AP | M&A ALERT

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Target: **Coinify**   Buyer: **VOYAGER**

Voyager Digital Acquires Crypto Payments Processor, Coinify

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Transaction Overview
On August 2nd, 2021 Voyager Digital (CSE: VYGVF) announced the acquisition of Coinify for $99 million paid cash and stock.

Target: Coinify
Coinify operates a crypto payments platform, providing businesses with processing solutions including:
1. API-based payments solutions that enable merchants to accept 15 major cryptocurrencies and transaction settlement in 20 fiat currencies
2. API integrations that enable withdrawals and deposits for wallets and prepaid cards
3. Crypto trading solutions for wallet providers and individuals

The company is currently integrated with 65 payment providers globally and 40 million crypto wallets.

Coinify competes closest with BitPay, a payment technology platform that offers similar business tools for accepting secure crypto payments over a peer-to-peer network, Circle, whose payment platform recently went public via SPAC, Coinbase Commerce, Orounda, and MoonPay.

Coinify was founded in 2014 by CEO Mark Højgaard, COO Hans Henrik Hoffmeyer, and Lasse Birk Olesen, in Copenhagen, Denmark. The company has 52 employees and has raised $13.4 million to date in three rounds from SEB Venture Capital, Nordic Eye Ventures, Seed Capital, Accelerace, and PreSeed Ventures.

Buyer: Voyager
Voyager is a publicly listed cryptocurrency exchange platform that provides investors with automated execution, real-time trade data, digital wallet services, and custody services through its institutional-grade platform. Voyager was co-founded by CEO Stephen Ehrlich, who also serves as Chairman of Coinify.

Voyager Digital is currently valued at $2.3 billion and has LTM revenues of $67 million, resulting in an EV / LTM revenue multiple of 34.3x, with expectations to hit revenues of $166 million in 2021. Their stock has gained significantly with the recent appreciation of Bitcoin and is up 298% year-to-date.

Transaction Parameters
Voyager Digital will acquire Coinify for $99 million. Voyager will issue 5.1 million shares valued at approximately $79 million (8/4/2021 share price), pay $15 million in cash, and allow Coinify to retain $5.5 million in cash.

Comparable crypto payment transactions include TechX | Mobilum ($12.9mm), Nuvei | Simplex ($250mm), OBITX | Render Payment ($1.2mm), Crecom | CoinPay, Binance | Swipe, NPinvestor.com | Blockbonds ($175mm)

Strategic Rationale
The acquisition of Coinify will enable Voyager to establish themselves in the crypto payments sector. By integrating Coinify's technology, Voyager can provide payment processing services in over 15 widely exchanged cryptocurrencies and 20 fiat currencies across Europe, Asia, and the Americas. This deal will empower Voyager to meet the demands of its vastly growing user base, up 1400% this year to 1.75 million, many of whom are small to mid-sized business owners wanting access to B2B crypto payment processing.

Architect Partners' Observations
The widespread use of crypto assets to pay for goods and services is just starting to take off. In the last year, we've seen Circle go public via SPAC merger at a $4.5B enterprise value (M&A alert) and Nuvei recently being acquired by Simplex for $250mm (M&A alert).

A meaningful percentage of the world's population is "unbanked" with no easy, quick, inexpensive way to send and receive money, particularly cross-border. Coinify is attempting to provide a base infrastructure layer via API for crypto payments, similar to competitors like Circle that works to give digital payments access to this "unbanked" group. We will be watching very closely as this segment of the crypto market opportunity emerges.

Notably, this is another example of the "Acquire your Acquirer" approach to premium value M&A. Voyager's CEO had a long-standing pre-existing relationship with Coinify as the Chairman.

Sources
AP Crypto M&A Tracker
Coinify Website
Voyager Website
Crunchbase
Pitchbook