



Loyalty and customer engagement 2022 Update

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Foreword

- We are pleased to present our views on the the Loyalty landscape, doing so with the aim of helping increase transparency and communication between the companies themselves, as well as financial and strategic investors
- We see the companies in this report as disruptors in the space by: focusing on client retention and building sustainable customer relationship to build itself as a key differentiator. The business across various verticals are shifting towards customer centric approach
- The report highlights several trends that global leaders are executing on - we expect to see a divergence in financial performance and market share between those making aggressive investments and expansion in technology now and those who hesitate
- We also anticipate an increase in investment and consolidation as financial investors and strategics look for new technologies to cope with the “new normal”



Aron Bohlig,
**Co-founder &
Managing Partner
ComCap Holdings LLC**

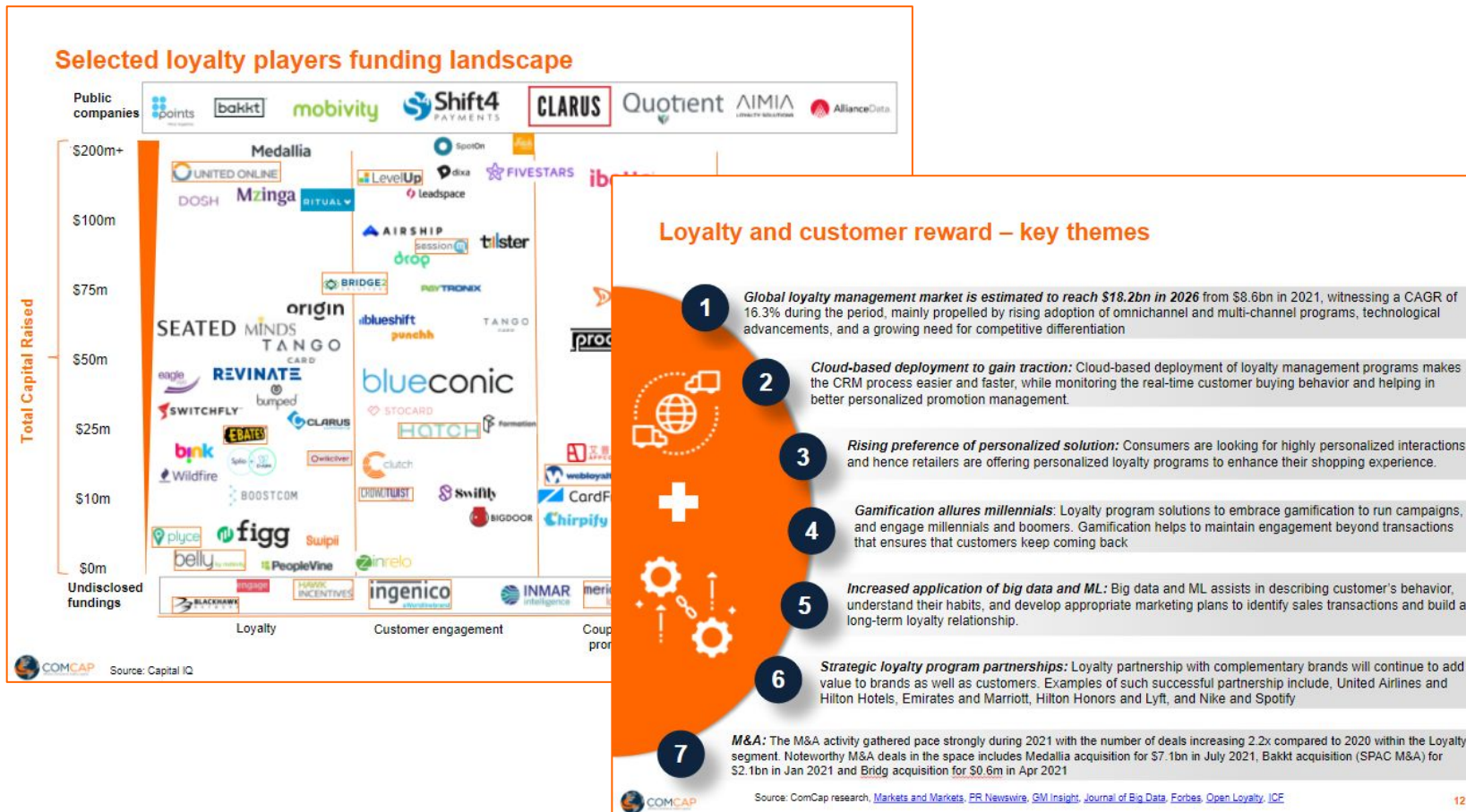
A handwritten signature in black ink that reads "Aron".



Fermin Caro,
**Co-founder &
Managing Director
ComCap Holdings LLC**


ComCap's perspectives on loyalty

- Loyalty Management is mainly driven by the increasing demand for customer engagement and increasing competitive advantage among organization which offer similar products and services. The organizations with an efficient loyalty management strategy can record growth in revenue and profitability
- **Team coverage:** ComCap's founders and senior team members (Aron Bohlig, Fermin Caro, Carlos Gonzales and Uren Dhanai) are directly involved in coordinating with hundreds of strategic and financial investors
- **Comcap hosted a** ComCap's loyalty and customer engagement webinar featuring industry disruptors Formation.ai, Punchh, Rakuten



Event spotlight: ComCap's loyalty and customer engagement webinar

- ComCap hosted a loyalty & customer engagement webinar featuring industry innovators Bakkt, Clarus, Dosh, Formation, Punchh, and Rakuten. And simultaneously released its [research report](#) on the post-pandemic world of customer engagement
- Among the >100 registrants were a broad set of investors as well as selected CxO/VP levels from multiple companies, some of which are listed below
















ComCap Webinar Series – Loyalty and Customer Engagement 2020

As we head into the most important holiday shopping season in years, we'll discuss new opportunities for retailers, brands, and commerce enablers in a "digital-first" era.

A conversation with innovators on engaging the "digital first" consumer

Friday, December 4th, 2020, 10:00 - 11:15 AM PST

						
Fermin Caro	David Clifton	Tom Caporaso	Ryan Wuerch	Christian Selchau-Hansen	Shyam Rao	Kristen Gall
	Interim CEO	CEO	CEO	CEO	CEO	President
						
	Blockchain Loyalty Platform	Premium Loyalty Platform	Card linked Loyalty Platform	AI led Personalized Loyalty Platform	QSR and Retail Loyalty Platform	Rakuten Rewards

Selected registered attendees



Executive summary



Market tailwinds and TAM

- Global loyalty management market is estimated to reach \$18.2bn in 2026; to witness 16.3% CAGR during 2021-26
 - Key growth drivers include, rising adoption of omnichannel and multi-channel programs, technological advancements, and a growing need for competitive differentiation
 - Stringent government regulations may also effect the loyalty market



Latest Trends

- To cater higher demand of shoppers, more and more retailers are offering personalized loyalty programs. Moreover, loyalty program solutions are likely to embrace gamification to run campaigns and engage millennials and boomers
- Cloud-based deployment is estimated to gain traction as it makes the CRM process much easier and faster, while monitoring the real-time customer buying behavior and helping in better personalized promotion management
- We foresee increased application of big data and ML in describing customer's behavior, understand their habits, and develop appropriate marketing plans to build a long-term loyalty relationship
- Loyalty partnership with complementary brands will continue to add value to brands as well as customers



Deal value for M&A and private placements

- The M&A activity in the loyalty space showed strong momentum during 2021 with deal volume increasing 2.2x (to 24 deals) compared to the previous year



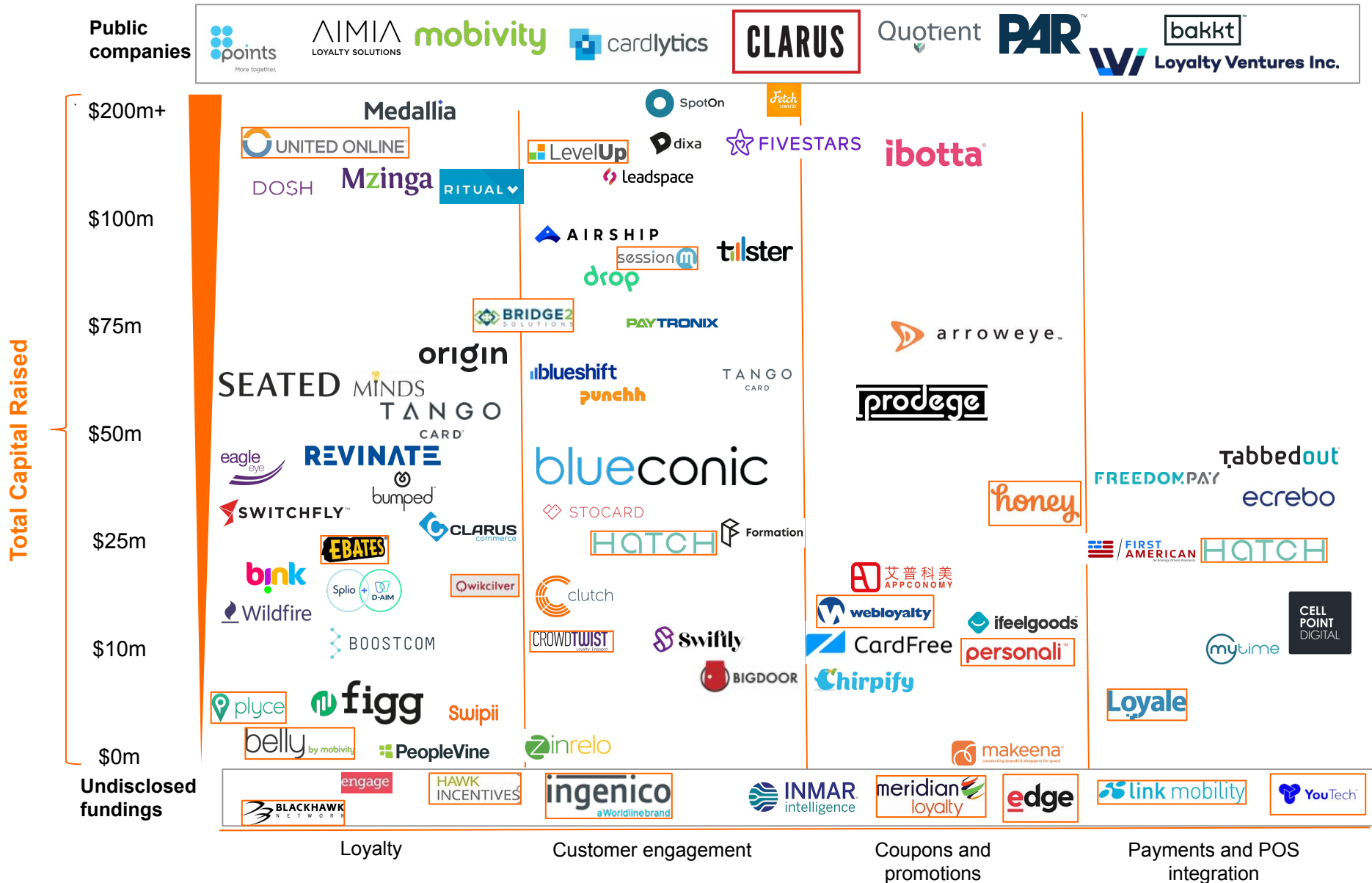
Landmark Transactions

- **2020:** Ingenico Group's acquisition by Worldline for \$11.3bn (Feb' 20)
- **2021:** i) Medallia's acquisition by Thoma Bravo for \$7.1bn (Jul'21); ii) Bakkt's acquisition by VPC Impact (SPAC IPO) for \$2.1bn (Jan'21); and iii) Bridg's acquisition by Cardlytics for \$0.6bn (Apr'21)



In the pages that follow, we summarize the loyalty landscape, current themes, noteworthy acquisitions and funding rounds, as well as public comparables

Selected loyalty players funding landscape



Note: The public companies are not classified in any cohort
Source: Capital IQ

Loyalty and customer reward – key themes

1

The global loyalty management market is estimated to reach \$18.2bn in 2026 from \$8.6bn in 2021, witnessing a CAGR of 16.3% during the period, mainly propelled by rising adoption of omnichannel and multi-channel programs, technological advancements, and a growing need for competitive differentiation



2

Cloud-based deployment to gain traction: Cloud-based deployment of loyalty management programs makes the CRM process easier and faster, while monitoring the real-time customer buying behavior and helping in better personalized promotion management.

3

Rising preference for personalized solutions: Consumers are looking for highly personalized interactions, and hence retailers are offering personalized loyalty programs to enhance their shopping experience.



4

Gamification allures millennials: Loyalty program solutions to embrace gamification to run campaigns, and engage millennials and boomers. Gamification helps to maintain engagement beyond transactions that ensures that customers keep coming back

5

Increased application of big data and ML: Big data and ML assists in describing customer's behavior, understand their habits, and develop appropriate marketing plans to identify sales transactions and build a long-term loyalty relationship.



6

Strategic loyalty program partnerships: Loyalty partnership with complementary brands will continue to add value to brands as well as customers. Examples of such successful partnership include, United Airlines and Hilton Hotels, Emirates and Marriott, Hilton Honors and Lyft, and Nike and Spotify

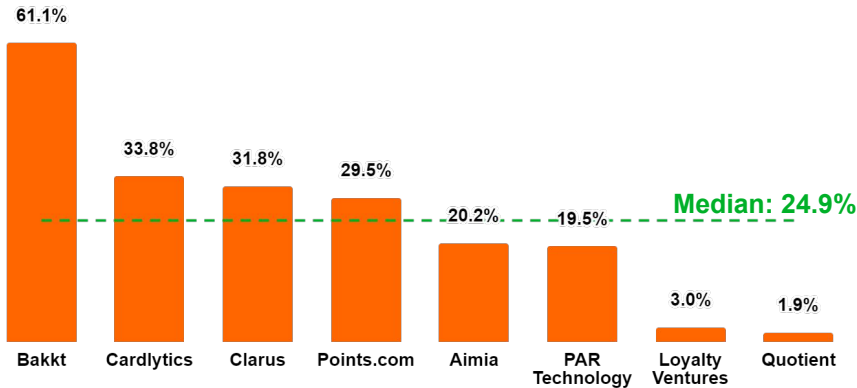
7

M&A: The M&A activity gathered pace strongly during 2021 with the number of deals increasing 2.2x of 2020 within the Loyalty segment. Noteworthy M&A deals in the space include Medallia acquisition for \$7.1bn in July 2021, Bakkt acquisition (SPAC IPO) for \$2.1bn in Jan 2021 and Bridg acquisition for \$0.6m in Apr 2021.

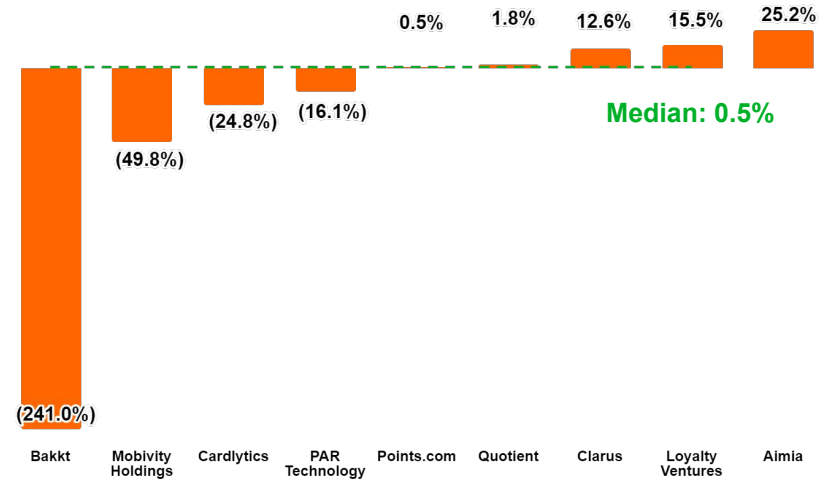
Publicly traded loyalty revenue growth and LTM EBITDA margin

Bakkt to see the highest revenue growth; however, it is still unprofitable at an EBITDA level

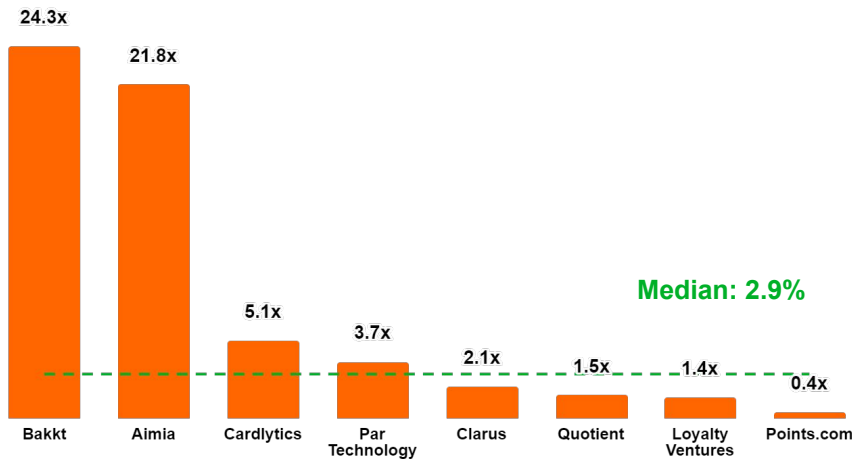
Revenue CAGR (2020-23)*



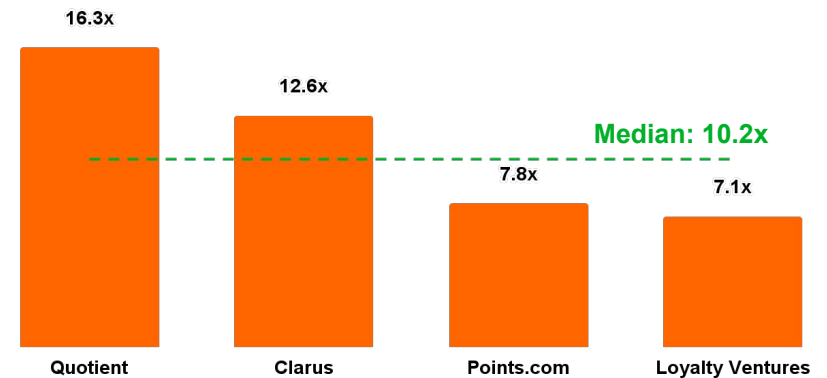
LTM EBITDA Margin



CY'22E EV/Revenue*



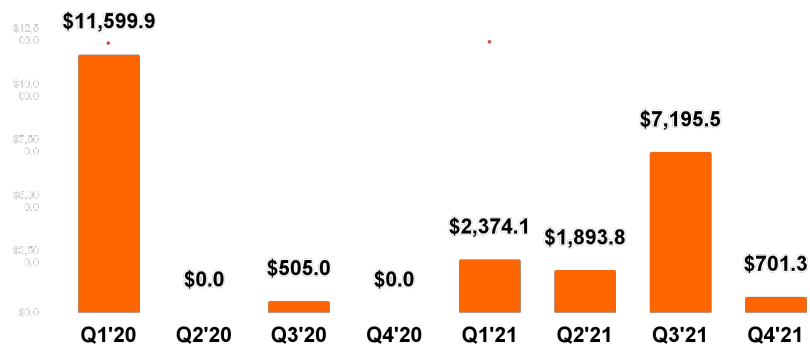
CY'22E EV/EBITDA*



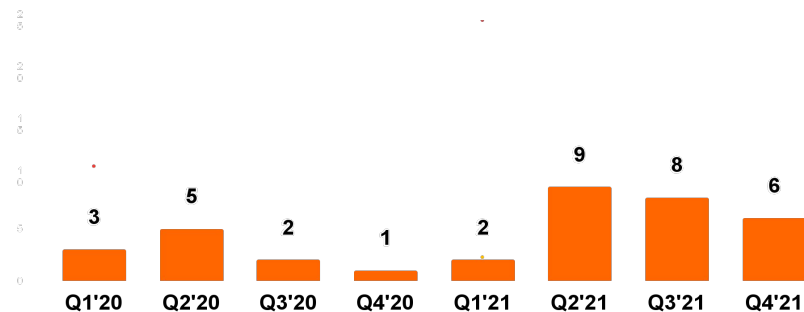
Key mergers & acquisitions transactions

Deal activity increases by 2.2x in 2021 as compared to 2020











M&A by Value (\$m)



M&A by Volume

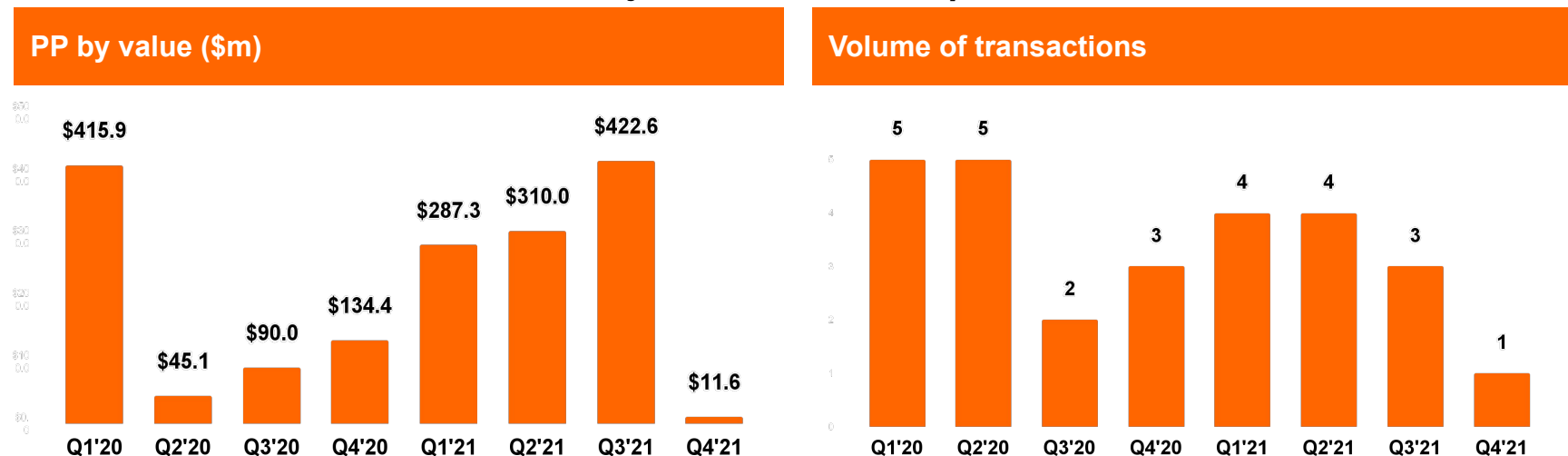


Major deals





Target name	Acquirer name	Deal value (\$m)	Deal date	Rationale
 <small>aWorldlinebrand</small>		\$11,338.9	Feb 03, 2020	The transaction makes the combined entity a leader in Europe's payment services sector and join the league of international payment leaders, catering to 1mn merchants and 1,200 financial institutions
		\$7,070.8	Jul 26, 2021	The deal enables Thoma Bravo to expand its customer reach and capitalize on Medallia's best-in-class SaaS platform and AI capabilities and begin a new phase of differentiated growth
		\$2,100.0	Jan 11, 2021	The transaction provides Bakkt with necessary capital to propel its future growth
		\$578.9	Apr 13, 2021	The acquisition will combine Cardlytics' advertising platform, which has an audience of more than 163mn MOUs, with Bridg's enhanced SKU-level insights and ability to engage consumers across other digital platforms
		\$489.4	Apr 08, 2021	The acquisition makes PAR a unified commerce cloud platform for enterprise restaurants and positions it to lead the industry with integrated POS, back office, payment and guest engagement solutions

Key private placement transactions

In 2021, the value of deals increased by 50.5% YoY as compared to 2020



Major deals























Target	Description	Recent Funding	Total Funding	Notable Investors
 SpotOn	Developer and operator of software & payment solution for hospitality, health and beauty, and automotive sectors	\$425m 05/25/2021 & 09/13/2021	\$599m	Wellington Management, Franklin Templeton Alternative Strategies, Coatue Management, Andreessen Horowitz, DST Global
 bakkt™	Operates a digital asset platform that enables consumers to buy, sell, store, and spend digital assets	\$300m 03/16/2020	\$296.8m*	The Boston Consulting Group, Intercontinental Exchange, Pantera Advisors, M12, PayU Group, CMT Digital Holdings, Goldfinch Partners
 fetch REWARDS	A mobile shopping platform that rewards shoppers for buying the brands they like.	\$290m 10/21/2020 & 03/31/2021	\$337.5m	e.ventures Management, Greycroft, DST Global, ICONIQ Capital, SoftBank
 dixa	Developer of an AI-based customer engagement platform for e-commerce, retail, finance, insurance, food, and grocery sectors	\$105m 07/28/2021	\$154.9m	General Atlantic, SEED Capita, Notion Capital Partners, Project A Ventures

Notes: 1) Deals above \$10 mn have been considered since 2020

2) Represents EV of Bakkt

Source: CapitalIQ

Most active financial investors

Investor	Overview	Notable investments	Description
	HQ: San Francisco, CA Founded: 2012		Provides mobile payment technology for restaurants and small businesses
	HQ: Hong Kong Founded: 2009		A mobile shopping platform that rewards shoppers for buying the brands they love
	HQ: New York, NY Founded: 2006		An app that rewards consumers for dining out or getting delivery from restaurants
	HQ: Paris, Ile-de-France Founded: 2017		Develops SaaS based customer experience management (CEM) solutions
	HQ: Palo Alto, CA Founded: 1983		A cloud video surveillance company that is transitioning video surveillance to the cloud
	HQ: New York, NY Founded: 1967		A company providing digital marketing products for brick and mortar retailers
	HQ: Maharashtra, India Founded: 2016		It helps brands deliver experiences across every customer interaction
	HQ: Mountain View, CA Founded: 2013		Provides innovative customer engagement software for businesses of all sizes
	HQ: Chicago, IL Founded: 2017		An asset platform that enables its customers to buy, sell and redeem digital assets
	HQ: San Francisco, CA Founded: 2012		A tech company building relationships between brands and its customers
	HQ: Menlo Park, CA Founded: 1996		A platform that offers loyalty, marketing, payments services to small merchants

Strong loyalty market positioning ready to take on leaders

Key Takeaways

- Brands evolve their loyalty efforts from offering purely programmatic rewards to delivering personalized and enhanced experiences to support customer retention and engagement goals
- The loyalty solutions customers should look for providers that:
 - Demonstrate a solid understanding of client businesses and their end customers
 - Invest in analytics and automation to support frictionless personalized experiences
 - Focus on measuring emotional loyalty and applying it effectively
- Amidst this loyalty boom, marketers must contend with changing consumer behavior and emotions
- Th marketers need both strategic guidance and technology to understand what kinds of value they can create for their best customers and to execute those strategies
- Leading providers are catering to marketers' evolving requirements with capabilities that address the complexities of customer relationships: emotional measurement, tighter integrations with broader marketing technology stacks, and customer data to improve experience delivery



Appendix

Relevant market multiples – public comps

(\$USD millions, except per share amounts)

Company (FYE)	Trading Performance		FD Capitalization			EV /		EV /		Operating Statistics					
	Stock Price 3/9/2022	% 52W High	Equity Market Value	Net Cash (Debt)	Enterprise Value	Revenue		EBITDA		Rev. Growth				LTM	LTM
						CY22E	CY23E	CY22E	CY23E	CY21 / CY20	CY22 / CY21	CY23 / CY22	CY23 / CY20	Gross Margin	EBITDA Margin
Loyalty															
Cardlytics, Inc. (US)	\$54.15	37%	\$1,827	\$36	\$1,791	5.1x	4.0x	NM	NM	42.9%	30.4%	28.6%	33.8%	38.7%	(24.8%)
Bakkt Holdings, Inc. (US)	\$5.62	11%	\$321	(\$1,435)	\$1,756	24.3x	14.7x	NM	NM	38.5%	83.2%	64.9%	61.1%	(152.1%)	(241.0%)
PAR Technology Corporation (US)	\$38.96	45%	\$1,049	(\$123)	\$1,172	3.7x	3.2x	NM	NM	32.3%	13.0%	14.2%	19.5%	22.0%	(16.1%)
Loyalty Ventures Inc. (US)	\$19.08	19%	\$470	(\$599)	\$1,069	1.4x	1.3x	7.1x	6.3x	(3.9%)	6.8%	6.5%	3.0%	22.0%	15.5%
Clarus Corporation (US)	\$22.65	70%	\$843	(\$140)	\$983	2.1x	1.9x	12.6x	11.6x	67.8%	25.3%	9.0%	31.8%	36.4%	12.6%
Quotient Technology Inc. (US)	\$6.48	36%	\$615	\$17	\$598	1.5x	1.3x	16.3x	7.8x	17.0%	(23.5%)	18.1%	1.9%	38.0%	1.8%
Aimia Inc. (CA)	\$3.88	77%	\$359	\$69	\$290	21.8x	14.9x	NM	NM	33.8%	(11.6%)	47.1%	20.2%	44.4%	25.2%
Points.com Inc. (CA)	\$16.78	89%	\$247	\$97	\$150	0.4x	0.3x	7.8x	5.8x	70.2%	12.4%	13.5%	29.5%	13.7%	0.5%
Mobivity Holdings Corp. (US)	\$0.95	43%	\$52	\$0	\$52	NA	NA	NM	NM	NA	NA	NA	NA	58.1%	(49.8%)
Mean		48%	\$643	(\$231)	\$873	7.5x	5.2x	10.9x	7.9x	37.3%	17.0%	25.2%	25.1%	13.5%	(30.7%)
Median		43%	\$470	\$0	\$983	2.9x	2.6x	10.2x	7.1x	36.2%	12.7%	16.1%	24.9%	36.4%	0.5%

Selected precedent transactions: Loyalty & Rewards (1/2)

(\$USD millions)

Date	Target	Acquirer	Transaction Size	Enterprise Value	LTM Revenue	EV / LTM Revenue	EV / LTM EBITDA
02/09/22	Perx Rewards Ltd	My Rewards International Limited	\$0.9	\$1.0	NA	NA	NA
01/31/22	Ingenico Marketing Solutions GmbH	Lafayette Mittelstand Capital Fund Manager S.à R.L.	NA	NA	NA	NA	NA
01/27/22	POSTech International Pty Ltd	I Synergy Group Limited	\$0.0	\$9.7	NA	NA	NA
01/24/22	Octopus Holdings Limited	MTR Corporation Limited	NA	NA	NA	NA	NA
01/11/22	Gambit Digital Promotions, Inc	Snipp Interactive Inc.	\$29.9	\$24.3	NA	NA	NA
12/20/21	StarTek, Inc.	Capital Square Partners Pte Ltd	\$98.5	\$449.6	\$699.4	0.6x	4.3x
11/30/21	Simply Modern Business, Inc.	SnowShoeFood Inc.	NA	NA	NA	NA	NA
11/09/21	SpringBig, Inc.	Tuatara Capital Acquisition Corporation	\$285.8	\$288.9	\$15.2	NA	NA
10/27/21	Hashtag Loyalty Pvt. Ltd.	Jubilant FoodWorks Limited	NA	NA	NA	NA	NA
10/13/21	FiveStars Loyalty, Inc.	SumUp Payments Limited	\$317.0	\$317.0	NA	NA	NA
10/12/21	Rybbon, Inc.	Blackhawk Network, Inc.	NA	NA	NA	NA	NA
09/30/21	ZAP Group, Inc.	True Digital Group Co., Ltd.	\$4.8	\$6.9	NA	NA	NA
08/24/21	GratteCenne.com	Bacon Financial Technologies Inc.	NA	NA	NA	NA	NA
07/26/21	Medallia, Inc.	Thoma Bravo, L.P.	\$7,070.8	\$6,562.6	\$495.9	12.5x	NM
07/22/21	Stocard GmbH	Klarna Holding AB (publ)	\$117.8	\$117.8	NA	NA	NA
07/13/21	EmployUs Inc.	Hireology, Inc.	NA	NA	NA	NA	NA
07/07/21	Advice Group S.p.A.	Metrika SGR SpA; Fondo Metrika Tech; Aegida Investments S.r.l.	NA	NA	NA	NA	NA
07/05/21	Integrated Rewards Inc.	EQ Inc.	\$2.0	\$2.0	NA	NA	NA
07/02/21	PayPerks, Inc.	Systems & Methods, Inc.	NA	NA	NA	NA	NA
06/10/21	Loyalty Solutions & Research Pvt. Ltd.	Resilient Innovations Private Limited	\$30.0	\$30.0	NA	NA	NA
05/25/21	Sodexo Maroc SA	Newrest Maroc Services SA	NA	NA	NA	NA	NA
05/11/21	Qwamplify	Warwyck Phoenix Global Invest Fund	NA	NA	\$35.3	NA	NA
05/11/21	Loyalty Ventures Inc.	NA	\$795.6	NA	\$743.1	NA	NA
05/06/21	Xexec Limited	ABRY Partners, LLC; Castik Capital Partners GmbH	NA	NA	NA	NA	NA
04/22/21	Mobideals Smart Systems LTD	Warply	NA	NA	NA	NA	NA
04/21/21	Companhia Brasileira de Soluções de Marketing S.A.	Ant Group Co., Ltd.	NA	NA	NA	NA	NA
04/13/21	Bridg Inc.	Cardlytics, Inc.	\$578.9	\$577.3	NA	NA	NA
04/08/21	Punchh Inc.	ParTech, Inc.	\$489.4	\$489.4	NA	NA	NA
03/01/21	DOSH Holdings, Inc.	Cardlytics, Inc.	\$274.1	\$268.3	NA	NA	NA
01/11/21	Bakkt Holdings, LLC	VPC Impact Acquisition Holdings	\$2,100.0	\$2,100.0	\$889.0	2.4x	NA
11/06/20	NGC US, LLC.	Blackhawk Network Holdings, Inc.	NA	NA	NA	NA	NA
09/29/20	RetailMeNot, Inc.	j2 Global, Inc. (nka:Ziff Davis, Inc.)	\$420.0	\$420.0	NA	NA	NA

Selected precedent transactions: Loyalty & Rewards (2/2)

(\$USD millions)

Date	Target	Acquirer	Transaction Size	Enterprise Value	LTM Revenue	EV / LTM Revenue	EV / LTM EBITDA
07/27/20	Freshworks Inc.	Steadview Capital UK LLP	\$85.0	NA	NA	NA	NA
06/23/20	Hatch Loyalty Inc.	Stuzo, LLC	NA	NA	NA	NA	NA
06/16/20	Stack Fintech Inc.	Credit Sesame, Inc.	NA	NA	NA	NA	NA
04/29/20	Aimia's Loyalty Solutions business	Kognitiv Corporation	NA	NA	NA	NA	NA
04/28/20	Ebates, Inc.	Ecommerce Enablers Pte Ltd.	NA	NA	NA	NA	NA
04/23/20	Empyr, Inc.	Valor Management Corp.; Valor Siren Ventures I LP; Augeo CLO, Inc.	NA	NA	NA	NA	NA
03/03/20	Loyale Healthcare, LLC	RevSpring, Inc.	NA	NA	NA	NA	NA
02/05/20	Bridge2 Solutions, Inc.	Intercontinental Exchange, Inc.	\$261.0	\$261.0	NA	NA	NA
02/03/20	Ingenico Group - GCS	Worldline SA	\$11,338.9	\$10,665.8	\$3,726.7	3.0x	16.3x
11/20/19	Honey Science Corporation	PayPal Holdings, Inc.	\$4,000.0	\$4,022.1	\$100.0	NA	NA
10/22/19	SessionM, Inc.	Mastercard Incorporated	\$215.0	\$215.0	NA	NA	NA
10/02/19	CrowdTwist, Inc.	Oracle Corporation	NA	NA	NA	NA	NA
08/29/19	Edge Loyalty Systems Pty Ltd.	Blackhawk Network (Australia) Pty Ltd	\$21.7	\$22.2	NA	NA	10.8x
08/22/19	FreedomPay, Inc.	NA	NA	NA	NA	NA	NA
07/08/19	Clarus Commerce, LLC	NVP Associates, LLC; Marlin Equity Partners, LLC	NA	NA	NA	NA	NA
07/08/19	Meridian Loyalty	InComm Inc.	NA	NA	NA	NA	NA
06/24/19	C3.ai, Inc.	Baker Hughes, a GE company (nka:Baker Hughes Company)	NA	NA	NA	NA	NA
03/19/19	Qwikilver Solutions Pvt Ltd.	Pine Labs Private Limited	\$110.0	\$110.0	NA	NA	NA
Min			\$0.0	\$1.0	\$15.2	0.6x	4.3x
Mean			\$1,193.6	\$1,225.5	\$838.1	4.6x	10.5x
Median			\$238.0	\$264.6	\$597.6	2.7x	10.8x
Max			\$11,338.9	\$10,665.8	\$3,726.7	12.5x	16.3x

Selected private placements: Loyalty & Rewards (1/2)

(\$USD millions)

Date	Target	Buyers	Deal Size
10/27/21	Splio SAS	Omnes Capital S.A.S.; Alliance Entreprendre SAS; Sofiouest SA; Swen Capital Partners, SA; Ring SAS	\$11.6
09/13/21	SpotOn Transact, LLC	Wellington Management Group LLP; Franklin Templeton Alternative Strategies Inc.; Coatue Management, L.L.C.; Andreessen Horowitz LLC; DST Global; Dragoneer Investment Group, LLC; Mubadala Investment Company PJSC; 01 Advisors 01, L.P.	\$300.0
07/30/21	Drop Technologies Inc.	NA	\$17.6
07/28/21	Dixa ApS	General Atlantic Service Company, L.P.; SEED Capital A/S; Notion Capital Partners LLP; Project A Ventures GmbH & Co. KG	\$105.0
06/30/21	Wildfire Systems, Inc.	NA	\$15.0
06/03/21	Minds, Inc.	NA	\$10.0
05/25/21	SpotOn Transact, LLC	Franklin Templeton Alternative Strategies Inc.; Andreessen Horowitz LLC; DST Global; Dragoneer Investment Group, LLC; Mubadala Investment Company PJSC; 01 Advisors 01, L.P.	\$125.0
04/08/21	PAR Technology	T.Rowe Price Associates, PAR Act III	\$160.0
03/31/21	Fetch Rewards, Inc.	e.ventures Management, LLC (nka:Headline); Greycroft LP; DST Global; ICONIQ Capital, LLC; SoftBank Investment Advisers (UK) Limited; SoftBank Vision Fund 2	\$210.0
03/25/21	Swippi Labs Ltd.	NA	\$1.3
02/05/21	Blueshift Labs, Inc.	Storm Ventures LLC; Conductive Ventures; SoftBank Ventures Asia Co., Ltd.; Nexus Venture Partners; Fort Ross Ventures; Avatar Growth Capital Partners	\$30.0
02/03/21	Leadspace, Inc.	Jerusalem Venture Partners	\$46.0
11/13/20	Bumped, Inc.	Canaan Management, Inc.; Peninsula Ventures; Oregon Venture Fund; Commerce Ventures Management, LLC	\$14.4
10/27/20	Eagle Eye Networks, Inc.	Accel Partners	\$40.0
10/21/20	Fetch Rewards, Inc.	e.ventures Management, LLC (nka:Headline); Greycroft LP; DST Global; ICONIQ Capital, LLC	\$80.0
09/22/20	SpotOn Transact, LLC	Franklin Templeton Alternative Strategies Inc.; DST Global; Dragoneer Investment Group, LLC	\$60.0
08/18/20	Seated Technologies, Inc.	Insight Venture Management, LLC; Rho Capital Partners, Inc.; Greycroft LP; Craft Ventures, LLC	\$30.0
06/08/20	Chirpify, Inc.	NA	\$0.3
06/01/20	Ritual Technologies Inc.	NA	\$21.9
05/08/20	Revinat, Inc.	NA	\$10.0
04/28/20	Paytronix Systems, Inc.	Great Hill Partners, LP	\$10.0
04/28/20	Arroweye Solutions, Inc.	NA	\$3.0
03/17/20	Swippi Labs Ltd.	Par Equity LLP; Par EIS Fund	\$1.4
03/16/20	Bakkt Holdings, LLC (nka:Bakkt Holdings, Inc.)	The Boston Consulting Group, Inc.; Intercontinental Exchange, Inc.; Pantera Advisors LLC; M12; PayU Group; CMT Digital Holdings LLC; Goldfinch Partners LLC	\$300.0
03/02/20	SpotOn Transact, LLC	Franklin Templeton Alternative Strategies Inc.; Dragoneer Investment Group, LLC; EPIQ Capital Group, LLC; 01 Advisors 01, L.P.	\$50.0
01/29/20	Blend Financial, Inc.	General Catalyst Group Management, LLC; Founders Fund, Inc.; Felicis Ventures Management Company, LLC	\$12.0



Selected private placements: Loyalty & Rewards (2/2)

(\$USD millions)

Date	Target	Buyers	Deal Size
01/13/20	FiveStars Loyalty, Inc.	HarbourVest Partners, LLC; Menlo Ventures Management, L.P.; DCM Ventures Inc.; Lightspeed Ventures, LLC	\$52.5
12/23/19	BlueConic, Inc.	NA	\$12.9
11/14/19	Punchh Inc.	Adams Street Partners, LLC; Sapphire Ventures, LLC; AllianceBernstein Holding L.P.	\$40.0
09/30/19	Bridge2 Solutions, Inc.	NA	\$2.5
09/24/19	Splio SAS	Bpifrance Investissement SAS; Amundi Private Equity Funds S.A.; Swen Capital Partners, SA; Ring SAS	\$11.0
09/18/19	Fetch Rewards, Inc.	e.ventures Management, LLC (nka:Headline); Greycroft LP	\$25.0
08/22/19	Drop Technologies Inc.	New Enterprise Associates, Inc.; Sierra Ventures Management, LLC; Royal Bank of Canada; White Star Capital, L.P.; Hof Capital (nka:HOF Capital Management, LLC)	\$43.6
08/20/19	Clutch Holdings, LLC	Ben Franklin Technology Partners of Southeastern Pennsylvania, Investment Arm; Safeguard Scientifics, Inc.; NewSpring Capital, LLC; Empactful Capital LLC; The Global Opportunity Philadelphia Fund	\$2.5
07/23/19	Medallia, Inc.	NA	\$13.0
06/05/19	CellPoint Mobile, Inc.	Toscafund Asset Management LLP	\$14.0
05/24/19	SpotOn Transact, LLC	Franklin Resources, Inc.; Dragoner Investment Group, LLC	\$40.0
04/10/19	Swiftly, Inc.	Aster Capital Partners SAS; Renewal2 Management Company; Via-ID; Wind Capital	\$11.3
03/04/19	Swipii Labs Ltd.	Scottish Investment Bank Limited; Par Equity LLP; Green shores Capital	\$2.5
02/25/19	Medallia, Inc.	Sequoia Capital Operations LLC; Wasatch Advisors Inc; RGM Capital, LLC; Sequoia Capital Global Equities	\$70.0
02/22/19	Arroweye Solutions, Inc.	NA	\$2.5
02/07/19	Loyalty Angels Limited	Barclays Bank PLC, Investment Arm	\$13.0
01/31/19	Tango Card, Inc.	NA	\$10.0
01/22/19	DOSH Holdings, Inc.	Anthem Venture Partners; Westech Investment Advisors, Inc.; PayPal Holdings, Inc.; Goodwater Capital, LLC; BAM Capital, LLC	\$40.0
Min			\$0.3
Mean			\$46.2
Median			\$15.0
Max			\$300.0

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