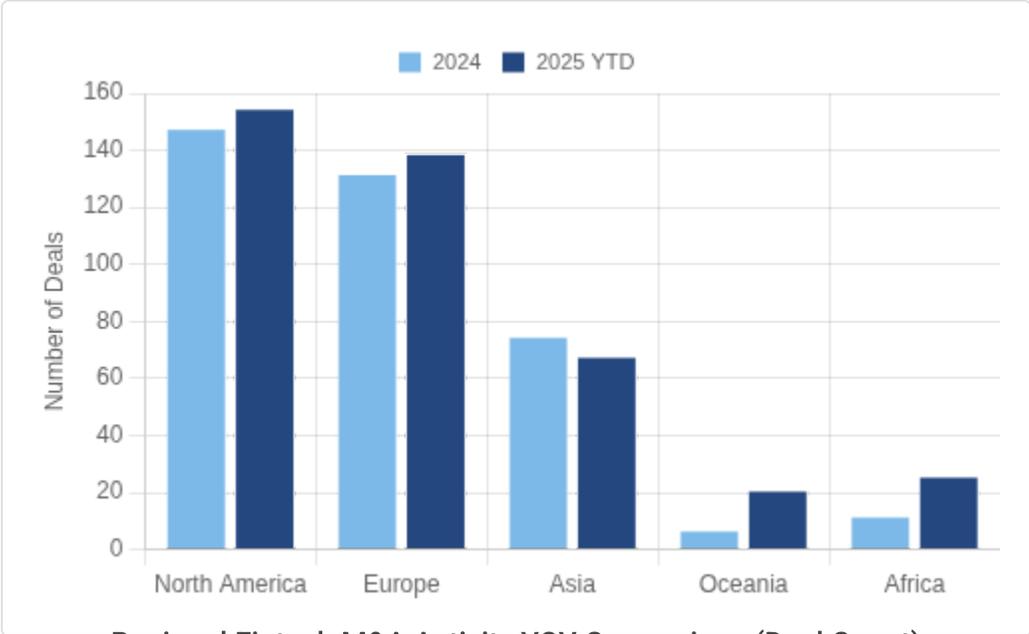


Fintech M&A Deal Volume by Region (YTD 2025)

- **Valuation Drivers:** Recurring revenue, low customer acquisition costs (CAC), and balance sheet-light business models continue to command premium valuations. North American targets garnered the highest average multiples (6.4x EV/Revenue).
- **Strategic vs. Financial Buyers:** Strategic acquirers dominate the landscape (68.3% of deals), primarily through private strategics (45.8%) vertically integrating competitors to enhance technology stacks.

Market Overview: Fintech M&A Landscape

- **Record Activity:** 400 global fintech M&A transactions YTD 2025, growing 5% YOY and on pace to exceed full year 2024 volumes (second-highest on record).
- **Market Size:** Total deal value of \$55B+ through YTD 2025, with an average transaction size of \$137.5M, up 3.8% from 2024.
- **Buyer Composition:** Strategic buyers dominate (68.3% of deals), led by private strategics (45.8%) seeking vertical integration. Financial buyers account for 31.8% of transactions, primarily via add-on acquisitions.
- **Multiple Compression:** Average multiples have moderated to 4.4x EV/Revenue, compared to 5.0x in 2024 and the five-year average of 5.2x EV/Revenue.



Regional Fintech M&A Activity YOY Comparison (Deal Count)

Regulatory & Economic Context

The Trump administration's deregulatory initiatives are creating a more conducive operating environment for U.S. fintech businesses, with reduced regulatory barriers expected to drive further consolidation. Additionally, dollar strength (Nominal Broad U.S. Dollar Index at 124.5 in April 2025) gives U.S. acquirers substantial leverage in cross-border transactions.

North America

38.8% of global deals
6.4x average EV/Revenue
\$9.2B equity financing raised

Europe

34.8% of global deals
5.2x average EV/Revenue
\$7.9B equity financing raised

Asia

17.0% of global deals
3.9x average EV/Revenue
\$6.7B equity financing raised

Oceania

5.4% of global deals
+200% YOY deal flow
Emerging market growth leader

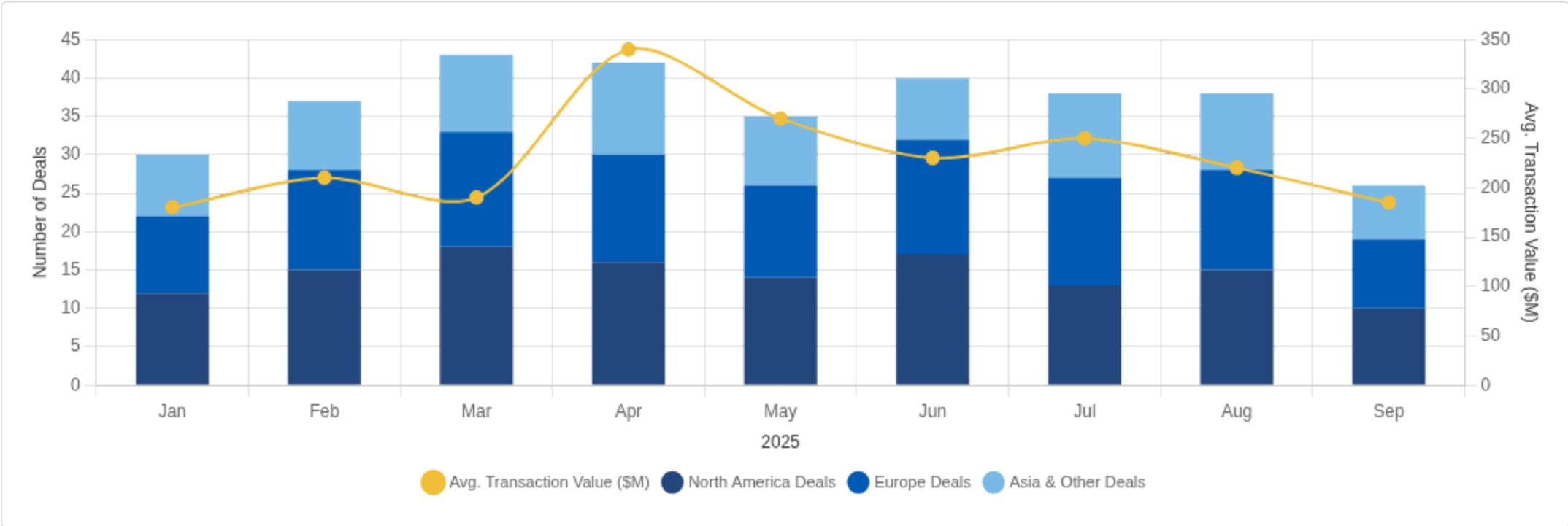
Africa

4.0% of global deals
+116.7% YOY deal flow
Focus on underbanked solutions

Payments Subsector

30% of all fintech deals
+27.7% YOY transaction volume
Highest M&A attention across regions

Global M&A Activity Snapshot



Fintech M&A Monthly Deal Volume and Transaction Value (2024-2025 YTD)

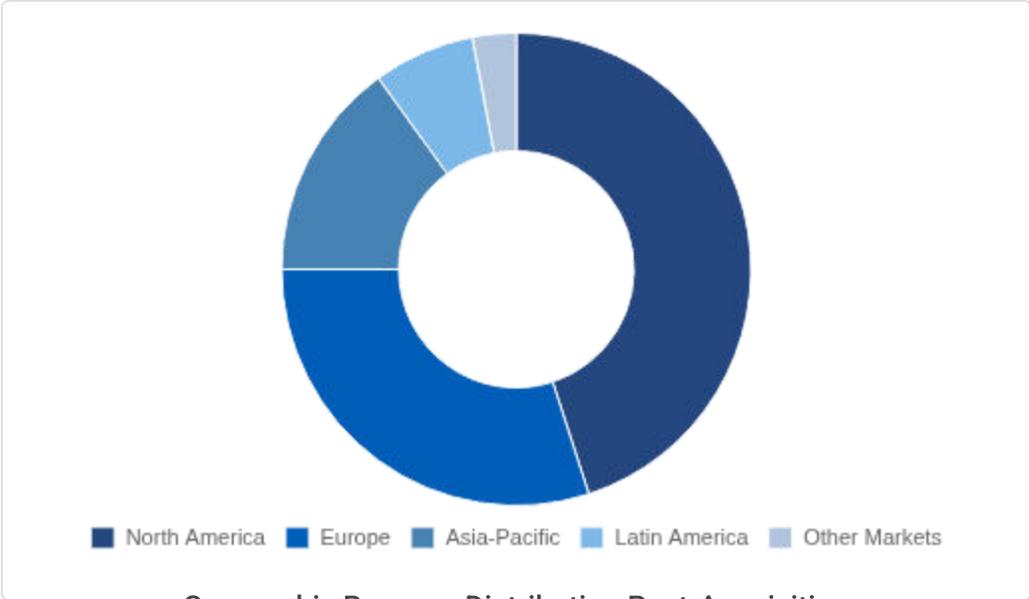
- Volume Acceleration:** Monthly deal volume peaked in April 2025 with 42 transactions, driven by the landmark Global Payments-Worldpay acquisition and 7 other \$1B+ deals.
- Valuation Trend:** Despite consistent deal volume, average transaction values have moderated throughout 2025, reflecting a more disciplined approach to valuations.
- Regional Variance:** North American deals maintain the highest average transaction value (\$255M), while European deal volume shows the most consistent growth pattern.
- Strategic Shift:** Q2 2025 saw financial buyers increase participation to 35% of deals, up from 28% in Q1, as private equity firms deployed accumulated dry powder.

Key Market Insight

While total transaction volume remains robust at a 5% YOY increase, the distribution has shifted significantly. Mega-deals (\$1B+) now represent 25% of total deal value versus 18% in 2024, indicating market consolidation among industry leaders.

Case Study: Global Payments Acquires Worldpay (\$24.3B, Apr 2025)

- Transaction Overview:** In April 2025, Global Payments acquired Worldpay in a landmark \$24.3B transaction, creating one of the world's largest payment technology providers with extensive global reach.
- Strategic Rationale:** The acquisition enhances Global Payments' integrated payments ecosystem with advanced omnichannel capabilities and expands its merchant base with 400,000+ new retail and hospitality locations across Europe, Asia, and the Americas.
- Revenue Synergies:** The combined entity projects \$400M in annual revenue synergies over three years through cross-selling opportunities, improved merchant retention, and expanded geographic coverage.
- Integration Strategy:** Global Payments also divested its Issuer Solutions business to FIS as part of a strategic reorganization to focus on merchant acquiring and technology services.



Geographic Revenue Distribution Post-Acquisition

Executive Perspective

"It fits perfectly in our playbook: delivering an enormous volume conversion opportunity while unlocking significant new revenue opportunities and capabilities that open entirely new markets for us. Integrating Worldpay positions Global Payments as a leading unified commerce payment provider around the world." – Global Payments CEO

<p>\$24.3B</p> <p>Transaction Value</p>	<p>3.8x</p> <p>EV/Revenue Multiple</p>	<p>\$400M</p> <p>Annual Revenue Synergies</p>	<p>15%</p> <p>Premium to Last Close</p>
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Case Study: Centerbridge Acquires MeridianLink

Date Announced
August 20, 2025

Transaction Value
\$2.0 billion

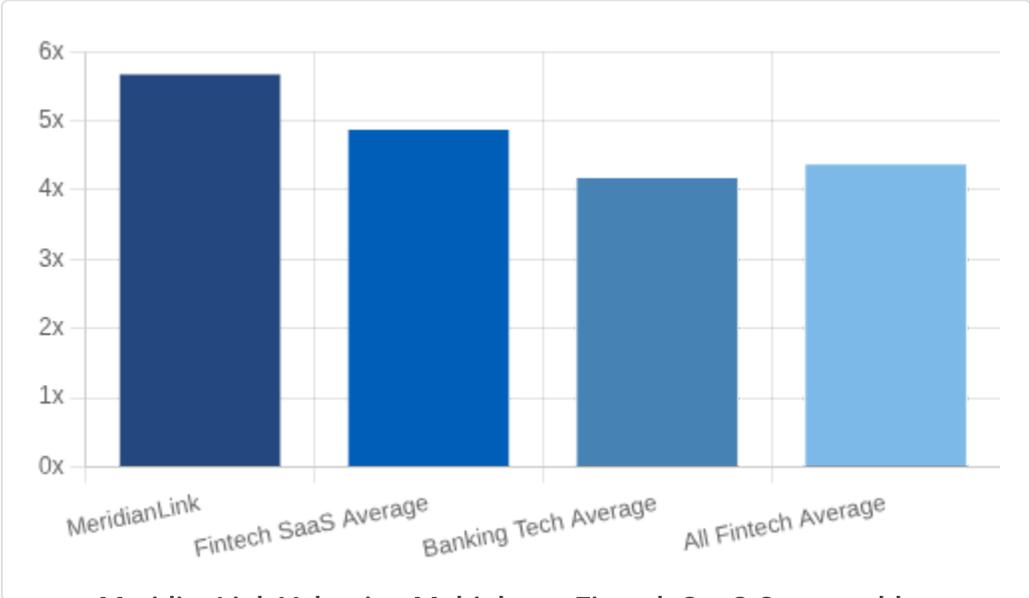
EV/Revenue Multiple
5.7x LTM Revenue

EV/EBITDA Multiple
21.3x LTM EBITDA

- **Transaction Structure:** All-cash acquisition of MeridianLink (NYSE: MLNK) at \$27.00 per share, representing a 38% premium to the 30-day VWAP.
- **Target Profile:** MeridianLink provides cloud-based software solutions to financial institutions, enabling digital lending, account opening, and data verification. LTM Revenue: \$350M with 26% EBITDA margin.
- **Acquirer Strategy:** Centerbridge Partners, a private investment firm with \$36B+ AUM, adds MeridianLink to its fintech portfolio to leverage cross-selling opportunities and vertical integration.

Strategic Rationale

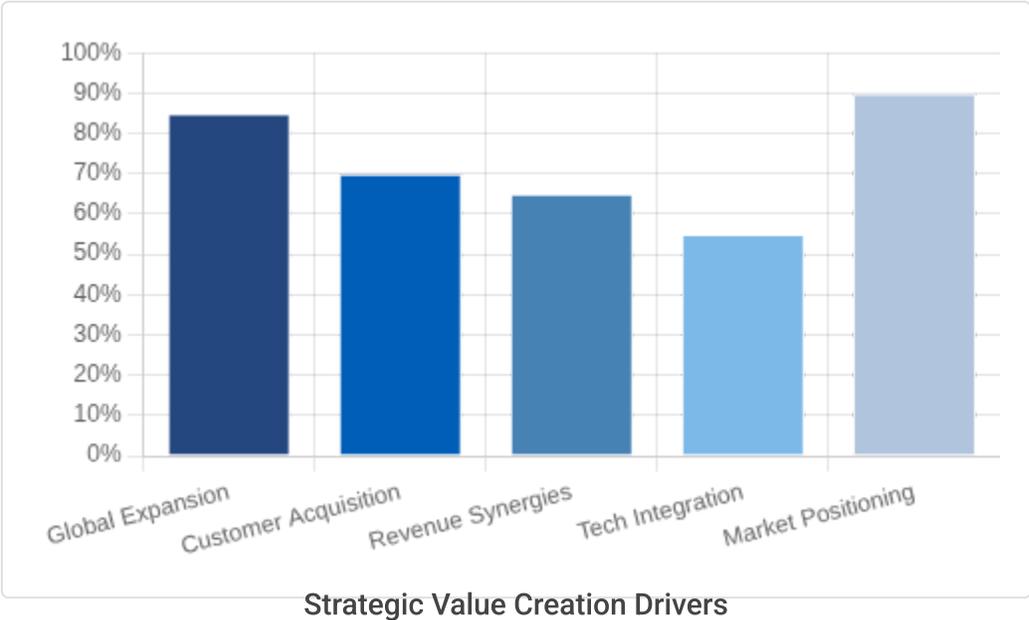
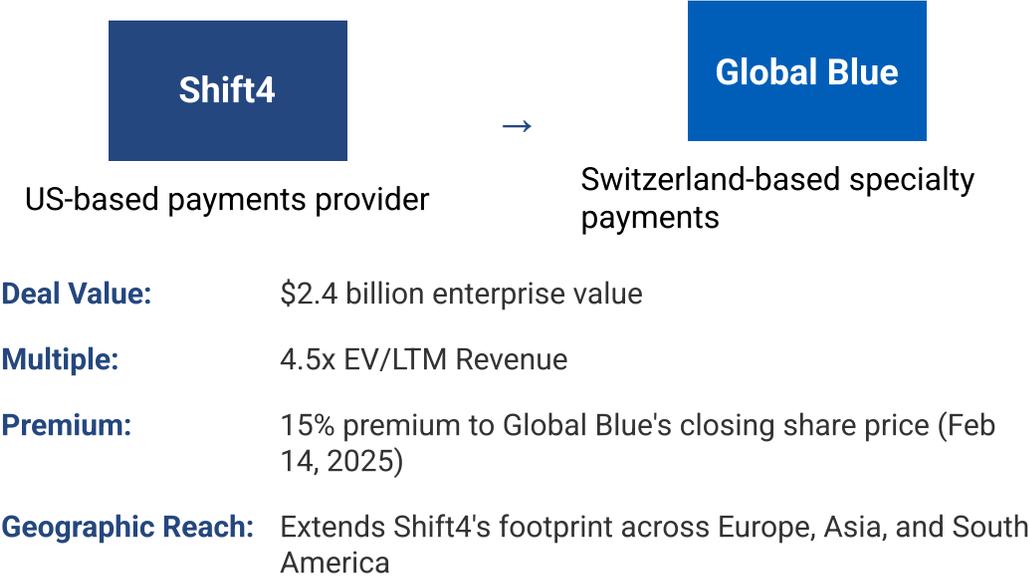
The premium valuation reflects MeridianLink's strong SaaS metrics (90%+ recurring revenue, 118% net retention rate) and dominant position in the mid-market financial institution segment, which has shown resilience during economic uncertainty.



MeridianLink Valuation Multiple vs. Fintech SaaS Comparables (EV/Revenue)

- **Value Creation Levers:** Centerbridge plans to accelerate MeridianLink's growth through additional tuck-in acquisitions, expansion into adjacent markets, and enhanced go-to-market strategies. Management team remains in place.
- **Market Impact:** The transaction signals continued private equity interest in financial software despite market volatility, particularly for companies with high regulatory moats and mission-critical solutions.

Case Study: Shift4 Payments Acquires Global Blue (\$2.4B, Feb 2025)



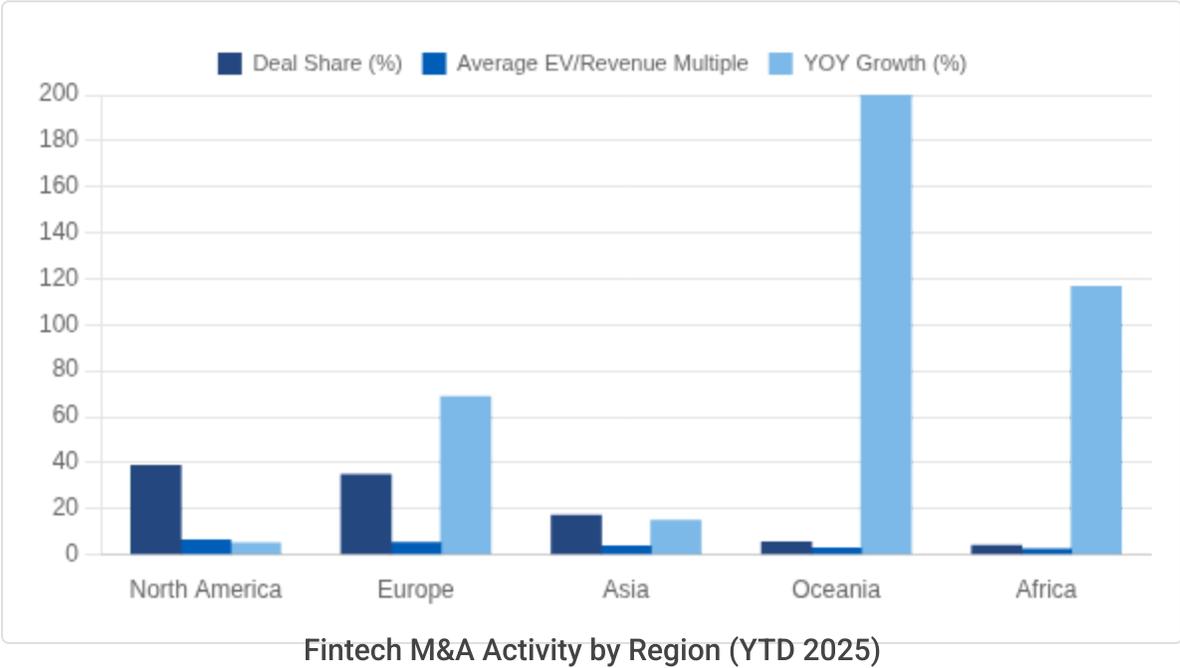
Executive Statement

"It fits perfectly in the Shift4 playbook: delivering an enormous volume conversion opportunity while unlocking significant new revenue opportunities and capabilities that open entirely new markets for us."

- Taylor Lauber, President, Shift4

- **Cross-Border Expansion:** This acquisition exemplifies U.S. acquirers' strategy for global expansion through cross-border M&A in the Payments subsector, significantly extending Shift4's international presence.
- **Customer Base Growth:** Adds more than 400,000 retail and hospitality locations to Shift4's existing customer base, creating substantial opportunities for cross-selling additional services.
- **Integration Strategy:** Shift4 plans to integrate Global Blue's specialty payments platform with its unified commerce capabilities, positioning the combined entity as a leading unified commerce payment provider globally.

Regional M&A Trends



North America

Leading the market with 38.8% of global transactions and highest valuation multiples (6.4x EV/Revenue). U.S. deregulatory initiatives and strong dollar driving premium valuations and cross-border acquisition leverage.

Europe

Second largest M&A region with 34.8% of deals and average 5.2x EV/Revenue multiples. Experiencing 68.8% YOY increase in equity funding as investors capitalize on expanding Software market.

Asia

Represents 17% of global fintech M&A with growing strategic importance. Demand for digital payment solutions driving consolidation in fragmented markets.

Emerging Markets

Oceania and Africa showing accelerated growth (200% and 116.7% YOY respectively) as underbanked regions demand specialized solutions.

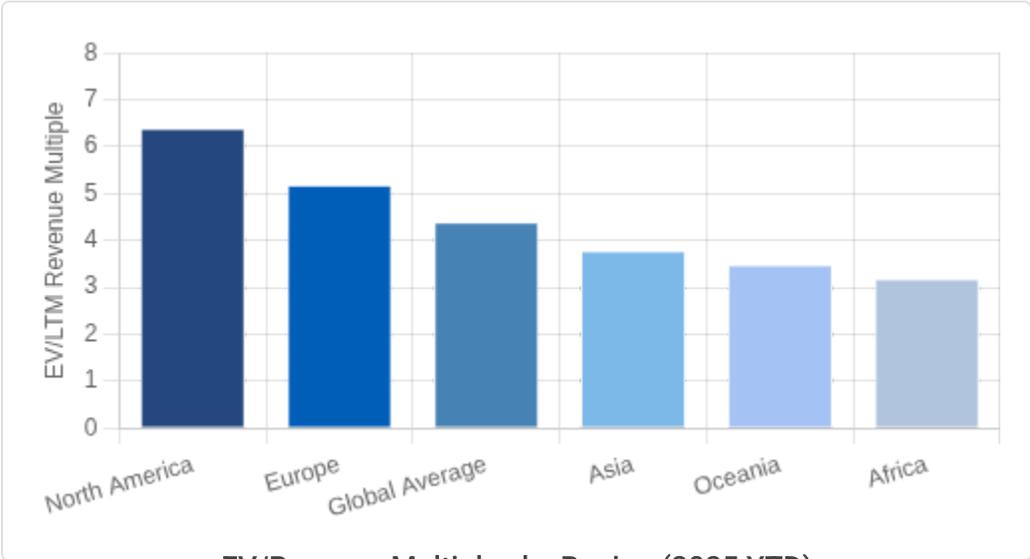
Key Regional Value Drivers

- FX Strength**
U.S. dollar index at 124.5 (April 2025) provides stateside acquirers with cross-border advantages
- Payments Integration**
Highest subsector activity (30% of deals) across all regions, +27.7% YOY

- Regulatory Environment**
Deregulatory policies in the U.S. creating consolidation opportunities
- Global Footprint**
Cross-regional presence commanding premium valuations in M&A deals

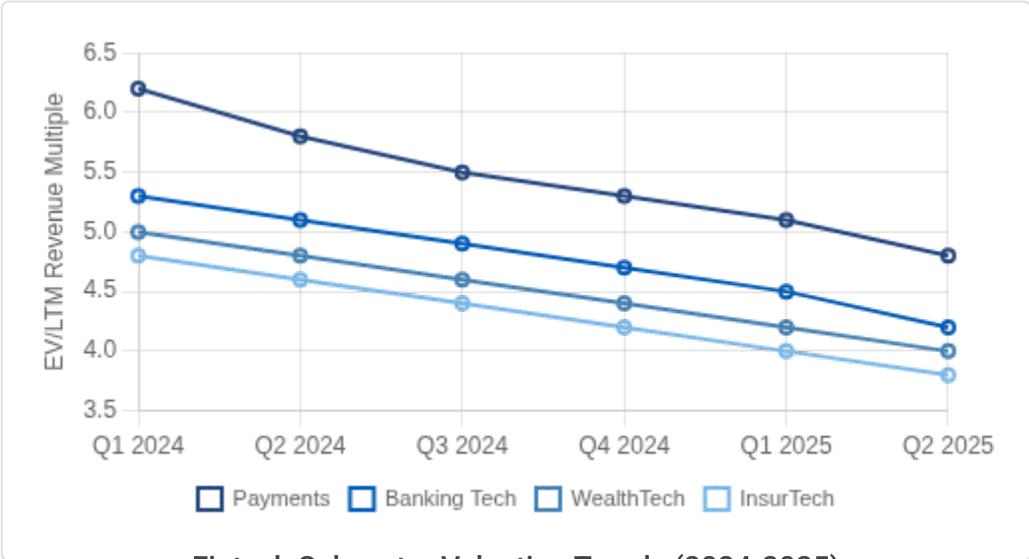
Analyst Perspective: North America's leadership position is expected to continue long-term despite European growth, driven by favorable regulatory environment and currency advantages. Acquirers increasingly value targets with international exposure for strategic globalization initiatives.

Fintech M&A Valuation Multiples (2024-2025)



EV/Revenue Multiples by Region (2025 YTD)

- **Multiple Compression:** Global fintech M&A multiples have moderated to 4.4x EV/LTM Revenue YTD 2025, down from 5.0x in 2024 and below the five-year average of 5.2x.
- **Regional Premium:** North American targets command the highest valuations at 6.4x EV/LTM Revenue, driven by strong U.S. dollar and deregulatory policies.
- **European Strength:** European targets secured the second-highest multiples (5.2x), supported by a robust Euro and expanding software ecosystem.



Fintech Subsector Valuation Trends (2024-2025)

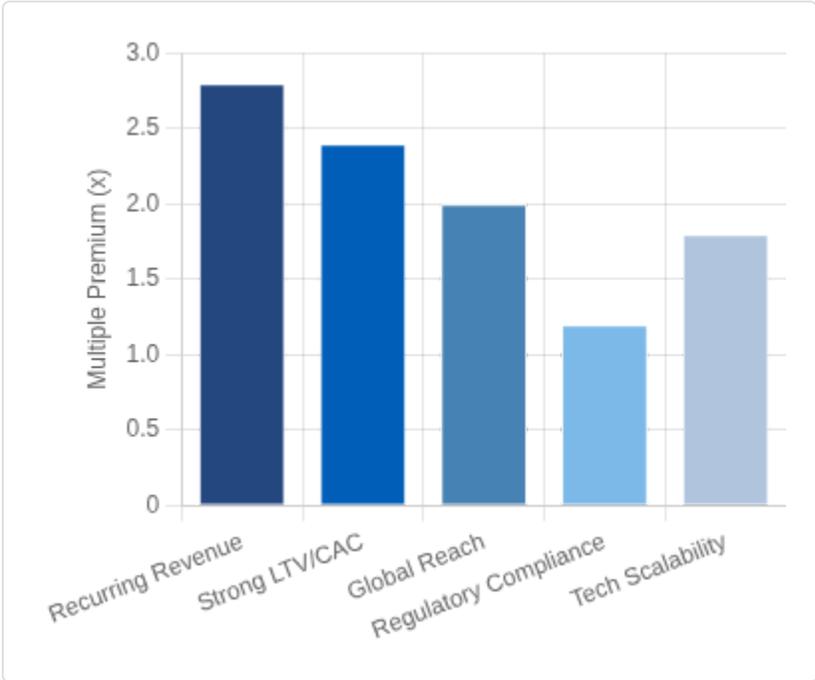
- **Subsector Variation:** Payments platforms command premium valuations, particularly those with cross-border capabilities and integrated solutions.
- **Model Impact:** Recurring revenue models, balance sheet-light structures, and low customer acquisition costs consistently drive higher valuations across all regions.

Valuation Driver Spotlight

International reach continues to command premium valuations, evidenced by Clearwater's acquisition of Enfusion at 7.7x EV/LTM Revenue (\$1.5B), driven by the target's global footprint across U.S., Asia, Africa, and Middle East.

Key Value Drivers in Fintech M&A

- 1 Recurring Revenue Models**
Fintechs with subscription-based or transaction-based recurring revenue models command premium valuations. Predictable revenue streams reduce investor risk and drive multiples up to 2-3x higher than non-recurring models.
- 2 Customer Economics**
Acquirers prioritize favorable CAC-to-LTV ratios (target 3:1 or higher). Low customer acquisition costs relative to lifetime value demonstrate efficient growth potential and strong unit economics, significantly boosting valuations.
- 3 Technology Scalability**
Balance sheet-light business models with modern cloud-based infrastructure and minimal fixed costs attract premium multiples due to exponential scaling potential without proportional cost increases.
- 4 Geographic Reach**
International expansion capability and cross-border payment solutions command higher valuations. North American targets with global potential garnered 6.4x EV/Revenue in 2025 YTD compared to the global average of 4.4x.



Impact of Key Drivers on Valuation Multiples (2025)

Key Metrics Considered by Acquirers

- LTV/CAC Ratio:** 3:1 or higher considered attractive
- Gross Margins:** 70%+ for SaaS fintechs
- ARR/MRR Growth:** Sequential quarterly growth
- Revenue Growth:** 30%+ YOY growth commands premium
- Churn Rate:** <5% monthly for subscription models
- Rule of 40:** Growth rate + profit margin > 40%

Strategic Implications & Recommendations

Valuation Strategy

- Focus on recurring revenue streams and subscription models to maximize valuation (premium of 1.5-2.0x)
- Prioritize investments in low CAC business models with high LTV/CAC ratios (>5x)
- Develop balance sheet-light technologies that demonstrate scalability

M&A Execution

- Prioritize targets with complementary technology stacks and cross-selling potential
- Implement programmatic M&A strategy focusing on smaller, strategic acquisitions
- Conduct thorough regulatory due diligence with special attention to data privacy, AML, and financial conduct frameworks

Geographic Positioning

- North American targets command premium valuation multiples (6.4x EV/Revenue vs. global average of 4.4x)
- Consider strategic expansion into emerging markets with high growth rates (Africa: 116.7% YOY)
- Monitor currency fluctuations – dollar strength benefits U.S. acquirers in cross-border transactions

Subsector Focus

- Payments sector leads M&A activity (30% share) – strategic consolidation continues to drive value
- BaaS and embedded finance showing resilience (only 24% YOY funding decline)
- Consider strategic investments in underbanked regions with high mobile banking adoption

Key Strategic Takeaway

The fintech M&A market is evolving toward value-based transactions with premium multiples reserved for companies demonstrating clear paths to profitability, recurring revenue streams, and significant cross-selling potential. Successful acquirers will leverage data-driven valuation frameworks, align technology integration planning with deal rationale, and focus on sustainable growth metrics rather than pure customer acquisition.