

VALUE FOCUS

FinTech Industry



Second Quarter 2015

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How to Value FinTech Venture Capital Portfolio Investments

Venture capital interest in FinTech continues to grow. A [recent report](#) by CB Insights notes that total FinTech start-up funding grew 45% in 2014 to \$13.7 billion. Finovate [notes](#) that the number of FinTech “unicorns” (i.e., a valuation greater than \$1 billion) tripled to 36 by mid-2015 compared to 11 in the prior year. A number of factors are driving optimism towards FinTech, including advancing technology, evolving consumer behavior that expects digital delivery of financial services, and regulatory responses to the financial crisis, which have created opportunities for emerging, less regulated FinTech companies.

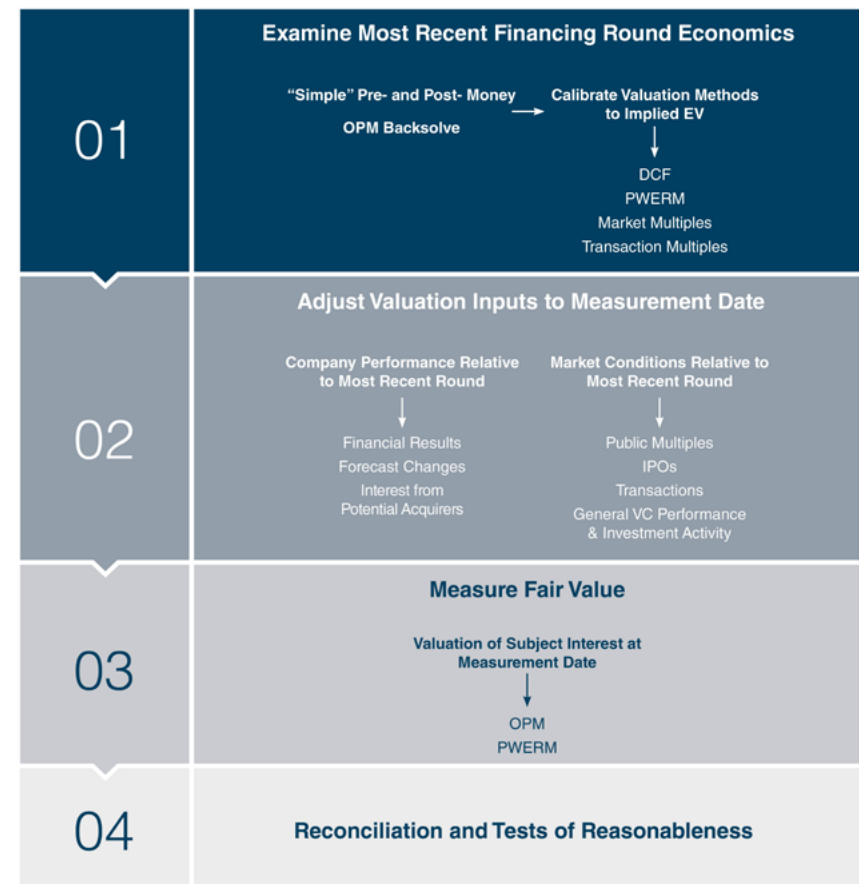
At the same time, as the number of FinTech venture capital investments grow, VC fund valuation practices are coming under greater scrutiny from VC investors (limited partners) as noted in this [post](#). VC investments generally need to conform to accounting standards (US GAAP or IFRS) in order to provide useful information to investors and withstand auditor scrutiny. Lastly, valuing VC investments can be difficult due to their illiquid nature. FinTech VC investments can be particularly challenging due to the wide variety of niches (payments, technology solution providers, crowd-funding, P2P lenders, etc.).

Against this backdrop, it is useful to examine how to value venture capital portfolio investments. While key fundamental valuation drivers such as profitability, growth prospects and risks vary among FinTech niches, the process undertaken by an independent valuation firm should be robust and provide comfort to all interested parties (investors, fund managers and auditors).

The figure to the right outlines our process when providing periodic fair value marks for venture capital fund investments in pre-public companies.

Examine the Most Recent Financing Round Economics

The transaction underlying the initiation of an investment position can provide three critical pieces of information from a valuation perspective:



- Size of the aggregate investment and per share price.
- Rights and protections accorded to the newest round of securities.
- Usually, but not always, an indication of the underlying enterprise value from the investor's perspective.

Deal terms commonly reported in the press (**example**) focus on the size of the aggregate investment and per share price. The term “valuation” is usually a headline-shorthand for implied pre- or post-money value that assumes all equity securities in the company's capital structure have identical rights and protections. While elegant, this approach glosses over the fact that for pre-public companies, securities with **differing rights and protections should and do command different prices**.

The option pricing method (OPM) is an alternative that explicitly models the rights of each equity class and makes generalized assumptions about the future trajectory of the company to deduce values for the various securities. Valuation specialists can also use the probability-weighted expected return method (PWERM) to evaluate potential proceeds from, and the likelihood of, several exit scenarios for a company. Total proceeds from each scenario would then be allocated to the various classes of equity based on their relative rights. The use of PWERM is particularly viable if there is sufficient visibility into the future exit prospects for the company.

The economics of the most recent financing round helps calibrate inputs used in both the OPM and PWERM.

- Under the OPM, a backsolve procedure provides indications of total equity and enterprise value based on the pricing and terms of the most recent financing round. The indicated enterprise value and a set of future cash flow projections, taken together, imply a rate of return (discount rate) that may be reasonable for the company. Multiples implied by the indicated enterprise value, juxtaposed with information from publicly traded companies or related transactions, can yield valuation-useful inferences.
- Under the PWERM, in addition to informing discount rates and providing comparisons with market multiples, the most recent financing round can inform the relative likelihood of the various exit scenarios.

When available, indications of enterprise value from the investor's perspective can further inform the inputs used in the various valuation methods.

In addition to the quantitative inputs enumerated above, discussions and documentation around the recent financing round can **provide critical qualitative information**, as well.

Adjust Valuation Inputs at Measurement Date

Between a funding round and subsequent measurement dates, the performance of the company and changes in market conditions can provide context for any adjustments that may be warranted for the valuation inputs. Deterioration in actual financial performance may warrant revisiting projected cash flows, while improvements in market multiples for similar companies may suggest better pricing could be available at exit. Interest from potential acquirers (or withdrawal of prior interest) and general IPO trends can inform inputs related to the relative likelihood of the various exit scenarios.

Measure Fair Value

Measuring fair value of the subject security entails using the OPM and PWERM, as appropriate and viable, in conjunction with valuation inputs that are relevant at the measurement date. ASC 820 defines fair value as, “The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.”

Reconciliation and Tests of Reasonableness

A sanity check to scrutinize fair value outputs is **an important element of the measurement process**. Specifically as it relates to venture capital investments in pre-public companies, such a check would reconcile a fair value indication at the current measurement date with a mark from the prior period in light of both changes in the subject company, and changes in market conditions.

Mercer Capital assists a range of alternative investment funds, including venture capital firms, in periodically measuring the fair value of portfolio assets for financial reporting purposes to the satisfaction of the general partners and fund auditors. Call us – we would like to work with you to define appropriate fund valuation policies and procedures, and provide independent opinions of value.



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Related Links

- [Valuation Best Practices for Venture Capital Funds](#)
- [Market Participant Perspectives: An Inside Look at the YouTube Seed Round](#)
- [Valuation Best Practices for Alternative Investment Funds](#)

Public Market Indicators

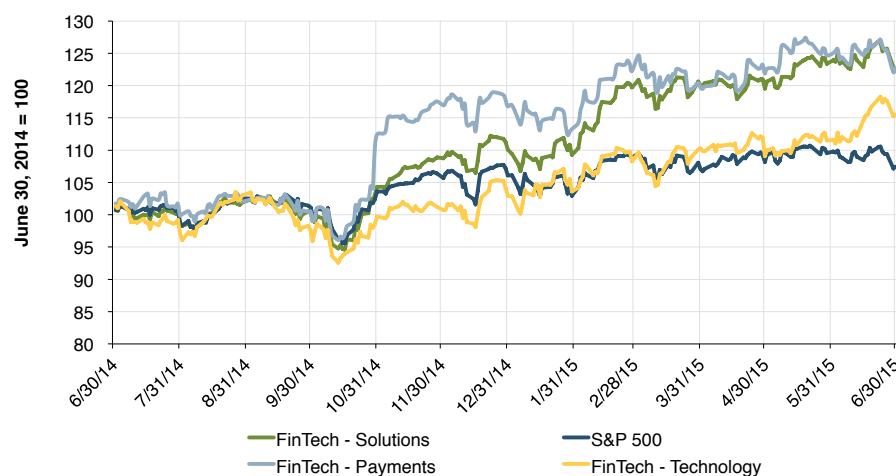
- FinTech outperformed the broader markets in the 1st half of 2015
- Broader markets were relatively flat while investor interest in FinTech remained relatively high and FinTech has generally been viewed as a potentially higher growth segment

Market performance of FinTech companies continues to gyrate as investors weigh:

- Threats of new entrants, including other technology companies and traditional financial institutions
- Continued technological change
- Emerging risks including regulatory and business model

Mercer Capital FinTech Indices vs. S&P 500

for LTM Period



Source: SNL Financial

Median Total Return

as of June 30, 2015

Segment	Month-to-Date	1H15	Last 12 Months
FinTech - Payments	-1.5%	5.1%	22.8%
FinTech - Solutions	-0.9%	11.1%	22.3%
FinTech - Technology	3.6%	12.2%	15.5%
S&P 500	-1.9%	1.2%	7.4%

Source: SNL Financial

Valuation Multiples

as of June 30, 2015

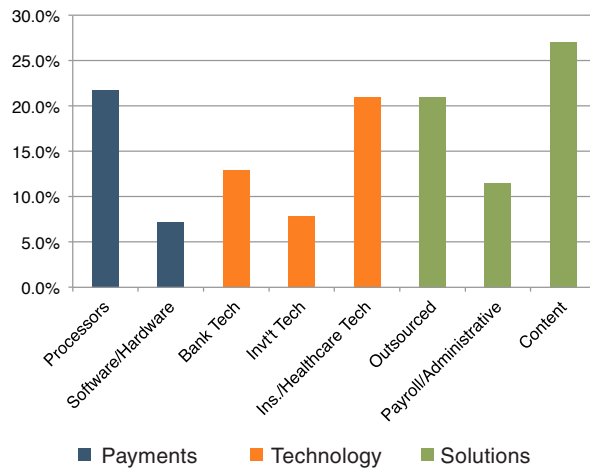
Segment	Price / LTM EPS	Price / 2015 (E) EPS	Price / 2016 (E) EPS	Ent'p Value / LTM EBITDA	Ent'p Value / FY15 (E) EBITDA	Ent'p Value / FY16 (E) EBITDA	Ent'p Value / LTM Revenue
FinTech - Payments	29.2	19.2	16.8	14.1	11.5	10.3	2.4
FinTech - Solutions	32.0	23.2	21.4	15.5	13.0	12.0	3.5
FinTech - Technology	56.4	28.6	22.6	18.0	15.2	13.1	4.6

Source: SNL Financial

Consistent with recent historical growth patterns and outlook near-term, FinTech companies are generally priced at a premium to the broader markets with the S&P 500 priced at 16.5x estimated forward earnings at 6/30/15 (per [FactSet](#))

FinTech Margins

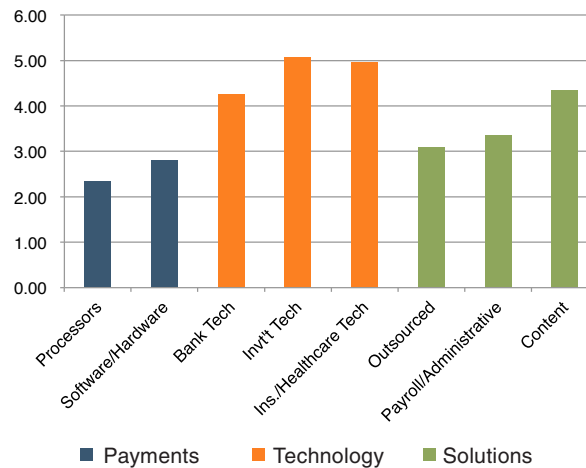
EBITDA Margin (LTM)



Source: SNL Financial and Capital IQ
Contact: wilsonj@mercercapital.com

FinTech Revenue Multiples

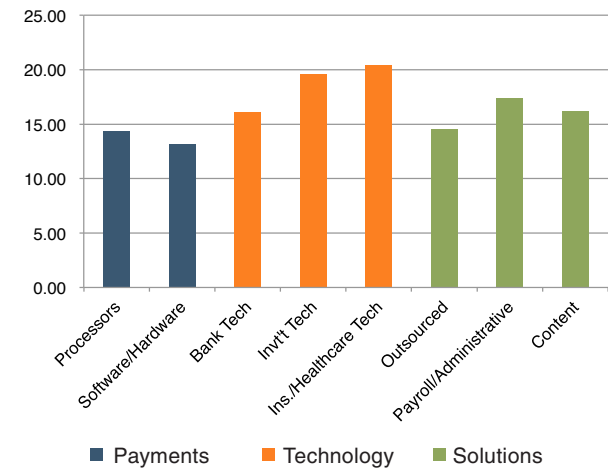
EV / Revenue (LTM)



Source: SNL Financial and Capital IQ
Contact: wilsonj@mercercapital.com

FinTech EBITDA Multiples

EV / EBITDA (LTM)



Source: SNL Financial and Capital IQ
Contact: wilsonj@mercercapital.com

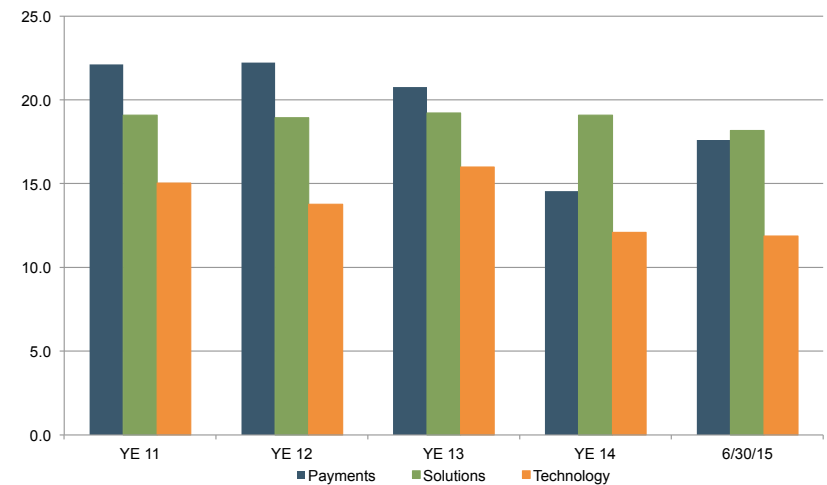
FinTech Bubble Watch

As margins continue
to contract...

Valuation multiples continue
to expand and rise relative to
historical levels...

FinTech Public Company Overview

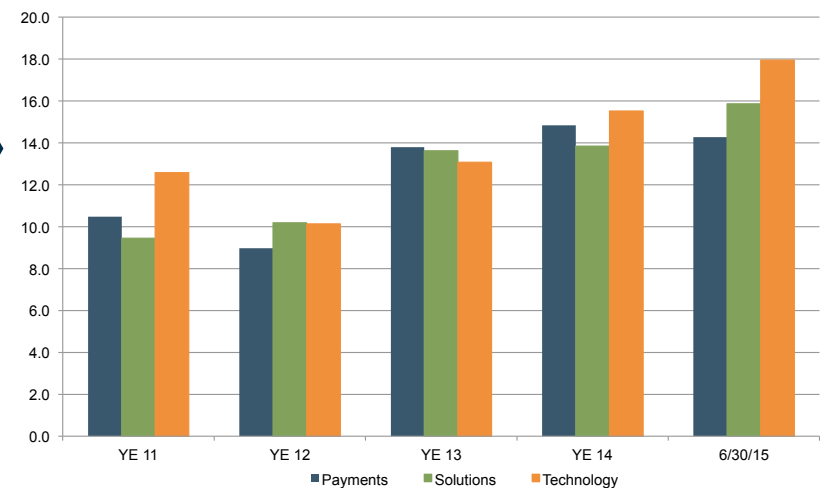
Median EBITDA Margins (%)



Source: Capital IQ, Mercer Capital Research
Contact: wilsonj@mercercapital.com

FinTech Public Company Overview

Median Enterprise Value / EBITDA Multiple (x)



Source: Capital IQ, Mercer Capital Research
Contact: wilsonj@mercercapital.com

FinTech IPO Watch

22 FinTech IPOs occurred in 2014 and the 1st half of 2015 and the median return for this group was 10.3% since IPO.

IPOs in the second quarter of 2015 included:

- **Xactly Corporation** – Provider of cloud-based, incentive compensation solutions
- **Transunion** – Risk and information solutions provider to businesses and consumers
- **Evolent Health** – Company that partners with health systems to provide value-based care transformation
- **Black Knight Financial Services, Inc.** – Provider of integrated technology, data and analytics solutions

2014 & 1H15 FinTech IPOs

Ticker	Name	IPO Price	IPO Date	Gross Proceeds (\$M)	% Return Since IPO	6/30/15 Price	6/30/15 Mkt Cap (\$M)	6/30/15 Ent Val (\$M)	LTM		FinTech Niche	Description
									Rev. (\$M)	EBITDA (\$M)		
CSLT	Castlight Health, Inc.	\$16.00	3/13/14	\$204	-49.1%	\$8.14	763	578	53	(80)	Insurance/Healthcare Solutions	Cloud-based service that enables employers and employees to enhance healthcare offerings
PCTY	Paylocity Holding Corporation	\$17.00	3/18/14	\$138	110.9%	\$35.85	1,815	1,722	141	(9)	Payroll & Administrative Solutions	Provider of cloud-based payroll and human capital management software solutions
QTWO	Q2 Holdings, Inc.	\$13.00	3/19/14	\$116	117.3%	\$28.25	1,051	931	86	(14)	Banking Technology	Provider of secure, cloud-based virtual banking solutions
TNET	TriNet Group, Inc.	\$16.00	3/26/14	\$276	58.4%	\$25.35	1,780	2,190	2,310	166	Payroll & Administrative Solutions	Provider of a human resources solution for small to medium-sized businesses, or SMBs
IMS	IMS Health Holdings, Inc.	\$20.00	4/3/14	\$1,495	53.3%	\$30.65	10,034	13,357	2,628	627	Insurance/Healthcare Solutions	IT services provider for healthcare industry
PAYC	Paycom Software, Inc.	\$15.00	4/14/14	\$115	127.7%	\$34.15	1,993	1,984	169	30	Payroll & Administrative Solutions	Human capital management provider that offers a cloud-based software solution
MRKT	Markit Ltd.	\$24.00	6/18/14	\$1,476	6.5%	\$25.57	4,449	4,713	1,077	416	Financial Media & Content	Provider of financial information services to banks, hedge funds, asset managers, auditors, and regulators
IMPR	Imprivata, Inc.	\$15.00	6/24/14	\$86	9.1%	\$16.36	394	320	103	(12)	Insurance/Healthcare Solutions	Provider of authentication and access management solutions for the healthcare industry
CAFN	Cachet Financial Solutions, Inc.	\$1.50	7/9/14	\$7	-63.3%	\$0.55	12	17	3	(10)	Banking Technology	Cloud-based, SaaS technology provider serving the financial services industry

Source: SNL Financial and Capital IQ

2014 & 1H15 FinTech IPOs (cont.)

Ticker	Name	IPO Price	IPO Date	Gross Proceeds (\$M)	% Return Since IPO	6/30/15 Price	6/30/15 Mkt Cap (\$M)	6/30/15 Ent Val (\$M)	LTM		FinTech Niche	Description
									Rev. (\$M)	EBITDA (\$M)		
MTBC	Medical Transcription Billing, Corp.	\$5.00	7/22/14	\$20	-62.4%	\$1.88	21	23	22	(3)	Insurance/Healthcare Solutions	IT provider of web-based solutions and related business services to healthcare providers
HQY	HealthEquity, Inc.	\$14.00	7/30/14	\$147	128.9%	\$32.05	1,818	1,703	97	26	Insurance/Healthcare Solutions	A health savings custodians that offers an innovative technology platform
YDLE	Yodlee, Inc.	\$12.00	10/2/14	\$84	20.3%	\$14.44	428	360	94	(4)	Processing Software & Hardware	Technology and applications platform provider for digital financial services
UPLD	Upland Software, Inc.	\$12.00	11/5/14	\$46	-23.2%	\$9.22	141	138	66	1	Payroll & Administrative Solutions	Provider of cloud-based Enterprise Work Management software
LC	LendingClub Corporation	\$15.00	12/10/14	\$1,001	-1.7%	\$14.75	5,492	7,868	254	NA	Alternative Lender	Peer to peer lending technology platform
CNXR	Connecture, Inc.	\$8.00	12/11/14	\$61	32.0%	\$10.56	229	261	89	1	Insurance/Healthcare Solutions	Web-based consumer shopping, enrollment and retention platform for health insurance distribution
WK	Workiva Inc.	\$14.00	12/11/14	\$101	-1.2%	\$13.83	556	490	120	(37)	Processing Software & Hardware	Provides a cloud-based platform for enterprises to collect, manage, and analyze business data
ONDK	On Deck Capital, Inc.	\$20.00	12/16/14	\$230	-42.1%	\$11.58	805	1,035	112	NA	Alternative Lender	Online platform for small business lending
INOV	Inovalon Holdings, Inc.	\$27.00	2/11/15	\$685	3.3%	\$27.90	4,120	3,622	370	132	Insurance/Healthcare Solutions	Provides cloud-based data analytics systems to the healthcare industry
BKFS	Black Knight Financial Services, Inc.	\$24.50	5/19/15	\$507	26.0%	\$30.87	2,016	4,748	877	295	Outsourcing	Provider of integrated technology, data and analytics solutions
EVH	Evolent Health, Inc.	\$17.00	6/4/15	\$225	14.7%	\$19.50	1,150	1,222	118	(58)	Insurance/Healthcare Solutions	Partners with health systems to provide value-based care transformation
TRU	TransUnion	\$22.50	6/24/15	\$764	11.6%	\$25.10	4,574	7,624	1,354	399	Financial Media & Content	Risk and information solutions provider to businesses and consumers
XTLY	Xactly Corporation	\$8.00	6/25/15	\$65	7.4%	\$8.59	238	249	64	(13)	Payroll & Administrative Solutions	Provider of cloud-based, incentive compensation solutions
Median				\$142	10.3%		1,100	1,129	115	(1)		

Source: SNL Financial and Capital IQ

FinTech M&A

1H15 vs. 1H14

M&A activity was down in the first half of 2015 compared to 2014

- However, deal values (both in total and the median of those deals reported) were up significantly as the first half of 2015 has included several larger deals
- The most active niches continue to be technology providers, particularly those focused on investments and/or insurance healthcare

2Q15 Overview

Larger FinTech deals in 2Q15 include the following:

- **Dun & Bradstreet**, a provider of a range of services, including commercial credit data, acquired **Dun & Bradstreet Credibility Corporation**, a leading provider of business credit building solutions
 - Acquisition announced in April 2015 with transaction consideration including \$320 million in cash plus an earnout of up to \$30 million if performance milestones are met through 2018
- **Pitney Bowes Inc.**, a provider of a number of services to business enterprises, acquired **Borderfree**, a provider of global e-commerce solutions to retailers
 - Acquisition announced in May 2015 with announced terms including a purchase price of \$395 million in aggregate, net of expected cash and investments on Borderfree's balance sheet at closing, in cash consideration
- **Cox Automotive, Inc.**, a subsidiary of Cox Enterprises and a provider of vehicle remarketing and digital marketing and software solutions, agreed to acquire **Dealertrack Technologies**, a provider of web based software solutions to the retail automotive industry
 - Acquisition announced in June 2015 with announced terms including an all-cash transaction valued at approximately \$4 billion

Deal Activity

	1H15	1H14	% Change
# of Deals	103	114	-3%
Total Reported Deal Value (\$M)	\$20,106.2	\$7,204.8	61%
Median Reported Deal Value (\$M)	\$57.3	\$42.1	136%

Target in Following FinTech Industry Niche

	# of Deals		%
	1H15	1H14	Change
Payment Processors	16	29	
Processing Software & Hardware	7	12	
Payments Total	23	41	-44%
Bank	5	3	
Investments	18	12	
Insurance/Healthcare Solutions	27	28	
Technology Total	50	43	16%
Outsourcing	14	15	
Payroll & Administrative Solutions	1	2	
Financial Media & Content	15	13	
Solutions Total	30	30	0%

- Another deal that is worth mentioning, although it occurred right after quarter-end, is the acquisition of **Xoom**, a digital transfer money provider that targets US consumers needing to transfer money to any of 33 countries, by **PayPal**, a subsidiary of Ebay, Inc. that provides online and mobile payment services
 - Acquisition announced July 1, 2015 with announced terms including cash consideration and an enterprise value of \$890 million

FinTech Venture Capital Activity Overview

Company	Amount (\$M)	Company Description
Zenefits	500	All-in-one online human resources management platform
Avant	400	Personal loan and line of credit provider that lowers the barriers and cost of borrowing
Affirm	275	Offers more flexible installment loans at the point of sale focused toward millennials
Credit Karma	175	Free access to credit scores, reports, and monitoring and other financial and educational tools
Prosper	165	Online peer-to-peer lending service in which people invest in each other
Oscar	145	Health insurance company that focuses on technology, design, and customer service
Bond Street	110	Online small business lender
NerdWallet	100	Provides financial tools, education, and empowerment to help the consumer make better personal finance decisions
eProdigy Finance	100	Provides technology to the alternative finance industry to provide business funding and services
PrimeRevenue	80	Offers multi-bank supply chain finance services to optimize cash flow
Argon Credit	75	Online personal loan platform that streamlines the process for borrowers using innovative technology
Yapstone	60	Online electronic payments processing platform for online marketplaces

A summary of selected FinTech venture capital financing activity in the second quarter of 2015. Covers selected financing rounds larger than \$10 million.

Source: Finovate Emails (which cite themselves, Crunchbase, FT Partners, and *The Wall Street Journal*) & Company Websites

FinTech Venture Capital Activity Overview (cont.)

Company	Amount (\$M)	Company Description
ZenPayroll	60	Cloud-based comprehensive payroll service making processing payroll for business simple
Applied Data Finance	50	Connects the underbanked consumer with access to the capital markets
Circle	50	Bitcoin-based digital service to store, send, and receive money
RobinHood	50	Mobile application that allows commission-free stock market investment
Namely	45	Cloud-based human resources management platform for mid-sized businesses
WePay	40	Provides marketplaces, crowdfunding sites, and other platform businesses a payments platform
MX Technologies	30	Develops omnibanking technologies to provide personal finance solutions
Actiance	28	Provides an enterprise-grade platform that supports leading social networks, unified communications, and instant messaging platforms
Ripple Labs	28	Developed payment system called Ripple protocol that allows for free and instant payments
Billtrust	25	Improves business financial performance by providing automated and accelerated invoice-to-cash solutions
ItBit	25	Global bitcoin exchange platform for institutional and retail investors
Patch of Land	23.6	Peer-to-peer online marketplace for crowdfunding real estate financing

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Source: Finovate Emails (which cite themselves, Crunchbase, FT Partners, and *The Wall Street Journal*) & Company Websites

FinTech Venture Capital Activity Overview (cont.)

Company	Amount (\$M)	Company Description
Acorns	23	Investment application that allows users to round up purchases and invest the change into a diversified portfolio commission-free
LoanHero	21.7	Marketplace lending platform offering instant decision software and connecting consumers, merchants, and lenders at the point-of-sale
TabbedOut	21.5	Mobile application allowing users to view and pay tabs at restaurants and bars
Perseus	20.5	Provides global telecommunication capabilities to financial firms to carry out trading orders
EDO Interactive	20	Personalizes business offers to customers and makes the offers available through credit or debit cards or mobile devices
Feedzai	17.5	Provides enterprise software that harnesses big data and machine learning to prevent fraud and manage risk
Loop Commerce	16	E-gifting solution allowing customers to purchase a product from retailers as a gift for someone without needing to know the recipient's size, preference, address, etc.
Credit Sesame	16	Free online product providing financial advisory for credit and loans
Artivest	15	Technology platform that simplifies investing for suitable investors and improves access to leading private funds
Lavu	15	Developed the iPad POS system that offers business management software to restaurants
PayNearMe	14.7	Electronic payment network that allows users to pay with cash at retailers

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Source: Finovate Emails (which cite themselves, Crunchbase, FT Partners, and *The Wall Street Journal*) & Company Websites

FinTech Venture Capital Activity Overview (cont.)

Company	Amount (\$M)	Company Description
eFileCabinet	14	Electronic document management solution to help companies manage, share, and protect their data and documents
InGo Money	13.5	Mobile application technology that enables users to convert checks into usable good funds
Stride Health	13	Provides health insurance recommendations to individuals who typically have trouble getting covered
Justworks	13	Platform offering benefits, payments, and human resources management to companies
Gravie	12.5	Consumer health care insurance marketplace where individuals can manage all of their health care in one place
PayRange	12	Simple mobile payment solutions for vending machines and other machines
Vogogo	12	Online payment services and risk management for companies
Digit	11.3	Consumer savings platform that helps users save money by analyzing spending habits and removing funds when they can be afforded from the user's checking account and into a Digit savings account
AssetAvenue	11	Commercial real estate lending technology platform that connects borrowers with accredited investors
RealtyShares	10	Online real estate investment platform for accredited investors
Money360	10	Online peer-to-peer marketplace for commercial real estate loans

A summary of selected FinTech venture capital financing activity in the second quarter of 2015. Covers selected financing rounds larger than \$10 million.

Source: Finovate Emails (which cite themselves, Crunchbase, FT Partners, and *The Wall Street Journal*) & Company Websites

Venture Capital Case Study



"LendingClub has created an innovative platform that provides investors with low cost access to high quality consumer credit assets, and at the same time makes credit more affordable to consumers."

– John Mack,
Chairman Emeritus, Morgan Stanley
LendingClub Board Member

"For the first time in banking, the online marketplace makes it possible for a third party to match idle supply and demand. As a result, lenders and borrowers can now find one another and agree to terms – all without the involvement of retail banks or credit card companies."

– Charles Moldow
Foundation Capital

"From LendingClub to Quicken Loans, Kabbage to CommonBond, new faces and new names are impacting the way we bank and borrow. The twin forces of regulation and technology are opening the door for an expanding class of competitors to capture profit pools long controlled by banks."

– Goldman Sachs

Venture Capital Case Study

LendingClub Corporation

LendingClub is the world's largest online peer-to-peer credit marketplace.

- Offers an alternative lending marketplace for borrowers and lenders to connect
- Borrowers can sign up and apply for personal, business, student, and elective medical procedure loans
- Underwriting is automated as credit models and algorithms are used to assess credit risk and determine loan specifics
- Investors can sign up and earn risk-adjusted returns on loans offered on the platform (a class of assets that was previously closed to many investors or limited to accredited institutional investors)

Timeline

Year	Significant Corporate Events
2006	Founded by Renaud Laplanche as one of the first Facebook apps
2007	After Series A funding of \$10.3M from Canaan Partners and Northwest Venture Partners, LendingClub was developed into a peer-to-peer lending platform and the website was launched
2008	April-October was a quiet period in order to comply with SEC regulation and to register with SEC
2009	Series B funding of \$12M from Canaan Partners, NVP, and Morgenthaler Ventures
2010	Series C funding of \$24.5M from Canaan Partners, NVP, Morgenthaler Ventures, and Foundation Capital on \$195M valuation
2011	Series D funding of \$25M from Canaan Partners, NVP, Morgenthaler Ventures, and Union Square Ventures on \$275M valuation
2012	Raised \$17.5M from Kleiner Perkins and John Mack on \$570M valuation Passed \$1B in personal loans
2013	Google, joined by Foundation Capital and FinSight Ventures, buy \$125M stake in LendingClub valuing LendingClub at \$1.55B Began partnering with banks to facilitate loans to bank customers
2014	Acquired Springstone Financial LLC for \$140M which provided financing for education and elective medical procedures Went public on December 11, 2014

Sources: CrunchBase, WSJ, Foundation Capital, Bloomberg, LendingClub, San Francisco Business Times

Venture Capital Case Study

Peer-to-Peer Lending Industry

Peer-to-peer lending is expected to continue to grow and take more market share according to IBIS World. Several macro factors contribute to this outlook:

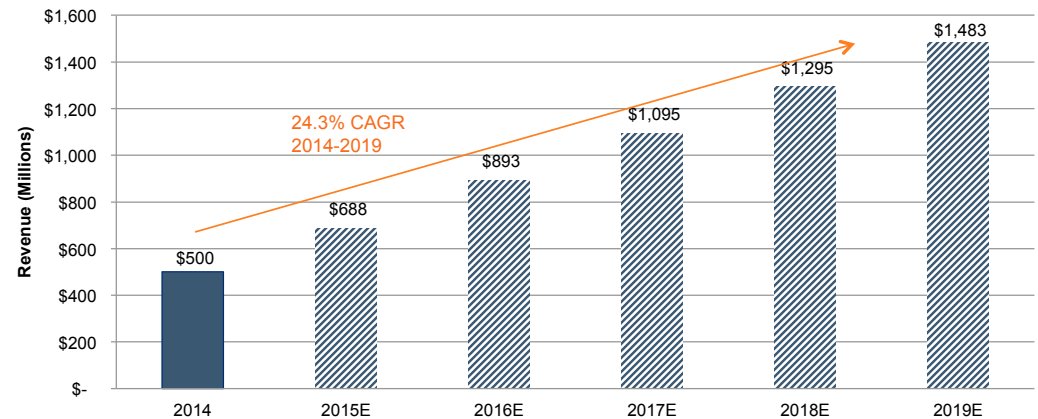
- Industry profits expected to increase to reach 10.2% of revenue in 2019
- Aggregate household debt expected to rise 3.4% annually from 2014-2019
- P2P firms expected to continue to increase at an annualized rate of 21.2% to 165 firms in 2019

Favorable P2P lending dynamics due to the following:

- Increased aggregate household debt could signal greater demand for credit
- Higher corporate profits could mean more demand for loans
- Technology innovations allow for cheaper, simpler, and quicker process
- Lower operating expenses due to lack of bank infrastructure and use of credit models and algorithms
- Appeals to tech-minded millennials who are increasingly seeking loans

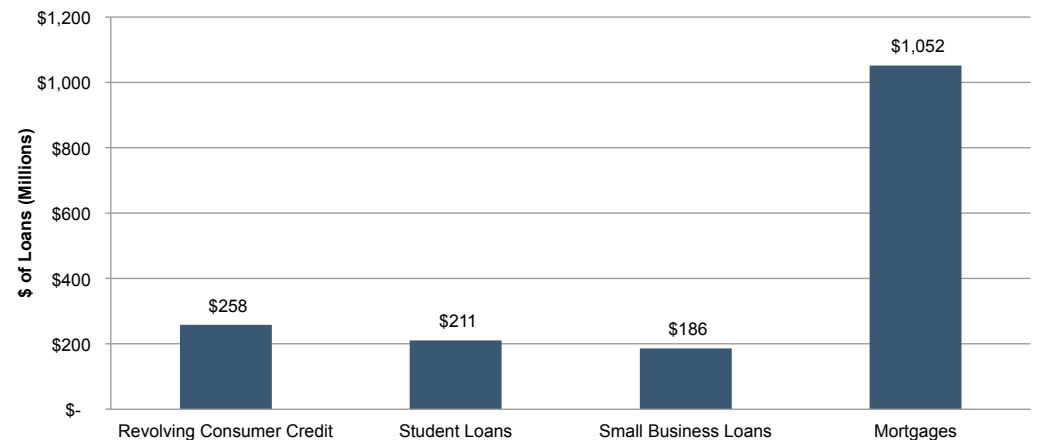
As shown in the chart to the right, the size of the immediately addressable market for P2P lenders is \$1.7T out of the \$4T in loans outstanding

Projected P2P Industry Revenue



Source: IBIS World

Immediately Addressable Market of P2P Lenders



Source: Goldman Sachs

Venture Capital Case Study

LendingClub Financials

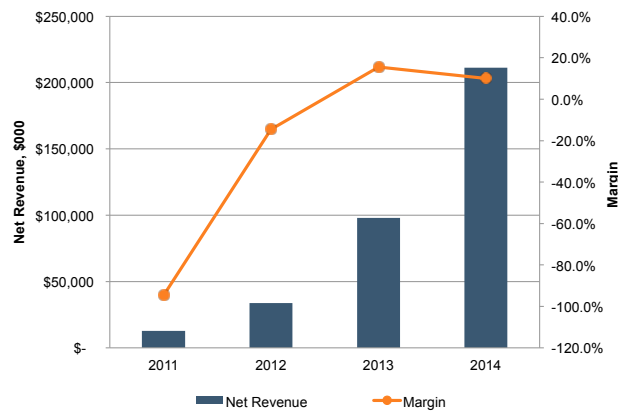
As of the end of Q1 2015, LendingClub had issued a total of \$9.3B worth of loans including \$1.6B in 1Q15.

According to Goldman Sachs, LendingClub is twice as large as the next biggest P2P lending company and has a 46% market share in P2P lending. Revenues for 2014 reached \$213M.

Loans originated by LendingClub have continued to increase. This growth in borrowers allows LendingClub to further refine and improve its algorithms and models through network effects leading to more attractive interest rates and less investor risk.

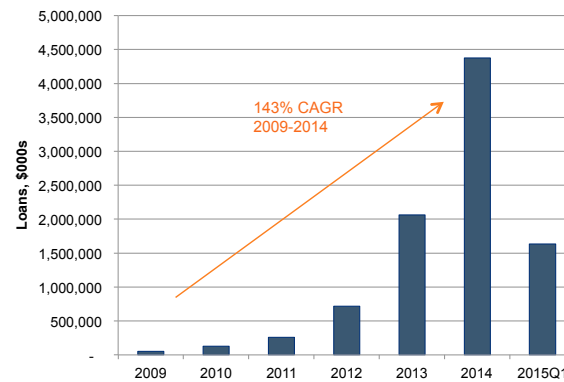
Sources: Goldman Sachs, LendingClub

Revenue & Adjusted EBITDA Margin



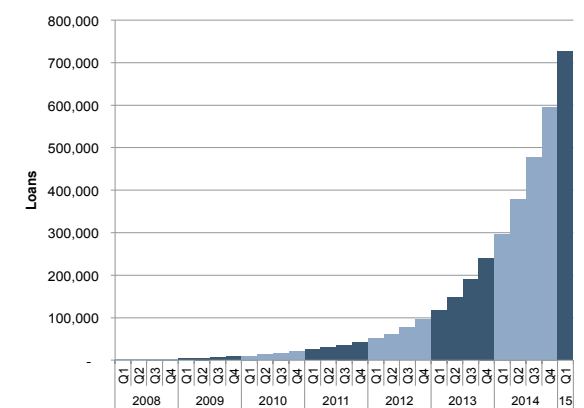
Source: LC Public Filings -S-1, 10K (YE 14), 10Q (1Q15), and Investor Pres (1Q15)

Loans Originated



Sources: LendingClub Public Filings -S-1 and Investor Presentation (1Q15)

Cumulative Loans Issued



Source: Lending Club Website

Venture Capital Case Study

LendingClub vs. OnDeck Capital, Inc.

Similar to LendingClub is OnDeck Capital, Inc. which is a technology driven financial platform focused on providing loans to small businesses.

- OnDeck uses technology to automate its loan underwriting process
- Uses big data and focuses on business performance and cash flow rather than the owner's credit history to determine its eligibility and loan terms
- Provides higher risk and higher interest rate short term loans lasting 3-18 months to small businesses that would not be able to obtain them from a traditional bank
- Repayment made by daily micropayments to reduce risk
- OnDeck holds the loans on its balance sheet, so it incurs credit/balance sheet risk
- Loans are financed by credit lines that OnDeck receives from banks

LendingClub went public on December 11, 2014.

- Raised \$865M by selling 58M shares at \$15 per share on a \$8.5M valuation
- Biggest tech IPO of 2014

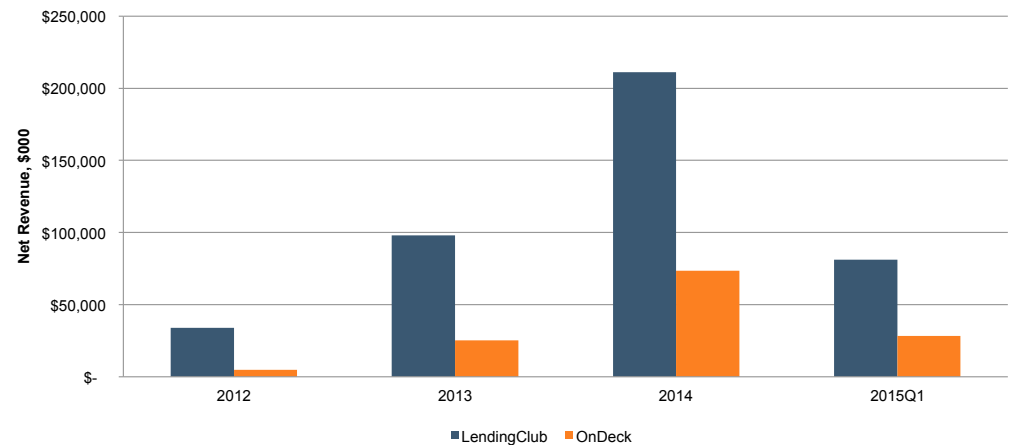
OnDeck went public on December 17, 2014.

- Offered 10M shares at \$20 per share for proceeds of \$200M valuing the firm at about \$1.3B
- Both have enjoyed steadily increasing total revenue

Both LendingClub and OnDeck's share price have declined since IPO.

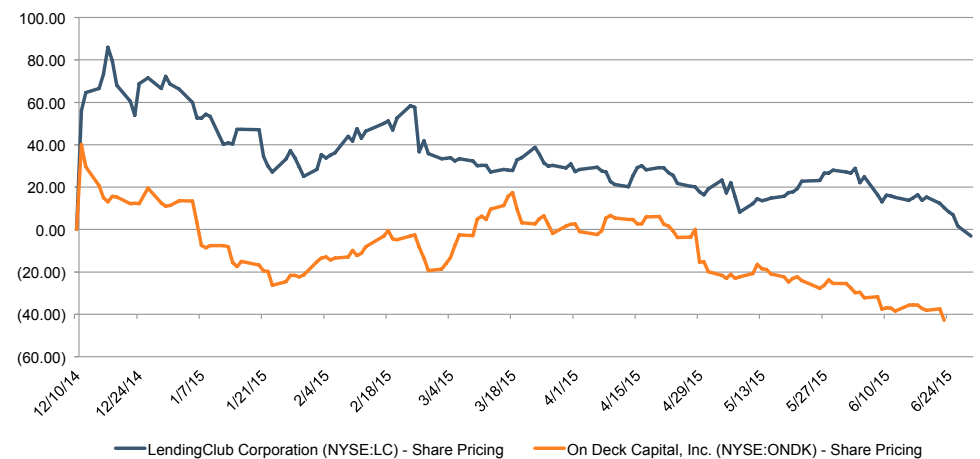
Source: S&P Capital IQ

LendingClub vs. OnDeck Revenue



Source: SNL Financial, LendingClub Public Filings - S-1, 10Q (1Q15), and 10K (YE 14)

LendingClub vs. OnDeck Share Price



Source: SNL Financial

Venture Capital Case Study

LendingClub

Key Takeaways

1. Peer-to-peer lenders take advantage of current technology and demographic trends

- According to a FICO survey, millennials are 10x more likely to use P2P lenders compared to Boomers
- Technology in the form of credit models and algorithms lower costs for P2P lenders and allow them to take business away from and meet demand not currently met by traditional banks

2. Peer-to-peer lenders are quickly transforming the credit market and Wall Street and traditional banks are beginning to take notice

- P2P lenders can be viewed as a threat or as an opportunity for traditional banks
- Some banks have started to partner with P2P lenders but others could develop their own algorithmic trading platforms

3. Regulation of banks and peer-to-peer lenders will largely determine the impact of non-bank lenders

- New increased regulation and scrutiny of banks from the Great Recession has led to decreased opportunity of credit in some areas
- P2P lenders are currently regulated by the SEC but have enjoyed relatively little regulation thus far
- As P2P lending industry grows, they could see increased regulation

Industry Articles of Note

**Fintech In the Room With Banks,
Literally, and Smelling Blood**

The Wall Street Journal: Money Beat Blog

Paul Vigna

<http://mer.cr/1HvqSNT>

**Tech Upended Banks and Stock Trading.
Insurance is Next**

Wired

Julia Greenberg

<http://mer.cr/1gCxrFC>

**The Fintech Revolution Heads
for the Clouds**

Banking Technology

Alexandra Foster

<http://mer.cr/1MuLveb>

**Mobile Technology Finds Its Place in
Branch Operations**

CB Insights

Meredith Deen

<http://mer.cr/1O7aHb8>

Publicly Traded Payments Companies

Ticker	Name	6/30/15 Price	Market Cap (\$M)	Ent'p Val (\$M)	Price / Earnings			Ent'p Value / EBITDA			EV / LTM	LTM Total		LTM Margins		
					LTM	FY15E	FY16E	LTM	FY15E	FY16E	Revenue	Revenue	EBITDA	EBITDA	Net Inc.	
Payment Processors																
ADS	Alliance Data Systems Corporation	291.94	18,115	31,754	36.0	19.5	16.9	20.4	16.6	14.6	5.6	5,671	1,560	28%	9%	
HAWK	Blackhawk Network Holdings, Inc.	41.20	2,221	2,400	42.8	18.7	16.6	5.1	3.9	3.4	0.5	1,532	142	9%	3%	
CATM	Cardtronics Inc.	37.05	1,663	2,252	38.9	13.1	11.8	9.1	7.6	6.9	2.1	1,092	247	23%	4%	
DLX	Deluxe Corp.	62.00	3,096	3,556	15.7	13.8	13.1	9.3	8.1	7.6	2.1	1,701	384	23%	12%	
EEFT	Euronet Worldwide, Inc.	61.70	3,201	3,150	35.9	20.4	17.7	13.4	11.4	9.7	1.8	1,706	235	14%	5%	
EVTC	EVERTEC, Inc.	21.24	1,644	2,294	24.4	12.5	11.7	14.8	12.3	11.6	6.3	365	154	42%	19%	
FLT	FleetCor Technologies, Inc.	156.06	14,327	17,424	35.9	25.4	21.5	24.0	18.9	16.4	12.8	1,362	737	54%	28%	
GCA	Global Cash Access Holdings, Inc.	7.74	509	1,528	99.3	6.9	5.6	15.3	6.9	6.3	2.4	650	100	15%	1%	
GPN	Global Payments Inc.	103.45	6,875	8,441	27.0	20.2	17.8	14.6	13.7	12.3	3.1	2,741	580	21%	10%	
GDOT	Green Dot Corporation	19.12	990	227	13.4	13.9	12.7	1.8	1.4	1.3	0.3	678	125	19%	10%	
HPY	Heartland Payment Systems, Inc.	54.05	1,978	2,523	57.1	19.2	16.8	14.1	11.9	10.6	1.1	2,391	179	8%	1%	
ONE	Higher One Holdings, Inc.	2.99	143	196	12.0	7.2	7.7	4.7	4.0	4.6	0.9	219	41	19%	6%	
MA	MasterCard Incorporated	93.48	106,589	102,321	28.7	27.3	22.8	18.6	17.6	15.2	10.7	9,531	5,507	58%	40%	
MGI	Moneygram International Inc.	9.19	489	1,459	nm	12.9	9.6	7.2	6.0	5.6	1.0	1,411	203	14%	-3%	
PLPM	Planet Payment, Inc.	2.42	127	117	27.1	22.7	17.3	14.8	10.2	8.0	2.4	48	8	16%	12%	
TSS	Total System Services, Inc.	41.77	7,699	8,842	25.7	18.6	16.8	14.1	11.1	10.3	3.5	2,516	607	24%	14%	
JTPY	JetPay Corporation	2.73	38	79	nm	nm	nm	35.6	21.7	16.8	2.2	36	2	6%	-16%	
VNTV	Vantiv, Inc.	38.19	5,574	8,940	55.1	17.8	15.8	14.5	11.3	10.3	3.3	2,745	614	22%	4%	
PAY	VeriFone Systems, Inc.	33.96	3,881	4,525	116.8	17.6	14.5	17.0	11.3	10.0	2.3	1,943	266	14%	2%	
V	Visa Inc.	67.15	164,310	159,704	29.7	25.2	21.8	18.1	16.3	14.6	12.1	13,175	8,815	67%	42%	
WU	The Western Union Company	20.33	10,497	12,456	12.6	12.5	12.0	8.7	9.1	9.0	2.2	5,577	1,440	26%	15%	
WEX	WEX Inc.	113.97	4,405	5,188	23.6	22.4	19.6	14.1	14.5	12.5	6.2	838	368	44%	22%	
Median			3,148	3,353	29.2	18.6	16.6	14.3	11.3	10.1	2.3	1,616	256	22%	10%	

Publicly Traded Payments Companies

					Price / Earnings			Ent'p Value / EBITDA			EV / LTM	LTM Total		LTM Margins		
					LTM	FY15E	FY16E	LTM	FY15E	FY16E	Revenue	Revenue	EBITDA	EBITDA	Net Inc.	
Ticker	Name	6/30/15 Price	Market Cap (\$M)	Ent'p Val (\$M)												
Payment Software/Hardware																
ADP	Automatic Data Processing, Inc.	80.23	37,670	35,844	23.8	25.8	23.2	13.1	15.0	13.3	2.8	12,793	2,740	21%	11%	
CVG	Convergys Corporation	25.49	2,519	2,672	19.0	14.8	13.6	7.1	6.9	6.5	0.9	2,990	374	13%	5%	
NSP	Insperty, Inc.	50.90	1,298	1,041	41.7	24.4	20.7	12.2	9.4	8.0	0.4	2,420	85	4%	1%	
PAYX	Paychex, Inc.	46.88	17,028	16,492	25.9	24.4	22.7	14.4	13.7	12.7	6.1	2,740	1,160	42%	25%	
WDAY	Workday, Inc.	76.39	14,590	13,167	nm	nm	nm	nm	222.9	112.1	15.0	879	(152)	-17%	-28%	
PAYC	Paycom Software, Inc.	34.15	1,993	1,984	168.0	119.1	85.1	66.6	54.3	40.0	11.7	169	30	18%	6%	
PCTY	Paylocity Holding Corporation	35.85	1,815	1,722	nm	nm	nm	nm	210.4	102.1	12.2	141	(9)	-7%	-11%	
TNET	TriNet Group, Inc.	25.35	1,780	2,190	63.9	19.3	16.0	13.2	11.5	9.8	0.9	2,310	166	7%	1%	
UPLD	Upland Software, Inc.	9.22	141	138	nm	nm	nm	118.8	38.7	21.1	2.1	66	1	2%	-17%	
Median			1,993	2,190	33.8	24.4	21.7	13.2	15.0	13.3	2.8	2,310	85	7%	1%	
Overall Payments Median			2,519	2,672	29.2	19.2	16.8	14.1	11.5	10.3	2.4	1,701	235	19%	6%	

Publicly Traded Solutions Companies

Ticker	Name	6/30/15 Price	Market Cap (\$M)	Ent'p Val (\$M)	Price / Earnings			Ent'p Value / EBITDA			EV / LTM	LTM Total		LTM Margins	
					LTM	FY15E	FY16E	LTM	FY15E	FY16E	Revenue	Revenue	EBITDA	EBITDA	Net Inc.
Outsourced															
ACXM	Acxiom Corporation	17.58	1,374	1,521	nm	32.2	26.2	10.3	9.2	9.9	1.5	1,020	148	15%	-1%
CSC	Computer Sciences Corporation	65.64	9,049	9,648	nm	13.7	12.7	8.9	4.6	4.3	0.8	12,173	1,087	9%	0%
CSGS	CSG Systems International Inc.	31.66	1,037	1,152	28.8	13.4	12.1	9.4	7.0	6.6	1.5	749	122	16%	5%
EFX	Equifax Inc.	97.09	11,554	13,025	32.0	22.4	20.1	14.9	14.2	13.0	5.2	2,504	873	35%	15%
EXLS	Exlservice Holdings, Inc.	34.58	1,151	1,067	37.9	18.2	15.7	17.5	10.2	8.8	2.0	521	61	12%	6%
FICO	Fair Isaac Corporation	90.78	2,819	3,390	33.7	21.4	nm	18.6	14.3	13.6	4.2	816	182	22%	11%
FIS	Fidelity National Information Services, Inc.	61.80	17,518	22,346	27.5	18.8	16.7	13.8	11.3	10.5	3.5	6,448	1,624	25%	10%
FISV	Fiserv, Inc.	82.83	19,613	23,169	26.9	21.7	19.3	14.2	13.1	12.2	4.5	5,107	1,548	30%	15%
IL	IntraLinks Holdings, Inc.	11.91	683	715	nm	238.2	94.0	59.0	18.5	15.8	2.7	263	12	5%	-12%
INTU	Intuit Inc.	100.77	27,779	26,194	90.3	35.1	23.8	24.2	18.1	12.9	6.0	4,388	1,082	25%	7%
PRGX	PRGX Global, Inc.	4.39	113	89	nm	109.8	35.1	9.4	4.7	4.2	0.6	159	10	6%	-4%
BKFS	Black Knight Financial Services, Inc.	30.87	2,016	4,748	nm	35.0	29.9	16.1	11.8	10.8	5.4	877	295	34%	-11%
SSNC	SS&C Technologies Holdings, Inc.	62.50	6,320	6,827	41.7	24.1	21.4	23.1	19.2	17.5	8.7	788	296	38%	17%
TW	Towers Watson & Co.	125.80	8,721	8,181	23.3	20.5	18.3	11.4	10.7	9.9	2.2	3,636	714	20%	10%
Median			4,570	5,788	32.0	22.1	20.1	14.5	11.5	10.6	3.1	948	295	21%	7%

Publicly Traded Solutions Companies

					Price / Earnings			Ent'p Value / EBITDA			EV / LTM	LTM Total		LTM Margins	
					LTM	FY15E	FY16E	LTM	FY15E	FY16E	Revenue	Revenue	EBITDA	EBITDA	Net Inc.
Ticker	Name	6/30/15 Price	Market Cap (\$M)	Ent'p Val (\$M)											
Payroll/Administration															
ACIW	ACI Worldwide, Inc.	24.57	2,869	3,661	39.2	32.2	26.3	17.4	13.0	12.0	3.6	1,027	211	21%	7%
EPAY	Bottomline Technologies (de), Inc.	27.81	1,078	1,095	nm	19.4	15.4	24.9	15.4	13.1	3.3	327	44	13%	-4%
BR	Broadridge Financial Solutions, Inc.	50.01	5,995	6,314	23.8	19.2	16.9	12.0	10.2	9.3	2.4	2,651	530	20%	10%
CDK	CDK Global, Inc.	53.98	8,654	9,291	46.1	37.7	29.1	20.6	18.6	15.6	4.5	2,066	451	22%	9%
DBD	Diebold, Incorporated	35.00	2,270	2,531	22.3	19.3	15.2	10.1	10.5	8.9	0.8	3,018	252	8%	3%
NCR	NCR Corporation	30.10	5,102	8,287	30.7	11.3	10.1	11.0	8.4	7.8	1.3	6,549	752	11%	3%
NTWK	NetSol Technologies, Inc.	5.15	53	59	nm	nm	nm	nm	nm	nm	1.3	45	(3)	-6%	-27%
PEGA	Pegasystems Inc.	22.89	1,752	1,527	60.2	29.9	24.4	21.1	14.4	12.3	2.5	603	72	12%	5%
XTLY	Xactly Corporation	8.59	238	249	nm	nm	nm	nm	nm	nm	3.9	64	(13)	-20%	-31%
WK	Workiva Inc.	13.83	556	490	nm	nm	nm	nm	nm	nm	4.1	120	(37)	-31%	-37%
YDLE	Yodlee, Inc.	14.44	428	360	nm	198.6	70.1	nm	37.6	23.1	3.8	94	(4)	-4%	-10%
Median			1,752	1,527	34.9	24.6	20.6	17.4	13.7	12.2	3.3	603	72	11%	3%
Content															
RATE	Bankrate, Inc.	10.49	1,090	1,233	154.6	15.6	15.0	12.3	8.6	8.4	2.2	550	100	18%	1%
CLGX	CoreLogic, Inc.	39.69	3,581	4,788	30.2	22.2	19.5	13.8	11.7	10.8	3.3	1,444	330	23%	7%
CSGP	CoStar Group Inc.	201.26	6,523	6,361	218.7	122.7	49.2	45.2	55.4	25.7	10.3	616	141	23%	5%
DNB	Dun & Bradstreet Corp.	122.00	4,396	5,754	17.8	16.3	15.2	12.6	10.9	10.2	3.4	1,676	453	27%	15%
FDS	FactSet Research Systems Inc.	162.51	6,744	6,596	29.4	26.1	23.8	18.4	17.3	15.8	6.7	984	358	36%	24%
TRU	TransUnion	25.10	4,574	7,624	nm	nm	nm	18.6	nm	nm	5.6	1,354	399	29%	0%
MRKT	Markit Ltd.	25.57	4,449	4,713	26.3	17.6	17.0	11.6	10.4	10.0	4.4	1,077	416	39%	17%
FORR	Forrester Research Inc.	36.02	649	538	62.6	32.6	25.2	16.6	17.2	12.7	1.7	314	32	10%	3%
IT	Gartner Inc.	85.78	7,122	7,505	43.8	35.7	29.0	22.6	17.9	15.4	3.7	2,046	332	16%	9%
MORN	Morningstar Inc.	79.55	3,532	3,336	43.5	26.7	23.4	14.6	13.3	12.1	4.3	769	229	30%	11%
VRSK	Verisk Analytics, Inc.	72.76	12,301	13,451	31.5	25.4	22.4	16.2	13.7	12.0	7.5	1,796	828	46%	21%
Median			4,449	5,754	37.5	25.7	22.9	16.2	13.5	12.0	4.3	1,077	332	27%	9%
Overall Solutions Median			3,556	4,731	32.0	23.2	21.4	15.5	13.0	12.0	3.5	1,002	273	20%	5%

Publicly Traded Technology Companies

Ticker	Name	6/30/15 Price	Market Cap (\$M)	Ent'p Val (\$M)	Price / Earnings			Ent'p Value / EBITDA			EV / LTM	LTM Total		LTM Margins	
					LTM	FY15E	FY16E	LTM	FY15E	FY16E	Revenue	Revenue	EBITDA	EBITDA	Net Inc.
Banking Technology															
TRAK	Dealertrack Technologies, Inc.	62.79	3,445	4,246	nm	43.2	34.1	34.3	18.9	15.7	4.5	948	115	12%	-3%
ELLI	Ellie Mae, Inc.	69.79	2,052	1,980	118.9	61.5	47.6	51.7	38.9	27.9	10.8	184	38	21%	10%
EPIQ	Epiq Systems, Inc.	16.88	629	901	224.7	18.8	16.4	16.1	8.3	7.3	2.1	436	56	13%	1%
JKHY	Jack Henry & Associates Inc.	64.70	5,240	5,265	26.2	24.2	21.5	12.4	11.7	10.6	4.3	1,238	426	34%	16%
PFMT	Performant Financial Corporation	3.24	160	192	nm	102.6	12.2	8.8	9.2	4.9	1.1	175	22	12%	-1%
Median			2,052	1,980	118.9	43.2	21.5	16.1	11.7	10.6	4.3	436	56	13%	1%
Insurance/Healthcare Technology															
ATHN	athenahealth, Inc.	114.58	4,417	4,623	nm	96.7	76.8	74.4	27.8	23.3	5.8	796	62	8%	0%
CRVL	CorVel Corporation	32.02	643	617	23.4	nm	nm	9.7	nm	nm	1.3	493	64	13%	6%
CRD.B	Crawford & Company	8.43	467	684	17.4	12.9	10.2	7.7	6.2	5.1	0.6	1,155	85	7%	2%
EBIX	Ebix Inc.	32.61	1,141	1,250	18.4	17.1	15.7	15.2	13.3	12.1	5.5	227	82	36%	29%
GWRE	Guidewire Software, Inc.	52.93	3,734	3,184	219.5	108.0	81.2	125.7	50.7	41.6	8.5	373	25	7%	5%
HMSY	HMS Holdings Corp.	17.17	1,520	1,584	107.3	29.8	21.6	18.0	13.2	10.3	3.5	449	88	20%	3%
MGLN	Magellan Health, Inc.	70.07	1,908	1,840	31.0	21.3	18.9	8.8	6.4	5.9	0.5	3,775	208	6%	2%
SLH	Solera Holdings Inc.	44.56	2,991	5,304	56.4	14.1	12.6	13.0	11.5	10.5	4.8	1,112	410	37%	5%
CSLT	Castlight Health, Inc.	8.14	763	578	nm	nm	nm	nm	nm	nm	10.9	53	(80)	-151%	-153%
CNXR	Connecture, Inc.	10.56	229	261	nm	nm	41.4	197.8	26.3	14.3	2.9	89	1	1%	-10%
HQY	HealthEquity, Inc.	32.05	1,818	1,703	140.3	110.9	77.8	66.1	45.2	32.6	17.5	97	26	26%	13%
IMPR	Imprivata, Inc.	16.36	394	320	nm	nm	nm	nm	nm	nm	3.1	103	(12)	-12%	-16%
IMS	IMS Health Holdings, Inc.	30.65	10,034	13,357	76.7	21.0	18.3	21.3	14.6	13.1	5.1	2,628	627	24%	5%
INOV	Inovalon Holdings, Inc.	27.90	4,120	3,622	58.2	50.3	40.0	27.5	22.4	18.0	9.8	370	132	36%	17%
EVH	Evolent Health, Inc.	19.50	1,150	1,222	nm	nm	nm	nm	nm	nm	10.4	118	(58)	-49%	-51%
Median			1,520	1,584	57.3	25.5	21.6	19.6	14.6	13.1	5.1	373	64	8%	3%

Publicly Traded Technology Companies

					Price / Earnings			Ent'p Value / EBITDA			EV / LTM	LTM Total		LTM Margins		
					LTM	FY15E	FY16E	LTM	FY15E	FY16E	Revenue	Revenue	EBITDA	EBITDA	Net Inc.	
Ticker	Name	6/30/15 Price	Market Cap (\$M)	Ent'p Val (\$M)												
Investment Technology																
ADVS	Advent Software, Inc.	44.21	2,329	2,507	53.5	28.6	27.0	23.7	17.9	15.7	6.2	403	106	26%	11%	
DST	DST Systems Inc.	125.98	4,623	5,024	8.2	20.5	18.5	10.5	10.9	10.5	1.8	2,768	435	16%	22%	
ENV	Envestnet, Inc.	40.43	1,427	1,364	109.4	39.7	28.4	32.0	18.0	13.1	3.7	367	43	12%	4%	
MSCI	MSCI Inc.	61.55	6,920	7,182	35.4	27.9	23.6	17.1	15.8	14.1	7.0	1,020	420	41%	24%	
Median			3,476	3,765	44.4	28.3	25.3	20.4	16.8	13.6	5.0	712	263	21%	16%	
Overall Technology Median			1,863	1,771	56.4	28.6	22.6	18.0	15.2	13.1	4.6	419	73	13%	4%	

Mercer Capital

Financial Technology
Industry Services

Mercer Capital provides financial technology companies with valuation, financial advisory, and consulting services.

Mercer Capital provides valuations for a variety of purposes including, corporate/strategic planning, transactions (fairness opinion and M&A), equity compensation (409A compliance, ESOPs, and stock option programs), and financial statement reporting (purchase price allocations, impairment testing, equity compensation). Additionally, Mercer Capital provides related financial advisory and consulting services for companies across the corporate lifecycle — from start-ups to more mature companies.

Industry Segments

- **Payments.** Those FinTech companies that facilitate and/or support the transfer of money, particularly non-cash transactions, including processors, merchant acquirers, and hardware/software companies.
- **Technology.** Those FinTech companies providing software and technology services to other financial services companies, such as banks/thrifts/credit unions, investment companies, and healthcare/insurance companies.
- **Solutions.** Those FinTech companies that assist businesses (including non-financial companies) with financial services solutions, including general outsourced solutions, payroll/administrative, and financial media/content.

Services Provided

- Valuation of financial technology companies
- Financial advisory/valuations for acquisitions and divestitures
- Valuations for purchase accounting and impairment testing
- Fairness and solvency opinions
- Litigation support for economic damages and valuation and shareholder disputes
- Consulting and board presentations for corporate and strategic planning

Contact a Mercer Capital professional to discuss your needs in confidence.

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Erickson Partners Merges with Mercer Capital



Mercer Capital, a national business valuation and financial advisory firm specializing in Corporate Valuation, Litigation Support, Financial Reporting Valuation, and Transaction Advisory Consulting, and **Erickson Partners, Inc.**, a Texas-based Valuation and Litigation Support firm, announce their merger effective July 1, 2015.

Mercer Capital, with its strong presence throughout the Southeast and Midwest, and Erickson Partners, with its strong presence in Texas and Oklahoma, are a perfect fit.

Both firms maintain the highest standards of quality for financial analysis and client service and believe deeply in hiring and developing the best professionals.

"The culture of both firms is so similar and that was important to us. The professionals of Erickson Partners are well-known in the valuation profession as some of the best and brightest. Their work product and reputation are stellar. This merger not only allows us to broaden our geographic reach but also our industry expertise," said **Matt Crow**, President of Mercer Capital.

Erickson Partners enhances Mercer Capital's broad base of industry concentrations with their exceptional history working with and knowledge of professional sports franchises and the energy sector.

"Over our 30 plus year history, Mercer Capital has developed several industry concentrations. By adding the knowledge, insight, and expertise of Don Erickson, Bryce Erickson, and the rest of the professionals of Erickson Partners, we now bring deep experience and insight to a broader range of industries than we could as separate firms," said **Chris Mercer**, CEO of Mercer Capital.

"Combining with Mercer Capital, we will now be able to offer new or expanded services that complement our existing services, as well as additional industry expertise," said **Bryce Erickson**, Managing

Director of Erickson Partners. "In addition to our sports franchise and energy industry concentrations, we will be able to offer deep industry concentrations in construction and building materials, agribusiness, manufacturing and financial institutions, which includes depository institutions, insurance companies, fintech companies, asset management firms, and PE firms."

"The combined firm will have over 40 valuation professionals positioned in five markets throughout the southwest and southeast. Such a deep bench will provide us with a tremendous opportunity to better serve the expanding needs of our clients," said **Don Erickson**, President of Erickson Partners. "Joining with Mercer Capital gives us national resources that will benefit our clients in Texas and beyond."

About Mercer Capital

Mercer Capital is a national business valuation and financial advisory firm offering corporate valuation, litigation support, financial reporting valuation, and transaction advisory consulting services to a national client base. Clients include private and public operating companies, financial institutions, asset holding companies, high-net worth families, and private equity/hedge funds.

About Erickson Partners, Inc.

Erickson Partners is a professional valuation and advisory firm specializing in business valuation, litigation support, financial investigations and strategic corporate advisory services. Founded by Don & Bryce Erickson, Erickson Partners has served large and small clients by providing complex financial and economic analysis, leading to reasonable valuation opinions that withstand scrutiny.

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COMBINING CULTURES OF EXCELLENCE

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