PAYMENTS, PROCESSORS, & IT SERVICES

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Darrin D. Peller
Managing Director, Senior Research Analyst
(646) 582-9310
dpeller@wolferesearch.com

Andrew Bauch, CFA, CPA
Vice President, Research
(646) 582-9312
abauch@wolferesearch.com

Conan Leon
Vice President, Research
(646) 582-9314
cleon@wolferesearch.com

Scott Wurtzel
Associate, Research
(646) 582-9313
swurtzel@wolferesearch.com

Andrew Estes
Associate, Research
(646) 582-9309
aestes@wolferesearch.com

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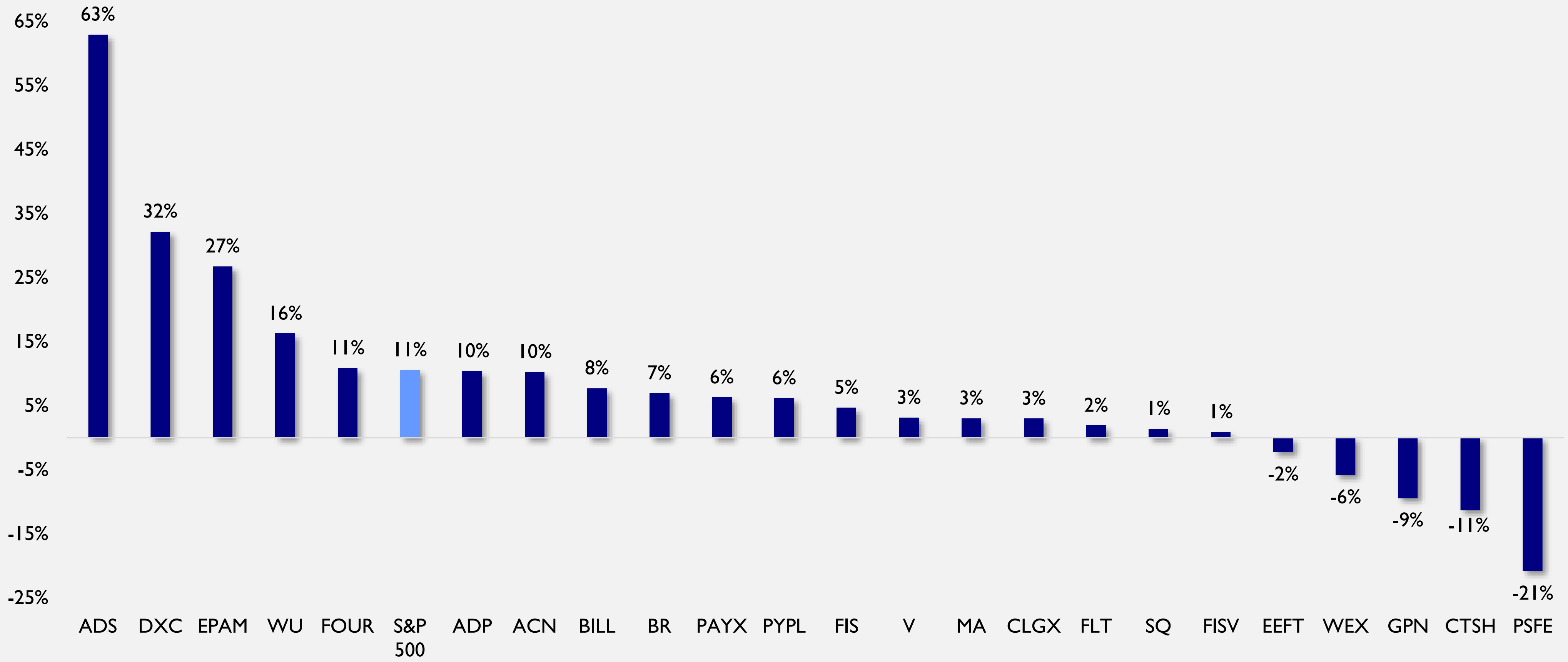
RECENT MOVES IN OUR COVERAGE

YTD PERFORMANCE



Data as of 5/11/21. Source: Company documents, Wolfe Research, Factset

VALUATION SPREAD VS. MARKET

Ticker	P/E on 2022 street estimates	Current spread to the market on 2022 street EPS	3-year historic spread to the market on NTM EPS	Pre-Pandemic 1-year historic spread on NTM EPS	Pre-Pandemic 3-year historic spread on NTM EPS
ACN	29.7x	9.9x	6.9x	7.1x	5.4x
ADP	28.3x	8.5x	9.6x	9.6x	9.5x
ADS	8.6x	-11.2x	-10.6x	-10.9x	-8.0x
BR	24.8x	5.1x	7.1x	6.5x	6.0x
CLGX	19.2x	-0.6x	-0.5x	-1.1x	0.0x
CTSH	16.5x	-3.3x	-1.3x	-1.6x	-1.0x
DXC	10.7x	-9.1x	-10.4x	-10.8x	-7.5x
EEFT	16.8x	-3.0x	2.5x	2.8x	1.0x
EPAM	47.4x	27.6x	15.1x	14.7x	10.3x
FIS	19.8x	0.1x	3.6x	4.4x	2.1x
FISV	18.0x	-1.8x	5.4x	6.9x	6.0x
FLT	19.0x	-0.8x	3.7x	5.2x	2.2x
GPN	20.7x	0.9x	6.3x	7.0x	4.7x
MA	35.3x	15.5x	15.1x	15.0x	11.8x
PAYX	29.5x	9.7x	9.2x	9.6x	8.3x
PYPL	42.4x	22.6x	16.8x	15.8x	14.8x
SQ	104.6x	84.8x	N/A	55.1x	N/A
V	30.5x	10.7x	11.6x	11.5x	9.8x
WEX	17.9x	-1.9x	3.1x	3.1x	2.9x
WU	11.1x	-8.6x	-6.0x	-5.2x	-6.2x
Median	**20.3x**	**0.5x**	**5.4x**	**6.7x**	**4.7x**
S&P 500	**19.8x**	**N/A**	**N/A**	**N/A**	**N/A**

Data as of 5/11/21. Source: Company documents, Wolfe Research, Factset. Note: BILL, FOUR, PSFE excluded

CURRENT 2022 ESTIMATES VS. PRE-COVID

	Street Ests as of 1/1/20			Street Ests as of Today				
Ticker	2022 Revenue		2022 EPS	2022 Revenue		2022 EPS	2022 Revenue (% Change)	2022 EPS (% Change)
ACN	54,379	$	9.78	54,010	$	9.70	-0.7%	-0.9%
ADP	17,802	$	8.18	16,353	$	6.88	-8.1%	-16.0%
ADS	6,548	$	24.60	4,777	$	14.09	-27.0%	-42.7%
BR	5,082	$	6.35	5,486	$	6.59	8.0%	3.8%
CLGX	1,693	$	2.73	1,772	$	4.16	4.7%	52.2%
CTSH	19,489	$	4.79	19,080	$	4.40	-2.1%	-8.1%
DXC	18,954	$	7.14	17,091	$	3.18	-9.8%	-55.4%
EEFT	3,751	$	10.20	3,512	$	8.42	-6.4%	-17.5%
EPAM	3,947	$	9.46	4,231	$	9.59	7.2%	1.4%
FIS	15,439	$	8.46	14,801	$	7.46	-4.1%	-11.8%
FISV	17,696	$	6.63	16,327	$	6.39	-7.7%	-3.5%
FLT	3,448	$	17.94	2,977	$	14.64	-13.7%	-18.4%
GPN	9,464	$	10.25	8,342	$	9.42	-11.9%	-8.1%
MA	24,815	$	12.81	21,954	$	10.43	-11.5%	-18.6%
PAYX	4,849	$	3.84	4,413	$	3.36	-9.0%	-12.5%
PYPL	28,047	$	5.07	31,324	$	5.86	11.7%	15.7%
SQ	4,155	$	1.70	5,374	$	2.11	29.3%	24.1%
V	32,873	$	8.81	29,143	$	7.39	-11.3%	-16.1%
WEX	2,221	$	13.40	2,071	$	10.70	-6.8%	-20.1%
Median	**9,464**	**$**	**8.46**	**8,342**	**$**	**7.39**	**-6.8%**	**-11.8%**
S&P 500	**12,607,462**	**$**	**196.81**	**13,315,101**	**$**	**209.87**	**5.6%**	**6.6%**

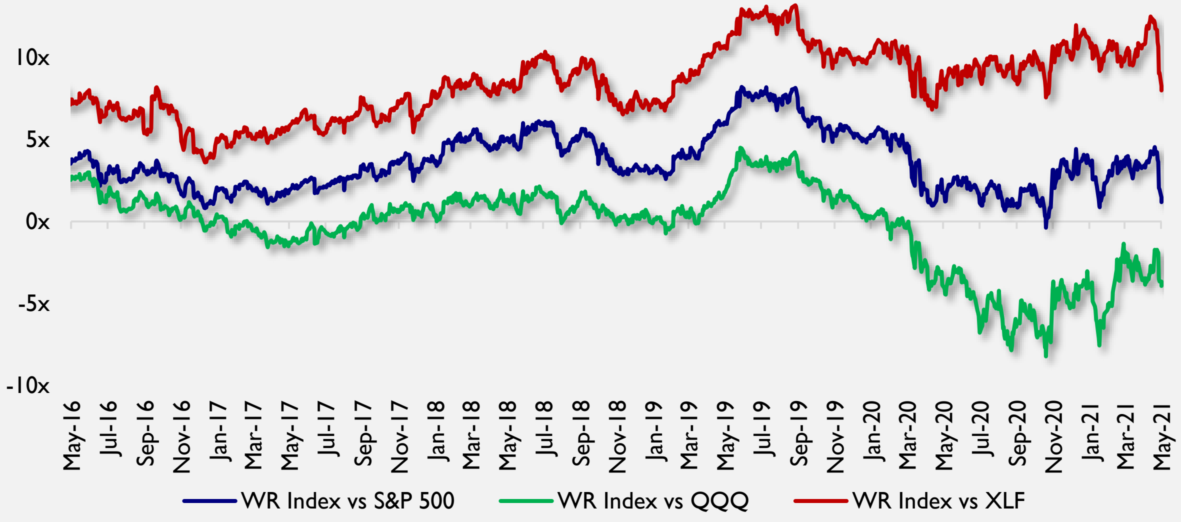
Data as of 5/11/21. Source: Company documents, Wolfe Research, Factset. Note: BILL, FOUR, PSFE excluded

RELATIVE VALUATION

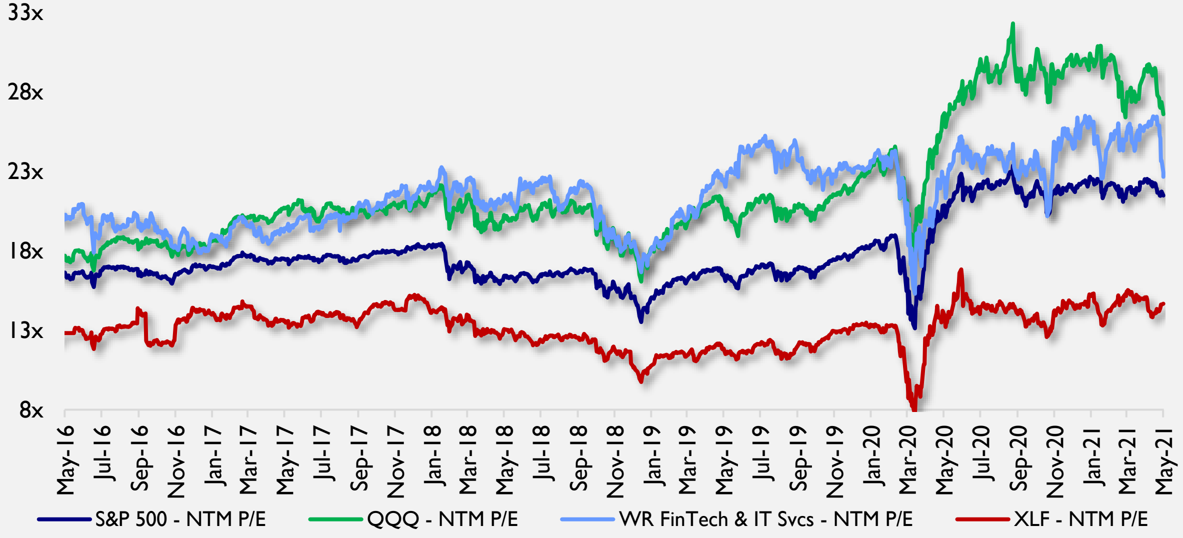
- As of this writing, the Wolfe FinTech & IT Services Index is trading at 22.9x NTM consensus EPS. which compares to the historical 1-, 3-, and 5-year median multiples of 24.3x, 23.0x, and 21.5x, respectively.
    - **Relative to the S&P 500,** our coverage is trading at a 1.7x premium to the S&P 500, which compares to the historical 1-, 3-, and 5-year median premiums of +2.3x, +6.0x, and +4.4x, respectively.
    - **Relative to the QQQ's,** our coverage is trading at a 3.5x discount, which compares to the historical 1-, 3-, and 5-year median spreads of -4.9x, +1.7x, and 0.8x, respectively.
    - **Relative to the XLF,** our coverage is trading at an 8.5x premium, which compares to the historical 1-, 3-, and 5-year median premiums of +9.9x, +10.3x, and 8.2x, respectively.

Indicies	Current Multiple	Median 3-Month	Median 1-Year	Median 3-Year	Median 5-Year	Median 10-Year	Current Spread	Median 3-Month	Median 1-Year	Median 3-Year	Median 5-Year	Median 10-Year
Wolfe FinTech & IT Services Index	22.9x	25.5x	24.3x	23.0x	21.5x	19.4x	**(Wolfe Index P/E - Corresponding Index P/E illustrated below)***					
S&P 500	21.2x	21.9x	22.0x	17.0x	17.1x	16.3x	1.7x	3.6x	2.3x	6.0x	4.4x	3.1x
Invesco QQQ Trust (QQQ)	26.5x	28.2x	29.2x	21.3x	20.6x	18.1x	-3.5x	-2.7x	-4.9x	1.7x	0.8x	1.2x
Financial Select Sector SPDR (XLF)	14.4x	14.8x	14.4x	12.7x	13.3x	12.6x	8.5x	10.7x	9.9x	10.3x	8.2x	6.7x

Wolfe FinTech & IT Services Index NTM P/E Premium (Discount) to Other Relevant Indices



Historical NTM P/E of Relevant Indicies



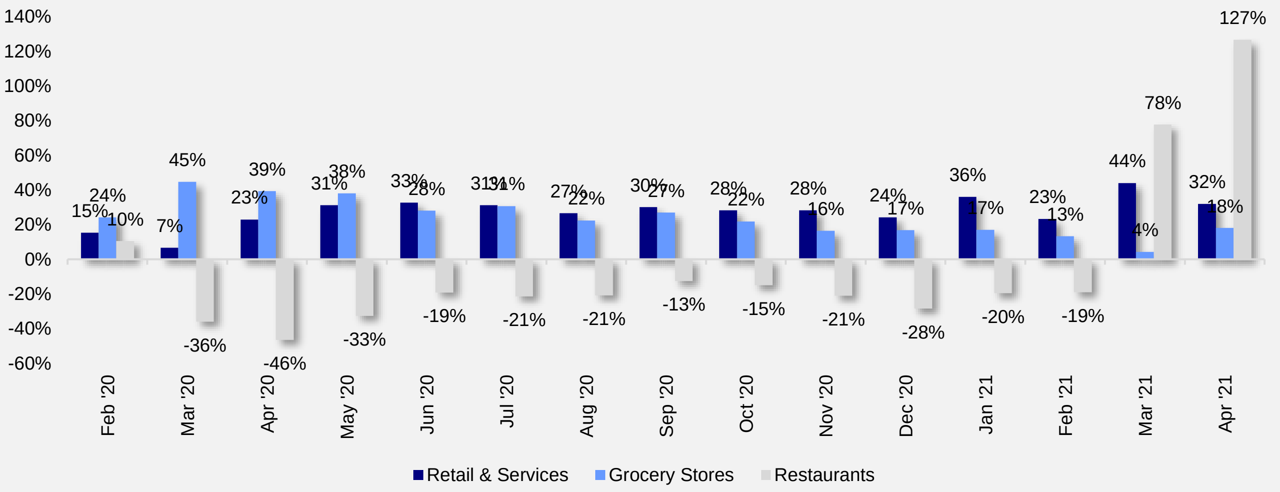
Source: Wolfe Research FactSet

KEY THEMES & TRENDS

Spend Trends by Category/Vertical

- Acceleration through 1Q; Continued improvement into April with impact from lapping pandemic compares. **V/MA showed 1Q and April volume and transaction data are tracking 20-30% higher vs. 2019 levels and April seeing 60%+ Y/Y growth**; eComm remains strong; Cx-Border challenges persist but seeing modest improvements
- **Debit vs. Credit:** Debit continued to outpace credit trends (Visa trends showed debit up 34% vs. 18% decline in credit in C1Q); in C2Q through April 21st credit is up 61% while debit is up 67% for Visa QTD; **eComm sustained** (V/MA showed CNP ex-travel U.S. Volume up roughly 30%+ and up ~20%-30% Y/Y in cx-border in C1Q QTD).
- **Cross-Border:** Travel remains depressed, but volumes (ex. Intra-Europe) see improvements in April for V/MA benefitting from lapping pandemic compares showing volumes up ~85% in April but still ~25% below 2019 levels. Travel still down ~50% for most providers which accounts for ~70% of total cx-border spend.
- **Stimulus a consideration near-term**, has driven a ~30% uplift in spend short-term. **Savings rates accelerated to ~20% in 1Q vs. ~13-14% recently and historic at 6-8%**

Average Monthly Revenue - Y/Y Change



Visa Spend Metrics	F1Q20	F2Q20	F3Q20	F4Q20	F1Q21	F2Q21	April 2020	May 2020	June 2020	July 2020	August 2020	September 2020	October 2020	November 2020	December 2020	January 2021	February (1-28) 2021	February 2021	March 2021	F3Q21 (QTD - April 21)
Global Payment Volume Growth	8%	4%	(10%)	4%	5%	11%	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
U.S. Payment Volume Growth	8%	6%	(7%)	8%	8%	18%	(18%)	(5%)	2%	8%	7%	10%	10%	6%	9%	11%	9%	4%	40%	64%
U.S. Debit Payment Volume Growth	9%	8%	8%	24%	21%	34%	(5%)	12%	17%	26%	24%	25%	24%	19%	20%	31%	22%	16%	57%	67%
U.S. Credit Payment Volume Growth	7%	4%	(21%)	(7%)	(3%)	2%	(30%)	(21%)	(12%)	(8%)	(8%)	(3%)	(3%)	(5%)	(2%)	(6%)	(4%)	(8%)	20%	61%
U.S. Payment Volume Growth - CNP ex. Travel	NA	NA	26%	34%	32%	37%	17%	30%	30%	36%	30%	33%	31%	27%	30%	35%	30%	25%	50%	38%
Cross-Border Volume Growth incl. Intra-Europe Transactions	9%	(2%)	(37%)	(29%)	(21%)	(11%)	(43%)	(35%)	(33%)	(32%)	(30%)	(26%)	(25%)	(19%)	(19%)	(21%)	(16%)	(19%)	10%	60%
Cross-Border Volume Growth excl. Intra-Europe Transactions	NA	NA	(47%)	(41%)	(33%)	(21%)	(51%)	(45%)	(45%)	(44%)	(43%)	(38%)	(37%)	(33%)	(30%)	(32%)	(26%)	(29%)	5%	63%
Cross-Border Volume Growth (ex. Intra-Europe) - CNP ex. Travel	NA	NA	17%	18%	20%	31%	10%	20%	20%	18%	15%	20%	19%	20%	20%	23%	27%	21%	38%	44%
Transactions Processed Growth	11%	7%	(13%)	3%	4%	8%	(24%)	(12%)	(3%)	1%	3%	5%	5%	3%	5%	3%	2%	(2%)	20%	58%

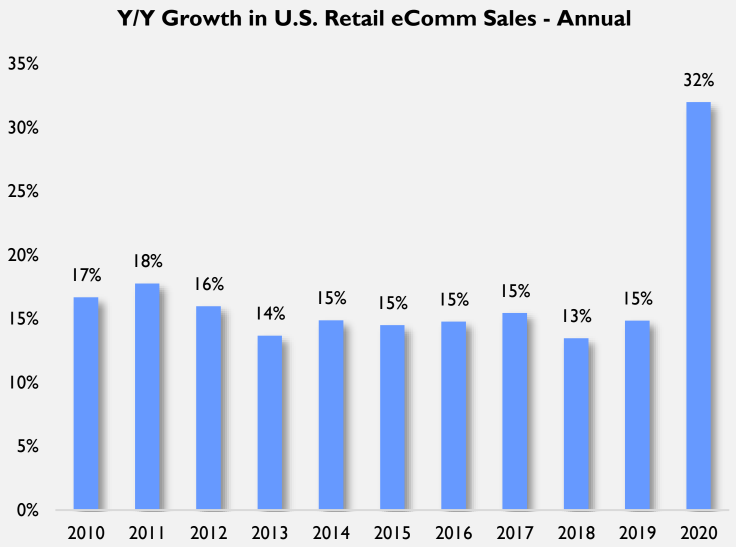
MasterCard Switched Processed Metrics	1Q20	2Q20	3Q20	4Q20	1Q21	April 2020	May 2020	June 2020	July 2020	August 2020	September 2020	October 2020	November 2020	December 2020	January 2021	February 2021	March 2021	2Q21 (QTD - Apr 21)
Total Switched Volume	NA	-12%	2%	4%	13%	-23%	-10%	-3%	2%	2%	3%	4%	4%	4%	4%	4%	30%	65%
US Processed Growth	4%	-7%	5%	6%	17%	-18%	-4%	2%	6%	4%	6%	7%	5%	5%	10%	4%	36%	63%
ROW Processed Growth	11%	-17%	0%	2%	10%	-27%	-16%	-7%	-2%	1%	0%	2%	3%	2%	-1%	4%	26%	67%
Worldwide Cross Border Volume Growth	-1%	-45%	-36%	-29%	-14%	-50%	-44%	-41%	-38%	-35%	-35%	-34%	-27%	-27%	-30%	-24%	11%	66%
Worldwide Cross Border Volume Growth (ex Intra-Europe)	NA	-54%	-49%	-41%	-20%	-59%	-53%	-51%	-51%	-49%	-46%	-45%	-39%	-40%	-37%	-29%	5%	86%
Cross Border Volume - CNP ex. Travel	NA	29%	21%	31%	39%	30%	30%	28%	21%	22%	21%	29%	35%	30%	34%	39%	44%	41%
Worldwide Processed Transactions	13%	-10%	5%	4%	9%	-20%	-9%	-2%	3%	6%	5%	6%	4%	3%	4%	2%	20%	56%

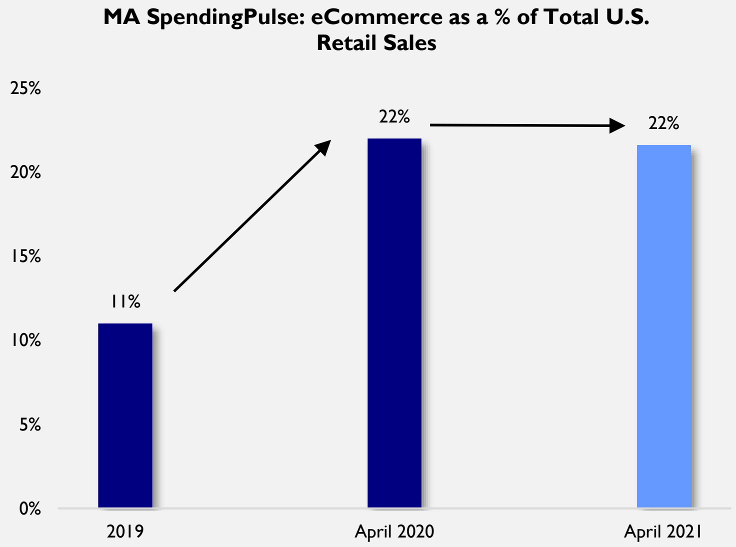
Source: Company documents, Adara, Womply, Kount, Wolfe Research estimates Note: V/MA trends estimates are derived from company charts

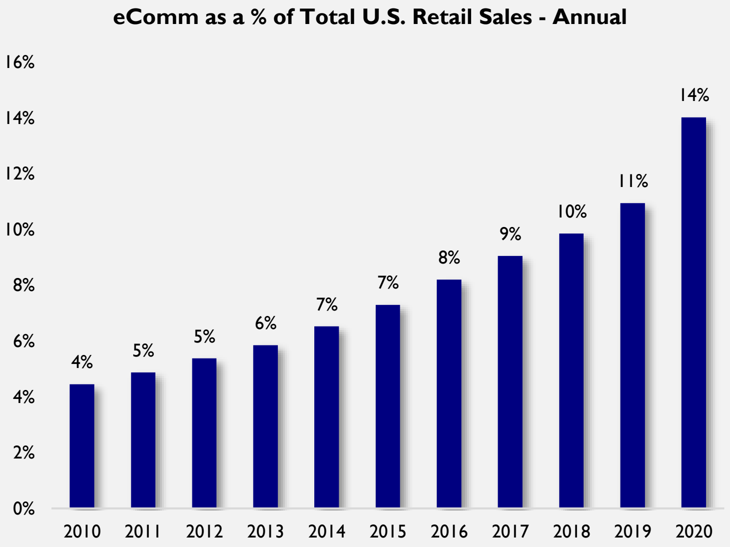
KEY THEMES & TRENDS

eCommerce Trends Remain Well Above Pre-Crisis Levels

- **While eComm spend growth appears to be moderating from peak levels in December (+16% Y/Y), U.S. Non-Store Retail Sales showed strength in Jan (+33%), Feb (+28%), and Mar (+30%) Y/Y growth.**
- **Recent V/MA data showed continued strength in CNP ex-travel up 25-35% accelerating to high-30% in C1Q and into April. MA Spending Pulse data shows online sales in February grew +55% Y/Y, +57% in March and April slowing to +20% Y/Y growth likely due to tough compares but up 96% vs. 2019 levels.**
- 1Q datapoints suggest continued strength with FIS global eComm transactions (ex-travel & airlines) growing 45% Y/Y (+25% inclusive and vs. +35% in 4Q), FISV eComm transactions up 24% Y/Y, in-line with +25% in 4Q, and GPN eComm/Omni (ex-T&E) grew 20% in 1Q vs. high-teens in 4Q Y/Y
- Per U.S. Census Bureau, YTD figures through 4Q20, eCommerce Y/Y growth was 32% versus +15% in 2019. **Similarly, eComm as a percent of total U.S. retail sales has increased by ~3ppt from 11% in 2019 to 14% in 2020.**
- **More recently, MA data showed eComm penetration remains elevated in April 2021 at 22% of total U.S. retail sales similar to April 2020 which saw a dramatic shift to online spending due to the pandemic.**





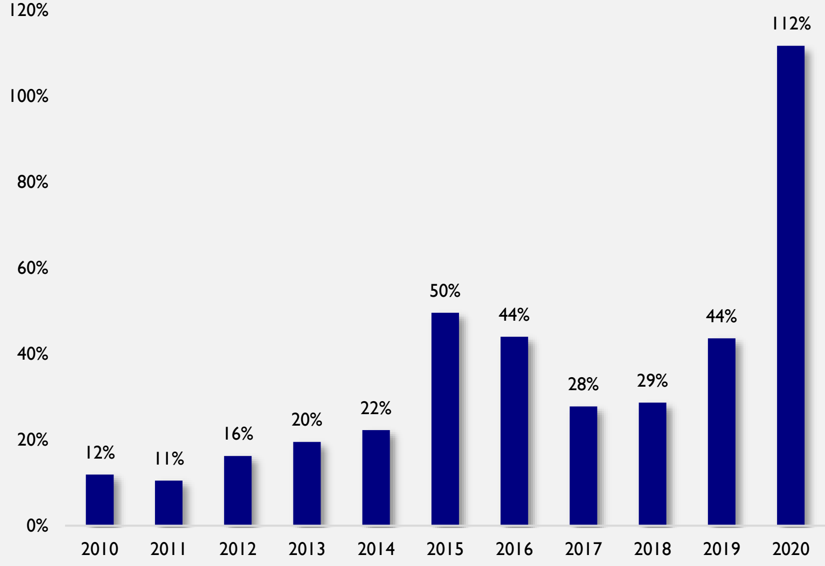


Source: Company documents, US Census Bureau, Mastercard SpeningPulse, Wolfe Research

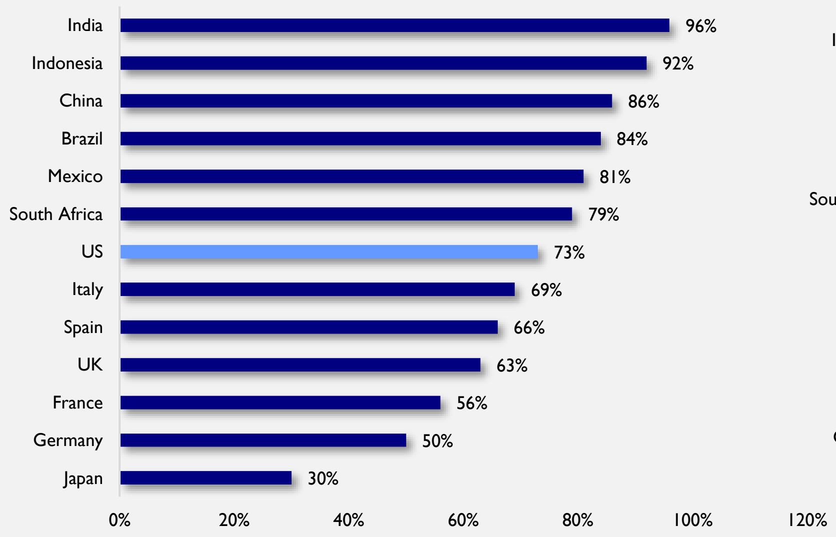
eCommerce as a Higher Share of Total Spend Here to Stay

- **From 2017-2019, Y/Y incremental eCommerce retail sales accounted for 30-40% of total U.S. incremental retail sales, which accelerated in 2020 to 112% of total U.S. incremental retail sales as more sales were done online vs. physical.**
- Recent survey by McKinsey & Co. (see below) showed that on average **70%+ of customer respondents have tried new shopping behaviors since COVID-19 underscoring recent trends of a spending shift to online.**
- **Nearly 80% of respondents, on average, indicated plan to continue with new behaviors post pandemic implying** the acceleration in eCommerce may be sustainable longer-term.

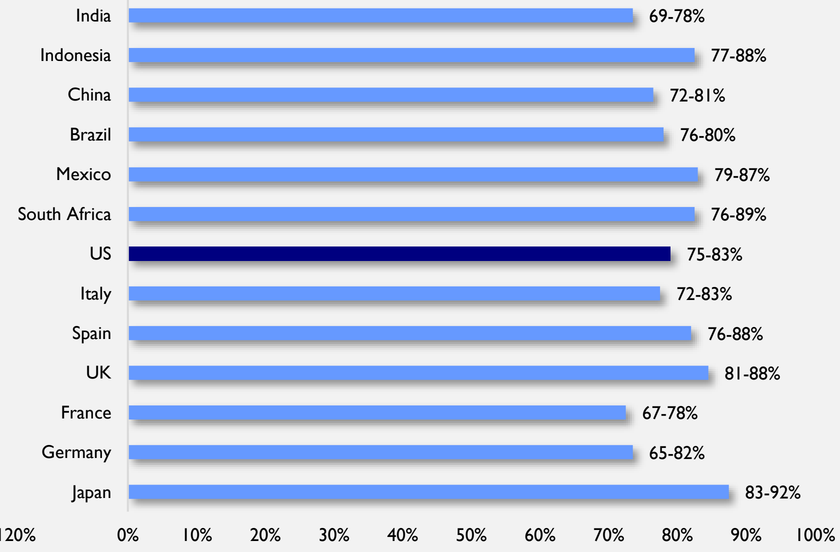
% of Y/Y Incremental eComm Sales as % of Y/Y Incremental U.S. Retail Sales



% of Customers Who Tried New Shopping Behaviors Since Pandemic



% of Customers Indicating Intent to Continue New Shopping Behaviors Post Pandemic

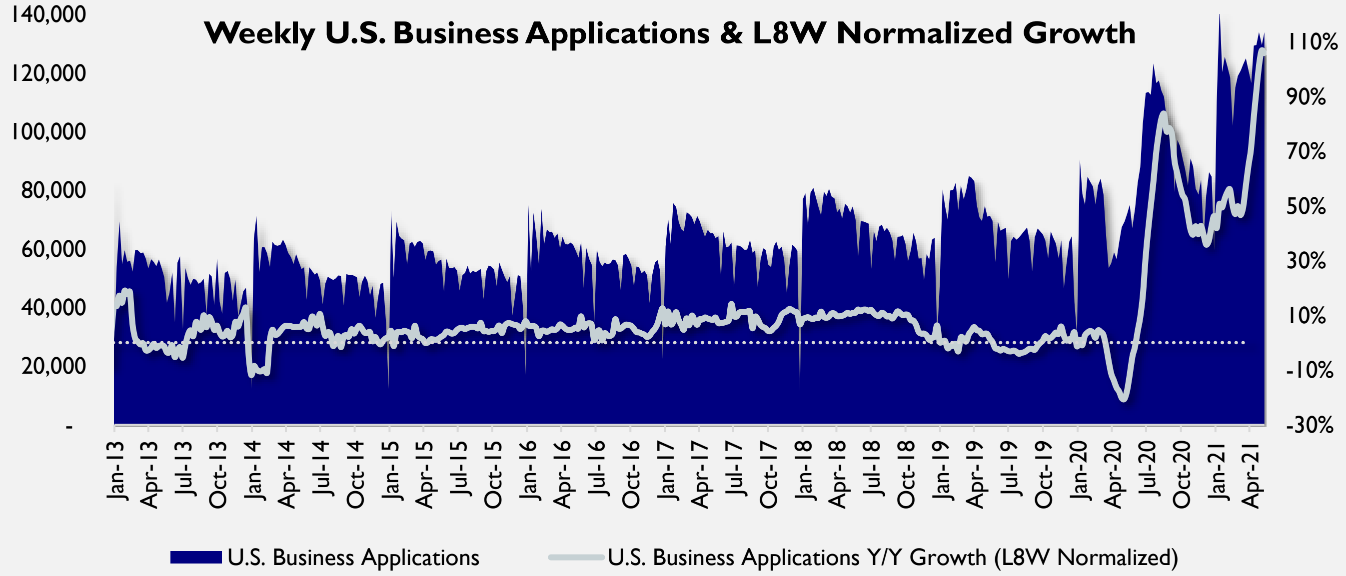


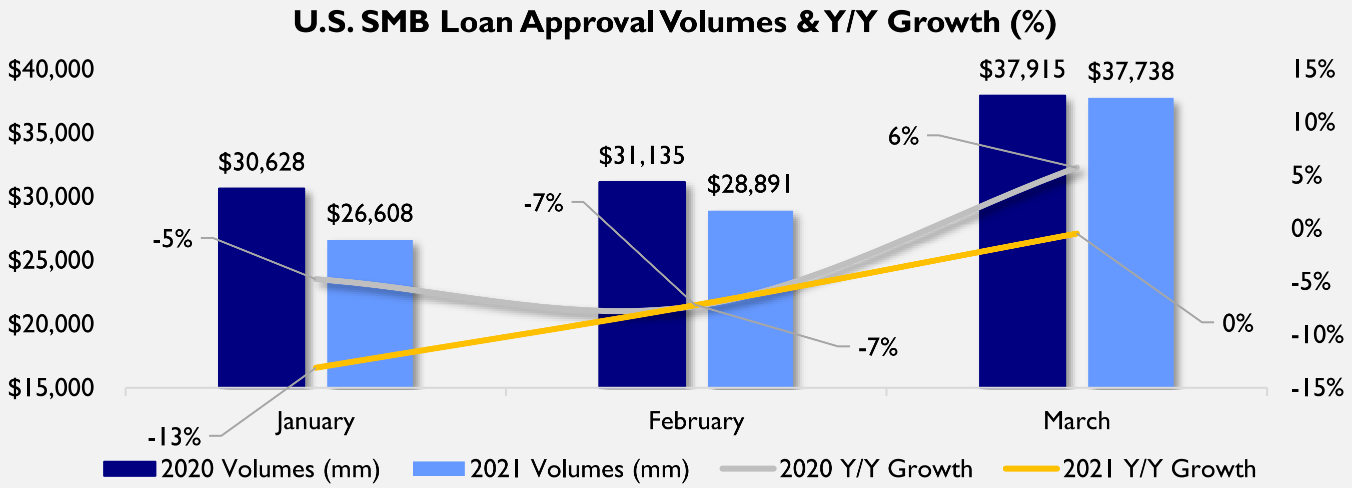
Source: Company documents, University of Chicago, US Census Bureau, Mckinsey, Wolfe Research

KEY THEMES & TRENDS

SMBs have Proven Resilient

- **While lockdowns presented unprecedented challenges for SMBs in 2020, the category has proven much more resilient than what many had anticipated, underscored by…**
- **New business applications recently exhibiting a similar spike to mid-June.**
  - According to the USCB, new business formations continues to be well above pre pandemic (~60k) and summer 2020 levels (~100k).
- **SMB's (and lenders) appear increasingly willing to tap the credit spigot.**
  - According to the SBA, U.S. SMB loan approvals inflected positive on a Y/Y basis for the first time since March 2020 and despite a positive Y/Y comp (i.e., March 2021 approvals flat Y/Y vs February 2021 down 7% Y/Y and March 2020 up 6% Y/Y).





Source: USCB; NFIB, Wolfe Research

Buy Now, Pay Later (BNPL) continues to accelerate as a payment method.

- BNPL has become an increasingly popular form of payment during the pandemic as budget-conscious consumers find it to be an attractive way to pay for goods and services. Drivers of the popularity include:
  1) no interest charges and clarity of late fees
  2) consumers looking to monitor spending
  3) the ability to borrow money without a credit check or use of a credit card
  4) the increasing number of merchants accepting the solution as a form of payment.
- The payment solution has tended to cater towards younger generations, with a survey from the The Strawhecker Group finding that 54% of those surveyed aged 18-44 had tried BNPL, while only 29% of those aged 45 older had tried it. However, our research checks have revealed that there has been an increased interest in using BNPL across almost all age groups because of the pandemic, emphasizing the broad-based interest in the solution. While popularity of BNPL has risen over the last 12-18 months, the market for it in the U.S. remains largely untapped, with 61% of consumers in the Strawhecker survey indicating that they had not yet tried BNPL yet.

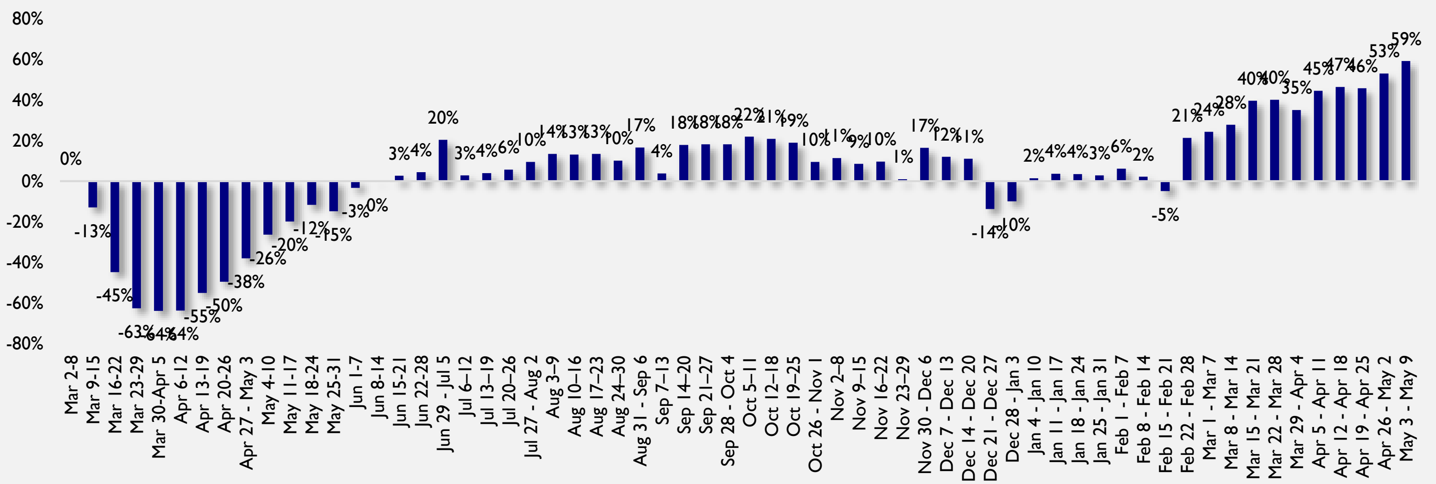
	Affirm	Afterpay	Klarna	Pay-in-4 (PYPL)	QuadPay	Sezzle	SplitIt	Katapult	Simpl	Bread (ADS)
Founded	2012	2014	2005	2020	2017	2016	2012	2014	2015	2014
Users	5.4mn *as of 3/31/21	14.6mn *as of 3/31/21	15mn * as of February 2021	3.3mn * as of 3/31/21	1.5mn	2.6mn *as of 3/31/21	500K *as of 3/31/21	1.5mn+	7mn (1.1mn active)	NA
Valuation	$13,900mn	$27,605mn	$31bn * as of February 2021	$297,511mn	$269mn * as of June 2020	$1,658mn	$336mn	$385mn	26mn in funding	$450mn
Payment Volume (Annualized)	$9.0bn * as of 3/31/21	$15.8bn * as of 3/31/21	$54bn (worldwide)	$4bn *as of 3/31/21	$900mn *as of June 2020	$1.5bn * as of 3/31/21	$328mn *as of 3/31/21	$192mn *as of 12/31/21	49mn transactions	$118mn in receivables
Merchants	11,500	85,800	5,500	330,000	3,500	34,000	2,200	150	2,500	NA
Merchant Pricing	3-5%	4-6% +$0.30	3-6% + $0.30	2.9% +$0.30	NA	6% +$0.30	1.5% + $1.50 per installment	NA	NA	NA
Public/Private	Public (AFRM)	Public (APT-ASX)	Private	Public (PYPL)	Private	Public (SZL-ASX)	Public (SPT-ASX)	Public (FSRV)	Private	Public (ADS)

Note: Klarna users and merchants represent U.S. only (company does not disclose U.S. payment volume), Pay-in-4 valuation is consolidated PYPL while users, volume, and merchants are for Pay-in-4 disclosed in 1Q21 earnings release, QuadPay metrics are as of time of announced acquisition by Zip. Bread valuation represents acquisition price paid by ADS. Public valuations as of 5/11/21
Source: Company documents, eMarketer, Wolfe Research

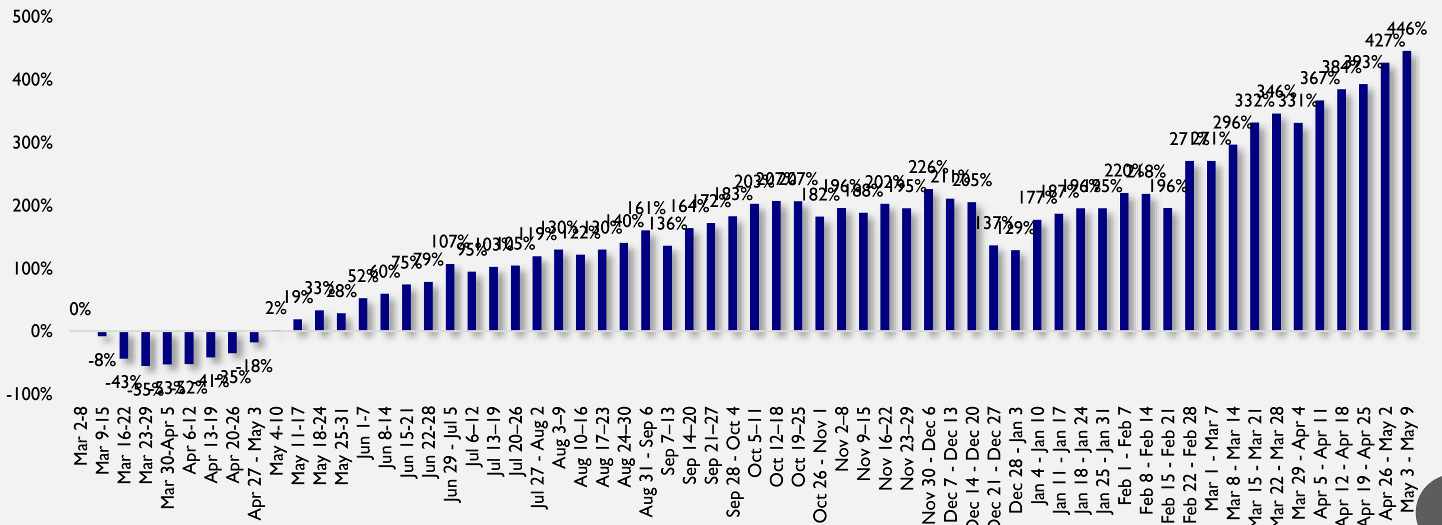
KEY THEMES & TRENDS

- **Contactless Payments**
  - We see an acceleration to adoption of contactless payments due to change in consumer behavior from the impact of COVID-19 both in the U.S. and internationally. Tap-to-pay implementations have driven a ~15-20% card transaction lift in mature markets (per Visa).
  - **Specifically, companies have recently called out accelerating trends including:**
    - Visa adding more than 125mn contactless cards in 2020 and further reaching 300mn tap-to-pay cards in the U.S. as of C4Q.
    - MA noting contactless penetration represented 41% of in-person transactions globally in 3Q, up from 30% a year ago. In 4Q, MA noted strong acceleration of contactless in 2020, as more than 80 markets grew contactless penetration as a percentage of in-person transactions by at least 10%.
    - V noted contactless penetration now represents almost two-thirds of all F2F transactions globally excluding the U.S. where penetration is in the high-single digit range but fourth largest country in number of tap-to-pay transactions.
  - **CardFlight data showed that the amount of in-person transactions paid for with an EMV chip card has improved to 45%+ higher than pre-COVID levels (first week of March) in Mar to early May compared to contactless transactions which are up 400%+ vs. pre-COVID levels in April/May on average.**
  - Per a recent FIS survey, 31% of survey respondents said they would use contactless or mobile wallet payments instead of cash and checks in the aftermath of COVID-19.

Small Business Dipped (EMV Chip) Payment Trxns (% Change vs. Pre-COVID Baseline Week of March 2 - 8)



Small Business Tapped (Contactless) Payment Trxns (% Change vs. Pre-COVID Baseline Week of March 2 - 8)

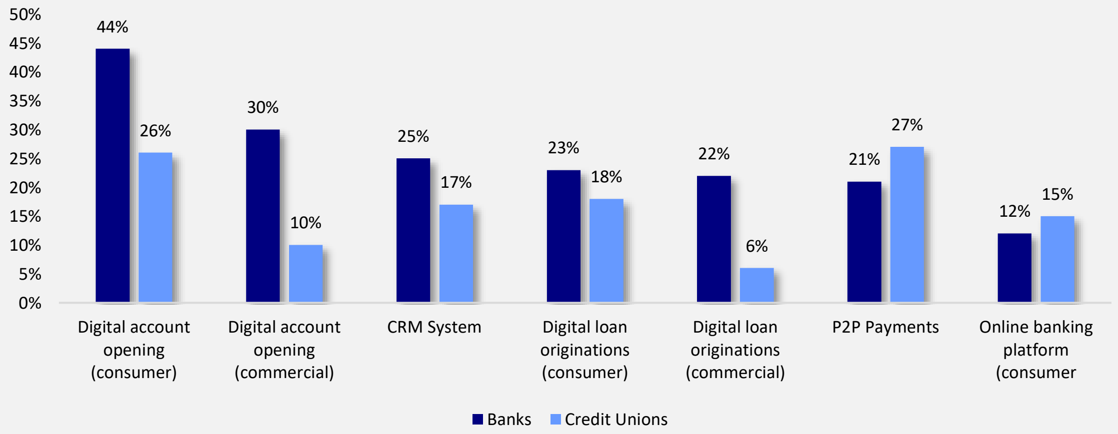


Source: Company documents, Visa Investor Day, FIS Survey, CardFlight data, Wolfe Research

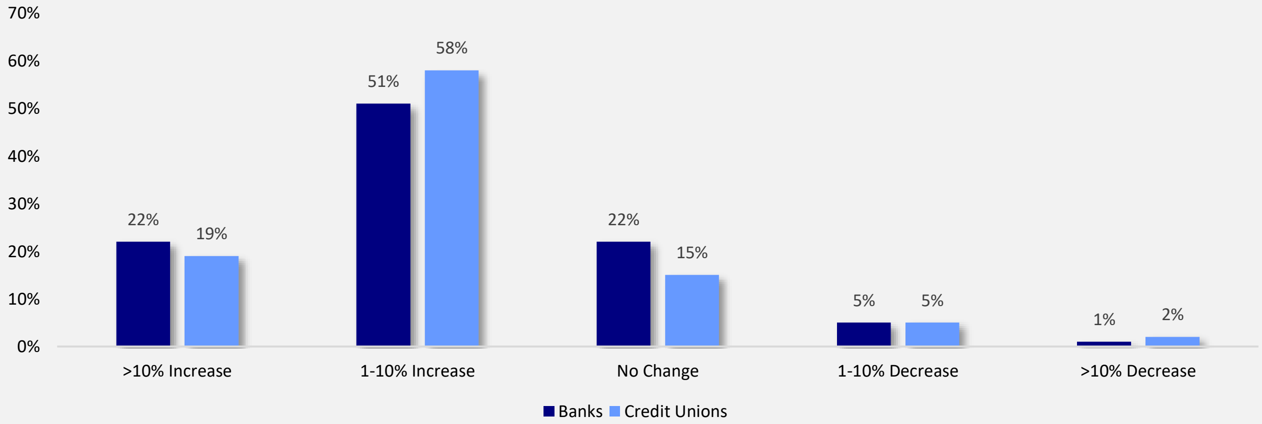
Bank Technology Spending Increased for Most Despite Potential COVID Headwinds

- Our industry checks suggest that spend levels on digital will remain at the same levels or even accelerate as community banks and smaller regional banks focus on digital and invest to compete with ongoing threats from new entrants.
- Despite initial fears surrounding banks' ability to spend in areas such as technology during the pandemic due to concern surrounding higher charge-offs and lower interest income from falling rates, our research checks suggest that bank spending has already reached pre-pandemic levels earlier this year, with Cornerstone Advisors finding in their recent survey (conducted in December 2020) that 73% of banks and 77% of credit unions indicated that they planned to increase their technology spending in 2021, with 22% of banks and 19% of credit unions planning to increase technology spending by greater than 10%.
- When looking at specific areas to improve/replace technology, the survey found that digital account opening was the most popular choice for banks, with 44% and 30% saying they would want to replace consumer and commercial account opening platforms, respectively. When looking at credit unions, the most popular choices were P2P payments (27%) and consumer digital account opening (26%).

Bank and Credit Union Top Technology Replacement Objectives



Expected Change in Technology Spending, by Bank Size

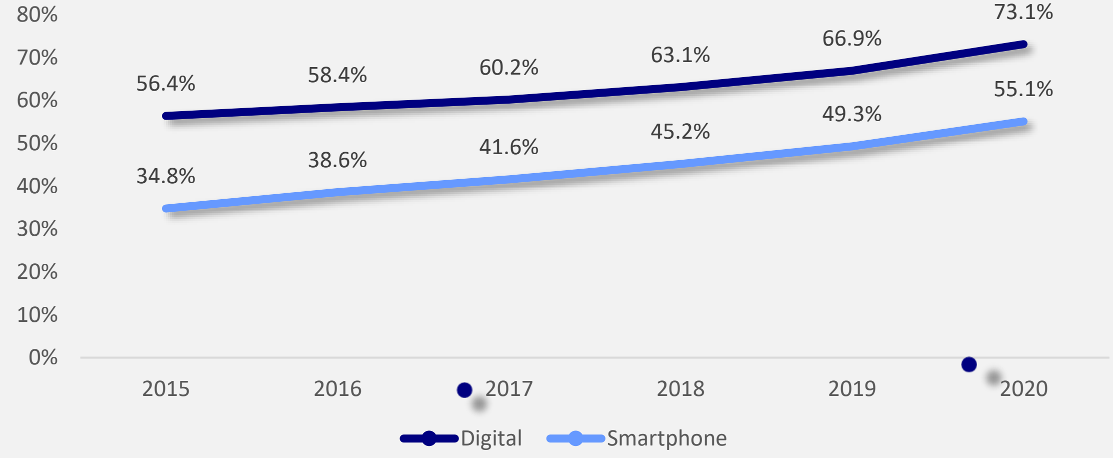


Source: Cornerstone Advisors, Wolfe Research

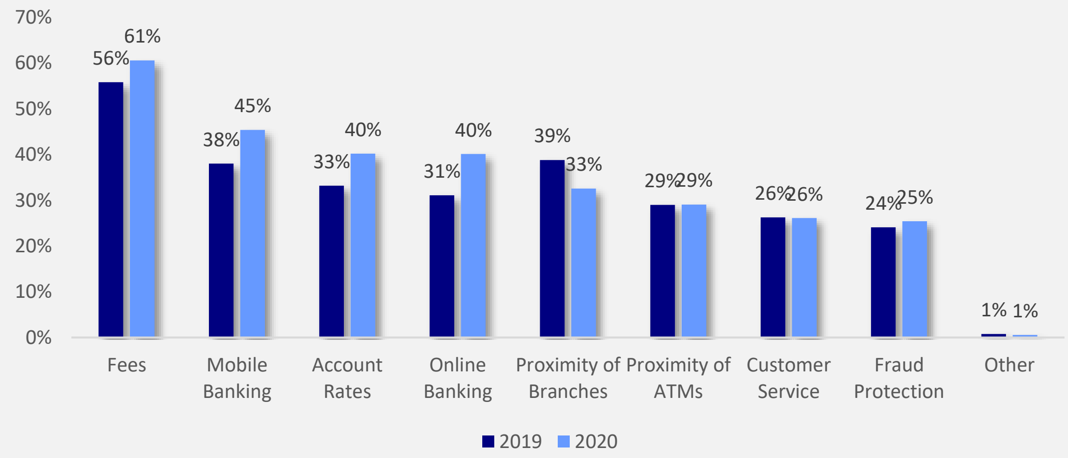
Challenger Bank Momentum to Continue in 2021

- Challenger banks have risen in popularity due to attractive value propositions to consumers such as: 1) lower account fees, early-access to direct deposits, 3) offering dynamic user interfaces, 4) higher customer LTVs, and 5) a material set of offerings attached to these apps/accounts that many banks do not offer.
- Our checks suggest that customer acquisition costs for digital wallets/banks range from $5 to $10 for companies like SQ and Dave, respectively, and ~$20-30 at some other challenger banks versus traditional banks that may have CAC approaching $100.
- These banks appeal to underbanked/unbanked populations as they have little/no fees and are willing to open accounts for customers with little to no credit history. These banks tend to offer a more digital-focused experience, which lends itself to younger generations.
- When asked about user preferences, 45% of respondents in US Mobile Banking Competitive Edge Study (conducted between August-September 2020) said mobile banking was a top 3 factor in bank selection, up from 38% in 2019. Banking fees, an aspect that many challenger banks use to differentiate themselves from traditional banks, was the most popular choice at 61%, up from 56% in 2019.

Digital and Smartphone Banking Adoption Rates



Top Three Factors in Bank Selection



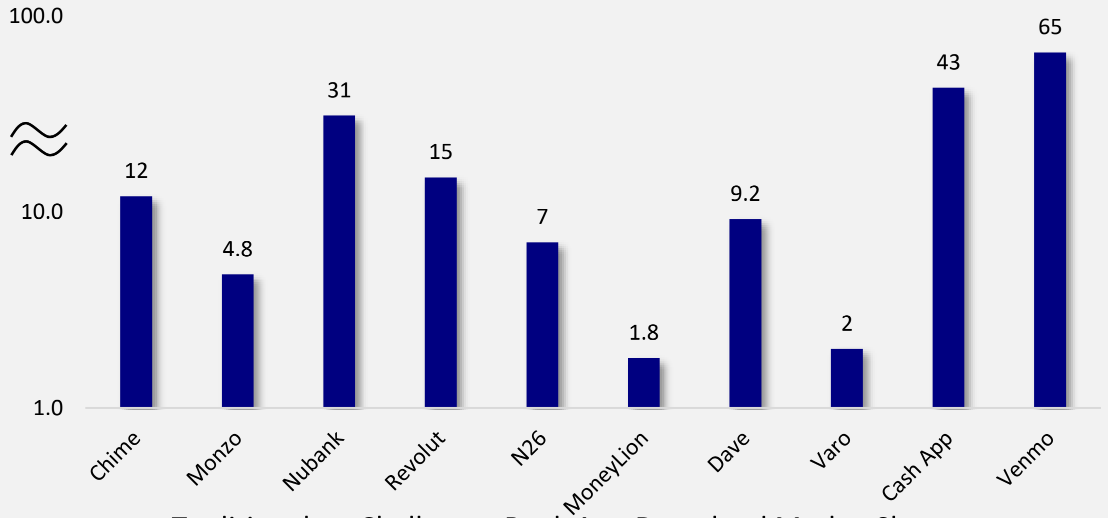
Source: eMarketer, Insider Intelligence US Mobile Competitive Edge Study, Wolfe Research

KEY THEMES & TRENDS

Challenger Bank Momentum to Continue in 2021

- Looking back at 2020, challenger bank trends have been characterized by growing valuations and expanding users bases. Institutions like Chime, Monzo, N26, MoneyLion, and Revolut have been assigned billion-dollar valuations in funding rounds and have generated strong user growth numbers given the large addressable market. We believe the following trends are going to be most prevalent for challenger banks in 2021:
    - **User Growth:** We believe that the large addressable market for challenger banks will continue to aid in user growth in 2021. Our checks suggest that the amount of financially vulnerable (unbanked and underbanked customers) in the U.S. stands at ~180mn, with 55mn of those being unbanked, giving challenger banks significant room to gain share among banking users in the near future.
    - **Expanding Product Offerings:** While we do not expect challenger banks to change their marketing approach in terms of the types of consumers they go after, it is possible these institutions expand offerings into areas such as credit, investing, and insurance to stay competitive in the space
    - **Applying for Bank Charters:** In 2020, we saw Varo become an early challenger bank to obtain a national bank charter, while U.K.-based Monzo applied for a license in April. A national bank charter would allow challenger banks to directly take deposits and have access to the U.S. payments system and offer products like short-term loans, credit cards, and home financing without having to go through their partner bank. Despite the increased autonomy, challenger banks would be subject to increased regulation if they obtain a national bank charter.

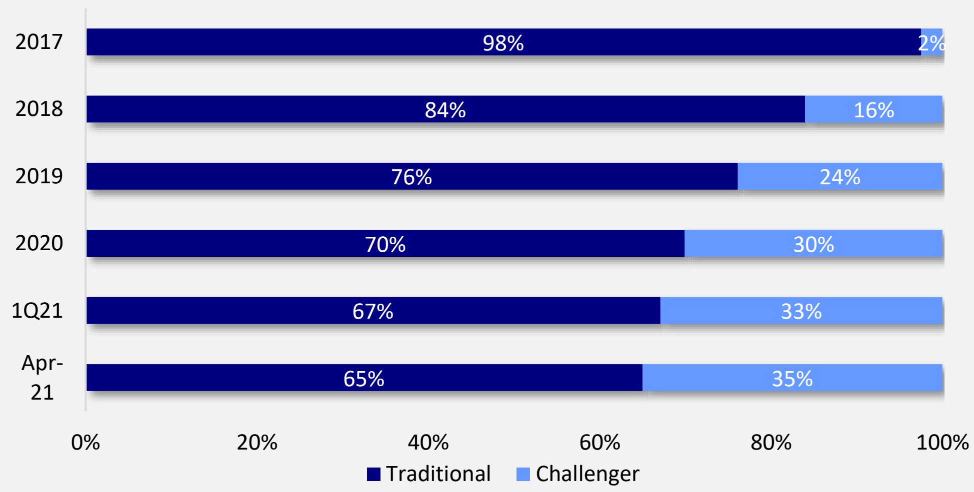
Digital Bank User Comparison



Digital Bank Comparison Analysis

	Chime	Dave	MoneyLion	N26	Revolut	SQ Cash App	Venmo
Founded	2013	2016	2013	2013	2015	2013	2009
Users	12mn *as of February 2021	9.2mn members *As of December 2020	1.8mn *As of March 2021	7mn *as of January 2021	~15mn *as of March 2021	~43mn (estimated monthly actives) as of 1Q21	~65mn
Valuation	$14.5bn *as of Sept. 2020	$1.2bn *as of September 2019	$2.4bn *as of February 2021	$3.5bn *as of May 2020	$5.5bn *as of July 2020	N/A	N/A
Revenue	~$400mn+ LTM *revenue in 2019 was $200 million - 200% growth	N/A	$126 mn (1Q21 run rate) *revenue in 2020 was $76mn - 66% growth	$89mn (2019) *revenue in 2018 was $49mn - 82% growth	$204mn (2019) *revenue in 2018 was $73mn - 180% growth	~$2bn annualized gross profit	+$900mm (expected in 2021)
Revenue/User	$25-50	N/A	$70	$13	$17	~$50 (per monthly actives)	$14 (per total actives)
P2P Platform	Pay Friends	N/A	N/A	MoneyBeam	Revolut	Cash App	Venmo
Public/Private	Private	Private	Private	Private	Private	Public (SQ)	Public (PYPL)

Traditional vs. Challenger Bank App Download Market Share



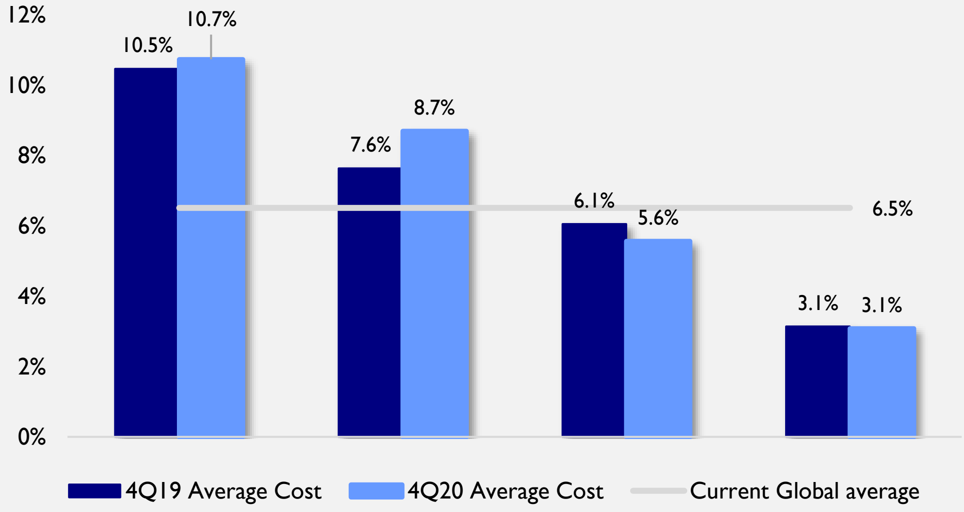
Source: Wolfe Research Estimates, Reuters, Forbes, TechCrunch, Business Insider, CNBC, Pymnts, Craft, Sensor Tower, Company Documents

KEY THEMES & TRENDS

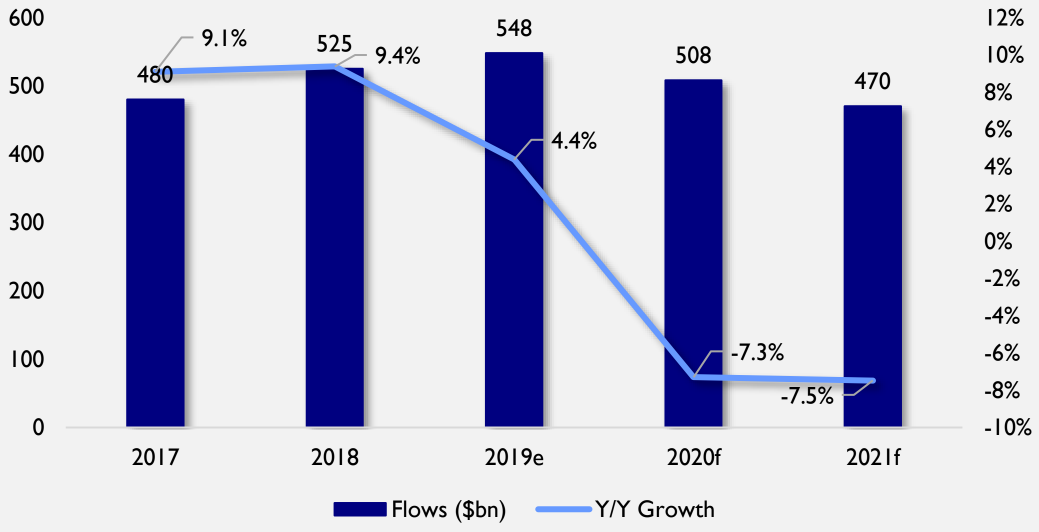
Money Transfer Goes Digital, Accelerating Market Share Moves

- **Industry thoughts**: We continue to believe major MTOs and digital players are gaining market share from single corridor players and/or banks/post offices (est. ~2/3 of the ~$700bn market), underscored by the delta between the World Bank's 2020 forecast (as of October) calling for volumes to be down ~7% Y/Y (**see right exhibit**) vs. positive principal growth in 2020 and 1Q21 for WU/EEFT and others. We also believe the wide margin between bank and money transfer pricing (**see left exhibit**) as well as the increasingly trustworthy/user-friendly experience offered by digitally enabled providers will continue to drive market share away from legacy bank services.
- **Recent trends:** Following an inflection in 2Q20, we note stabilization in the percent of digital transactions compared to overall transactions while momentum in digital trx/revenue growth has continued through 1Q21. We also note that the principal per transaction has increased across the industry, which we attribute to more up-market customers using formal money transfer methods, potentially as a result of COVID-19 travel restrictions, and we believe this may prove to be a sticky behavior longer term.
  - **WU (Y/Y): 2Q:** Digital trx +96%; Overall trx -7.5% | **3Q**: Digital trx +96%; Overall trx +6% | **4Q:** Digital trx +83%; Overall trx +6% **1Q21:** Digital trx +77%; Overall trx +9% |
  - **EEFT (Y/Y): 2Q:** Digital trx +98%; Overall trx -11% | **3Q:** Digital trx +126%; Overall trx +5% | **4Q:** Digital trx +131%: Overall trx +9% **1Q21:** Digital trx +125%; Overall trx +14%
  - **MGI (Y/Y): 2Q:** Digital trx +106%; Overall trx est. dwn HSD-LDD; | **3Q:** Digital trx +106%; Overall trx +10% | **4Q:** Digital trx: +94%; Overall trx +10% **1Q21**: Digital trx +86%; Overall trx +14%

Cost as a % of Principal



WB Low/Middle Income Nation Volume Forecast

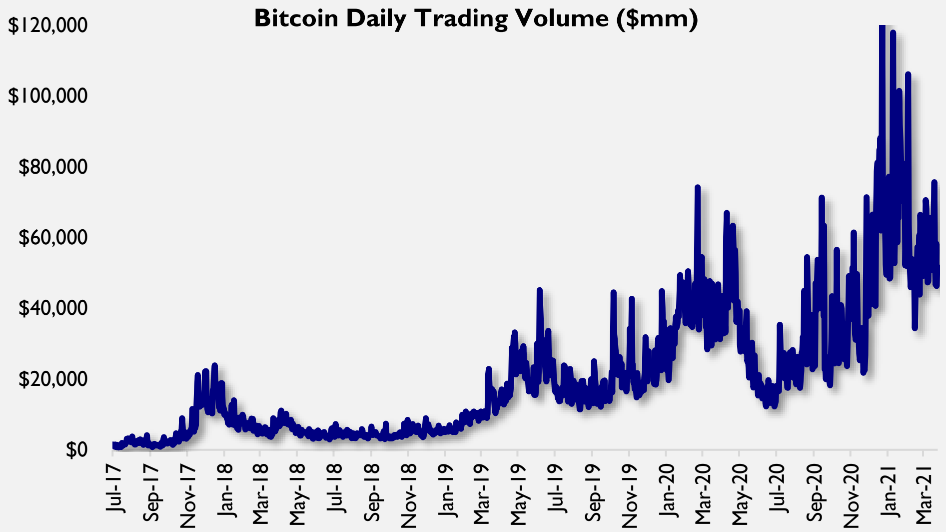


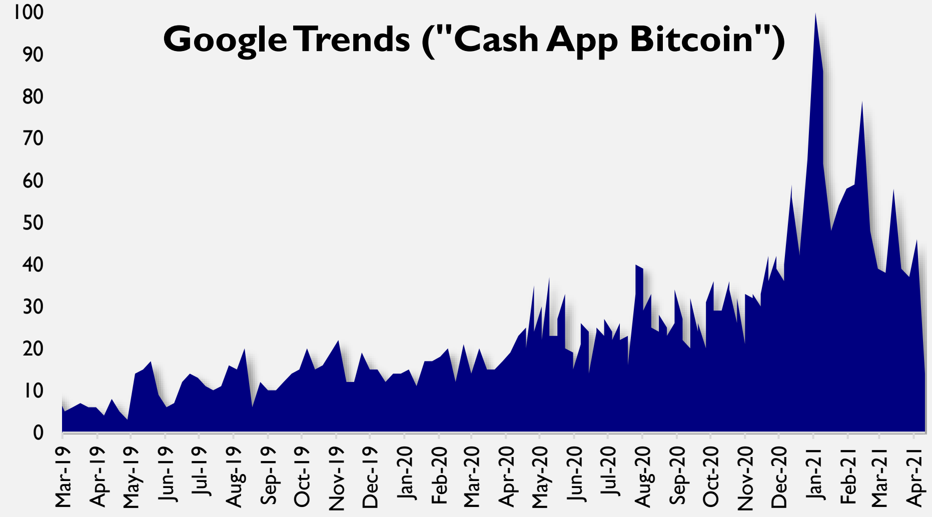
Source: Company documents, World Bank, Wolfe Research

KEY THEMES & TRENDS

Crypto industry has become mainstream underscored by institutional adoption, payment co. offerings, premier crypto-oriented IPO's and surging crypto markets.

- **Crypto's resurgence has been significantly stronger and longer amid this cycle vs 2017-18.** BTCs current trading price of ~$60k per BTC is up ~9x since 4/18. Additionally, this cycle has featured significantly higher volumes, with today's ADV up ~10x since 4/18.
- **Institutions are also to beginning to meaningfully participate.** Leading crypto investment firm Grayscale recently announced an incremental $3.3B in funds raised in 4Q20, bringing the total AUM across Grayscale investment vehicles to over $20B.
- **In addition to crypto exchange Coinbase, PYPL and SQ have been key to mainstreaming cryptocurrencies through in-app crypto trading.** For PYPL and SQ, while crypto is largely immaterial to overall growth, the offering has proven to be an attractive engagement mechanism, as users check their prices multiple times daily and ultimately keep the net profits in the wallet.
- **PYPL and SQ generate ~2% margin on trading activity.** That said, we believe the more compelling oppty to PYPL and crypto will be the Company's initiative to enable consumers to use crypto as a funding mechanism at any of PYPL's 28mm merchants (launched 1Q21).





Source: coinmarketcap.com, Grayscale, Google, Wolfe Research

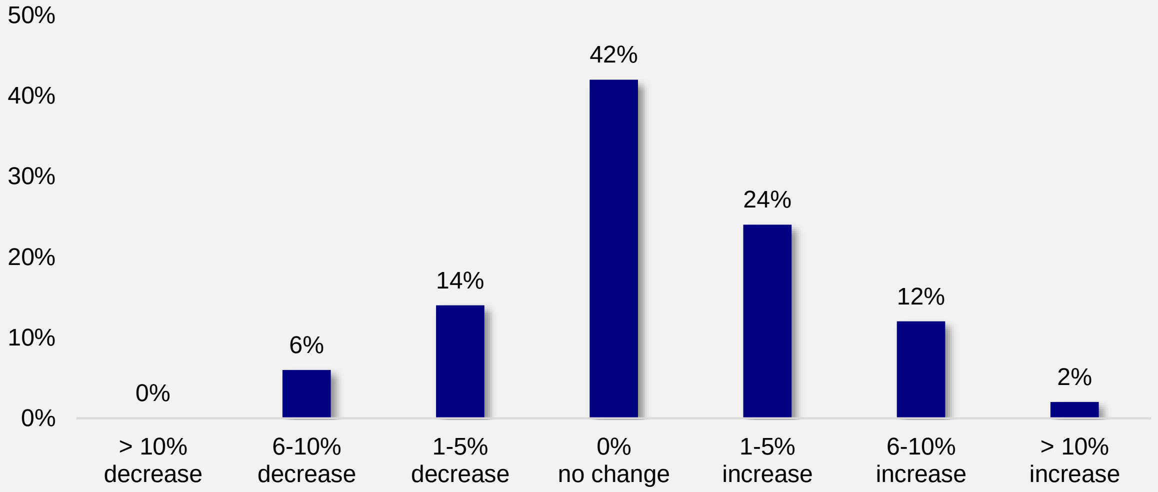
KEY THEMES & TRENDS

WOLFE RESEARCH

IT Services Demand & Spend Better than Pre-Pandemic

- 1Q21 revenue and bookings trends (CTSH, EPAM) continued to underscore an elevated demand for IT services seen across the industry, despite an initial slowdown at the onset of the pandemic.
- We believe client spending levels across digital and cloud services specifically may be permanently elevated vs. the pre-COVID trajectory.
- Accordingly, the Wolfe CIO survey showed that 38% of CIOs suggested they plan to increase their IT Services budget vs. pre-COVID levels while only 20% indicated they plan to decrease 2021 IT Services spending vs. 2019.
- Survey results suggested cloud, security, analytics, remote workplace tools, and automation are among CIOs' highest priorities over the next 2 years.
- Wolfe's CIO survey results are also in-line with ACN's findings, and we cite ACN's prior surveys in which 80% of executives indicated they plan to invest in digital transformation in July 2020 vs. 50% in a similar survey in May.

Please indicate the percent you plan to increase/decrease IT Services spend (vendor ex: Accenture, Cognizant, DXC, etc.) in 2021 relative to pre-pandemic levels (2019).

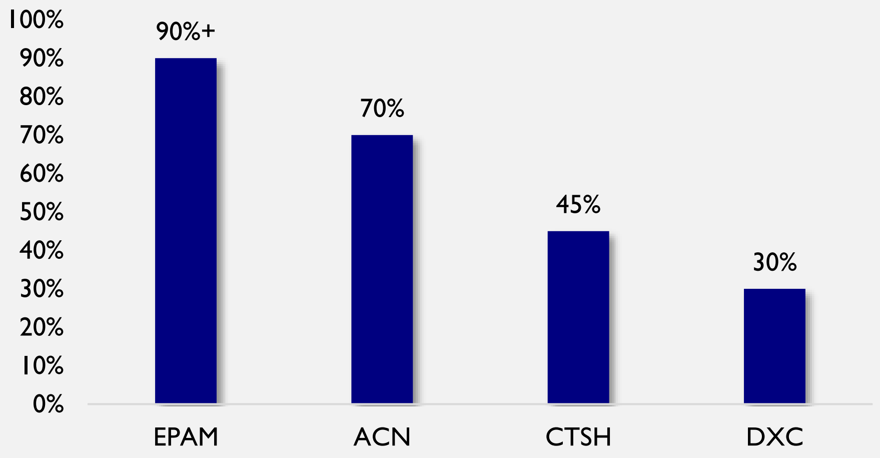


Source: Company data, Wolfe 2021 CIO Survey, Wolfe Research

Digital Trends Remain Elevated for IT Services Names

- We estimate 'digital' revenue mix for EPAM (90%+), ACN (~70%), CTSH (~45%), and DXC (~30%), although revenues accounted for as cloud/digital may vary across our coverage.
- EPAM (est. 90%+ cloud/digital) top-line digital growth jumped to ~20% Y/Y and reported stronger trends among higher value digital offerings relative to company average growth.
- CTSH (est. 45% cloud/digital) top-line digital growth persisted in the low DD range.
- **Supply Side & Elevated Attrition an Ongoing Challenge:** As trends continue to be positive with demand exceeding supply, companies in our coverage are focusing on optimizing utilization and curbing attrition in order to capture elevated demand (higher than anticipated levels relative to midpoint of the pandemic).
- CTSH mgmt has suggested that clients are increasingly looking to consolidate IT Services contracts among fewer vendors, which we see as a potential structural advantage for the companies in our coverage given their full-stack capabilities vs. smaller competitors.

Estimated 'Digital' Revenue Mix Across Our IT Services Coverage Universe



Utilization	2018	2019	C1Q20	C2Q20	C3Q20	C4Q20	C1Q21
ACN	91%	91%	91%	88%	90%	93%	94%
CTSH on-site	93%	92%	91%	91%	93%	91%	92%
CTSH off-shore	83%	84%	83%	80%	85%	87%	85%
EPAM	78%	78%	80%	84%	78%	78%	81%

Attrition	2018	2019	C1Q20	C2Q20	C3Q20	C4Q20	C1Q21
ACN	15%	17%	14%	11%	7%	9%	12%
CTSH	21%	22%	22%	24%	18%	19%	21%
EPAM	*Comments suggested <15% but seeing elevation*						

Source: Company data, Wolfe Research

STOCK SPECIFIC OUTLOOK

VISA (V)

RATING: **OUTPERFORM** PRICE TARGET: **$275**

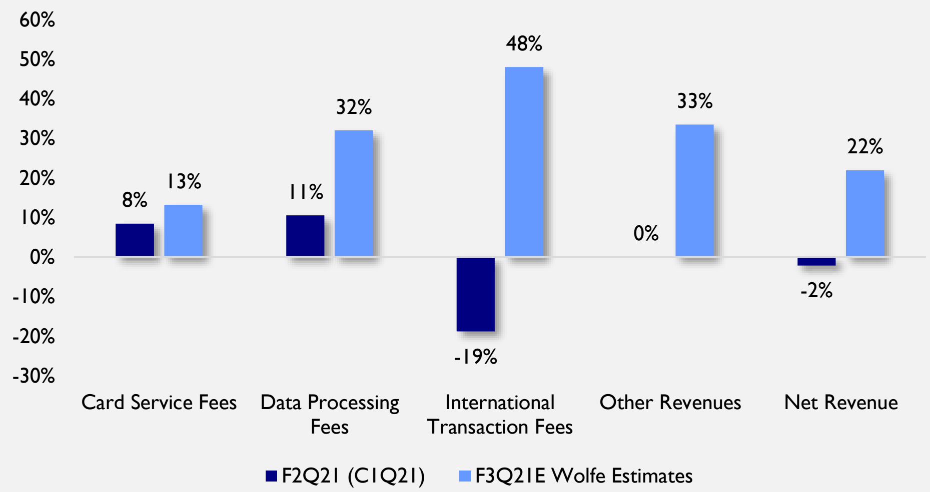
- **F2Q Recap: Visa's F2Q/C1Q results were better-than-expected as reported revenue and EPS came in above expectations (EPS beat of ~9%) driven by better Card Service and Data Processing Fees (strength in underlying volume and transactions), a notable improvement of 1,200bps in cx-border volumes excluding intra-Europe (albeit helped by the lapping of pandemic compares), better incentives, and lower taxes.**

- **April Trends:** Through April 21st trends showed: **1) Processed transactions** were up 58% Y/Y and 16% higher versus 2019 levels which was consistent with F2Q; **2) Cross-border volume (ex. Intra-Europe)** was up 63% CC Y/Y and at 78% of 2019 levels in April, 3ppt higher than F2Q and 1ppt higher than March (77% of 2019 levels); **3) Cx-border (ex. Intra-Europe) CNP ex-travel** continues to be a bright spot up 40%+ Y/Y in April; **4) U.S. payments volume** was up 64% Y/Y through the first three weeks of April with **U.S. debit** up 67% Y/Y and **credit** up 61% Y/Y, representing levels 29%, 51%, and 9% higher than 2019 levels, respectively, and consistent with March trends.

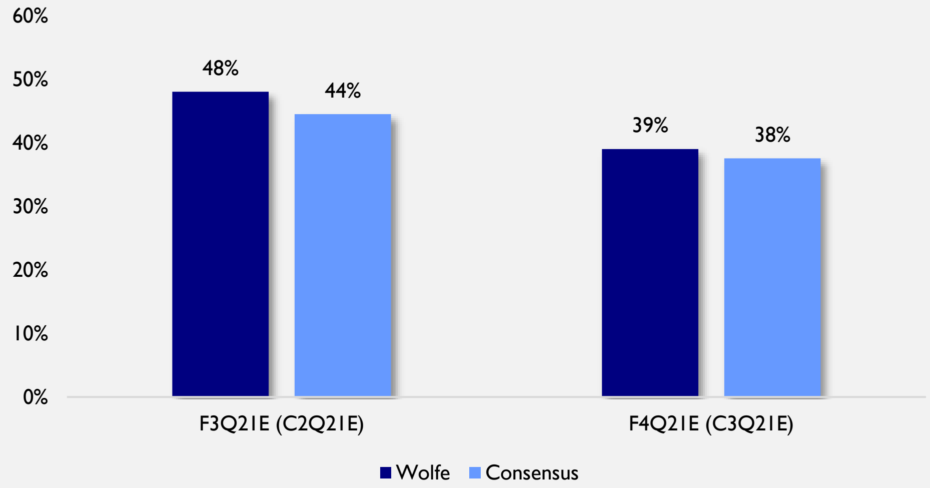
- **Visa did not provide FY21 guidance but offered a preliminary framework for F3Q including** Assuming stable/improved trends relative to 2019 levels, Visa expects F3Q net revenue growth of high-teens Y/Y noting cx-border/travel recovery trajectory as a key factor of upside potential.

- **Thoughts on Stock:** At 30x our CY22E EPS of $7.49 (vs. Street at $7.39), we see V as trading in-line with its historic premium spread of 10x-11x spread to the market multiple on estimates that are ~17% below pre-pandemic levels. As estimate revisions continue to grind higher throughout the year and 2022/2023 estimates reach pre-pandemic levels, we see potential for shares to reach the $270+ range (or 20%+ upside) over the next 6-12 months even if we see no multiple expansion. We believe Visa's L-T story is intact and see V (and MA) as structurally stronger post-pandemic. **We apply a 31x multiple to our CY23E EPS of $8.80 to drive a YE22 TP of $275.**

V: F2Q21 – F3Q21E Segment Revenue Y/Y Growth



V: International Transaction Fees Y/Y Revenue Growth

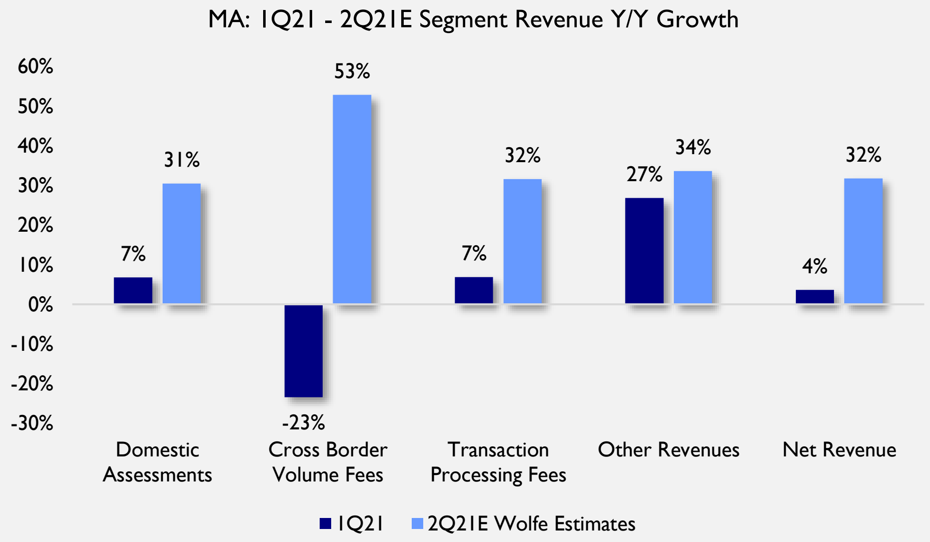


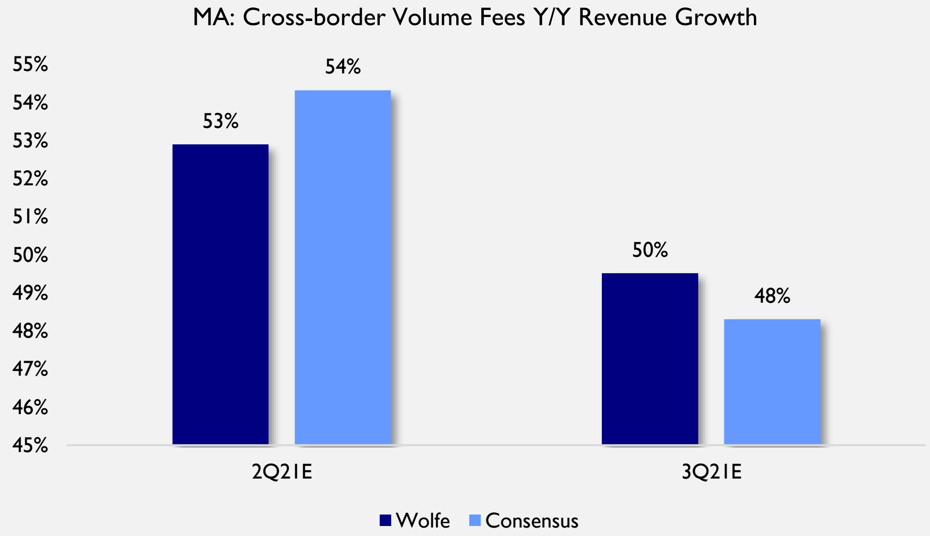
Source: Company documents, Wolfe Research, Factset

MASTERCARD (MA)

RATING: **OUTPERFORM** PRICE TARGET: **$440**

- **April Trends:** Management provided volume and transaction levels compared to 2019 levels (through April 21st) which showed the impact of lapping dramatically easier pandemic compares. More specifically, April trends showed: 1) Total switched volume 23% higher than 2019 with the U.S. 29% and ROW 18% higher; 2) Switch transactions are tracking 22% higher than 2019; 3) Cx-border excl. Intra-Europe is at 77% of 2019 levels; and 4) Cx-border ex-travel is up 71% compared to 2019 while CP and CNP combined is ~60% below.
- **1Q Recap:** 1Q results were marked by a strong top-line and EPS beat driven primarily by better-than-expected Transaction Processing and Other Revenues, better cx-border revenue declines, and lower rebates and incentives (driving a +4% Y/Y net revenue growth or +2% Y/Y CC). Results continue to be pressured by challenged cx-border revenues, but improvements in volume and transaction data above 2019 levels is a key positive as a recovery ensues. Overall, investors viewed results as promising but saw the 2Q/FY OpEx guide as higher than expected and net revenue guide as highly conservative.
- **MA did not provide a 2021 outlook likely due to uncertainty in the global economy from COVID-19 implications.** For 2Q, the company indicated: 1) 2Q net revenue growth of high-20% (low-to-mid 20% CC and excl. M&A); 2) mid-30% OpEX growth (low-20% CC an excl. M&A); and 3) Rebates & Incentives to be sequentially higher in 2Q and the rest of the year vs. 1Q level of 35.4% (as a % of gross revenues)
- **Thoughts on Stock:** While the stock is trading at 15x above the market multiple on CY22 estimates (MA CY22 estimates are still ~18% below pre-pandemic expects for '22), in-line with its historic premium spread of 14x-15x, we believe a multiple 2x-3x higher may be warranted given structural improvements. Given our and many investor's view of MA as a structural winner post-crisis, we believe the premium valuation is justified and see further multiple expansion longer-term. **MA Structural Position Intact:** We see a combination of factors driving as much as 10%+ of upside to MA (and V) long-term revenue potential given structural changes such as incremental on-line volume, more services, higher penetrtration versus cash, acceleration of contactless, and more. **Our YE22 PT of $440 reflects 34x our CY23E EPS of $12.89.**

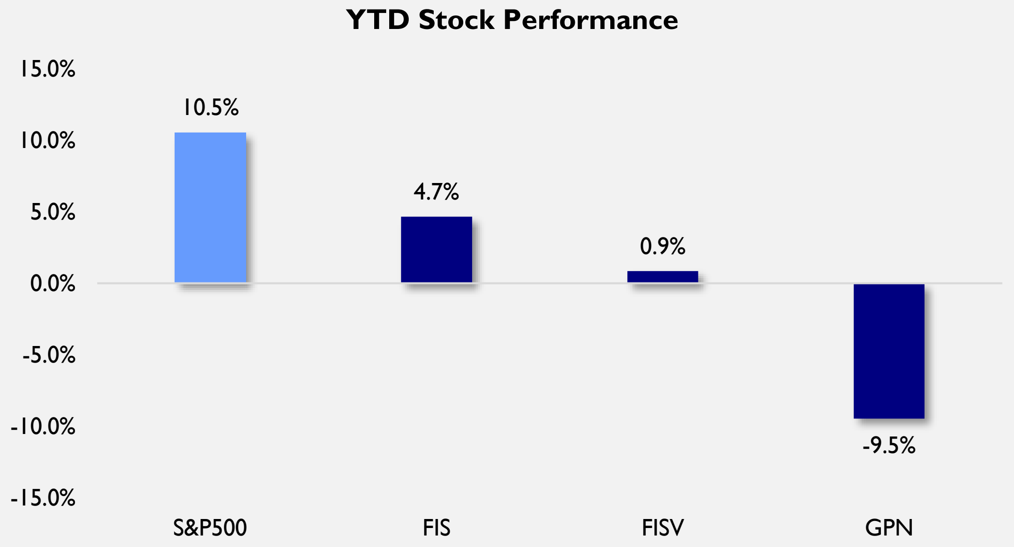


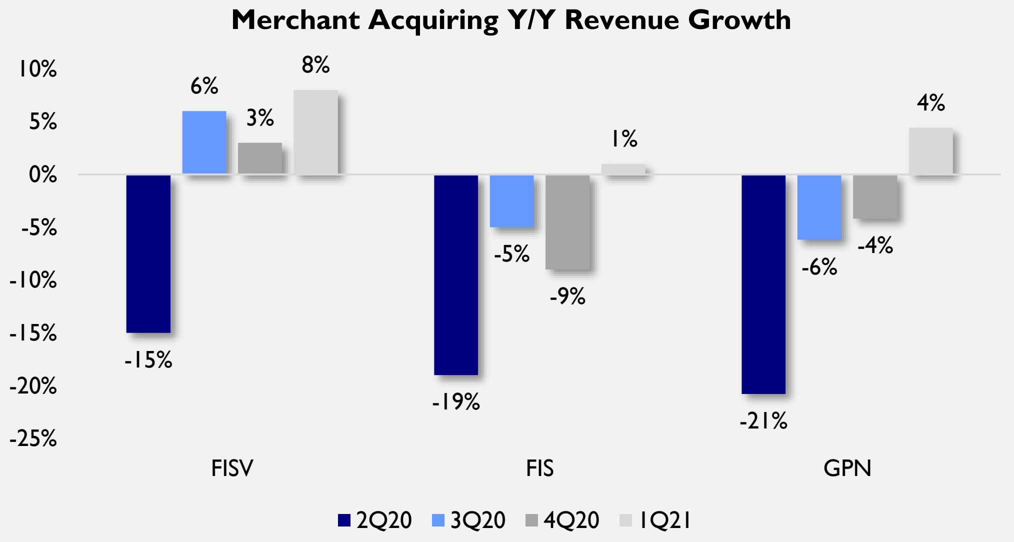


Source: Company documents, Wolfe Research, Factset

MERCHANT ACQUIRERS/CORE PROCESSORS

		Consensus EPS Estimates			P/E Multiples			Historical
Company	5/11/21 Price	2021	2022	2023	2021	2022	2023	Spread vs. S&P
S&P 500	$4,152.10	$187.32	$209.55	$228.04	22.2x	19.8x	18.2x	
FIS	$148.04	$6.46	$7.46	$8.49	22.9x	19.8x	17.4x	
Spread to S&P					0.8x	0.0x	-0.8x	2x-3x
FISV	$114.83	$5.43	$6.39	$7.35	21.1x	18.0x	15.6x	
Spread to S&P					-1.0x	-1.8x	-2.6x	4x-5x
GPN	$195.06	$8.02	$9.42	$10.81	24.3x	20.7x	18.0x	
Spread to S&P					2.2x	0.9x	-0.2x	4x-5x





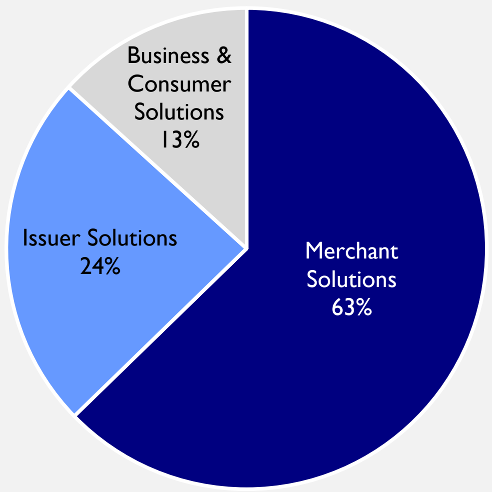
Source: FactSet (prices and consensus estimates as of 5/11/21), Wolfe Research

GLOBAL PAYMENTS (GPN)

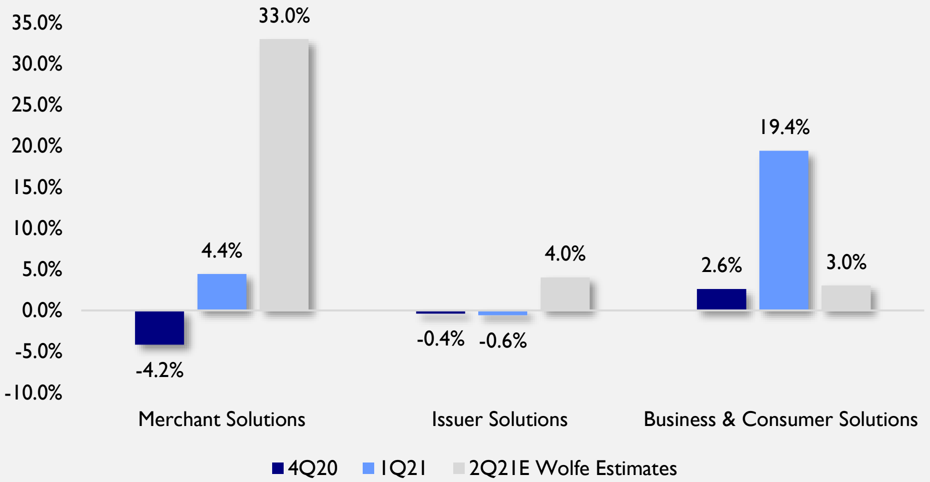
RATING: **OUTPERFORM** PRICE TARGET: **$250**

- **GPN's Long-Term Position:** We continue to believe GPN's setup for the remainder of 2021 is strong driven by positive new bookings growth trends, improved SMB spending, new SMB business formation, omnichannel offering differentiation, global expansion, and continued wins & pricing/cross-selling opportunities.
- **M&A and Capital Allocation:**. After much anticipation, it was nice to see GPN execute on M&A front with the acquisition of Zego and Worldline's PAYONE, further accelerating the shift to tech enabled revenues (~60% of total company) and international expansion. We continue to see the company's balance sheet as well positioned for both share repurchases and M&A. Although some question whether it takes GPN as a takeout off the table for now.
- **1Q Recap: 1Q results were marked by both revenue and EPS beats versus Street expectations with segment CC Y/Y growth accelerating in Merchant and B&C with Issuer flat. In more detail:** 1) Merchant: +4.4% in 1Q (vs. -4.2% in 4Q); 2) Issuer: -0.6% in 1Q (vs. -0.4% in 4Q); and B&C: +19.4% in 1Q (vs. +2.6% in 4Q). Positively, Merchant accelerated 900bps and showed positive decoupling from V's US credit trends in 1Q. Management indicated monthly Q/Q improvement through 1Q and into April.
- **Outlook: GPN raised its 2021 guidance of adj. net revenue to $7.55bn-$7.625bn (vs. $7.5bn-$7.6bn prior) and adj. EPS to $7.87 to $8.07 (vs. $7.75 to $8.05 prior) representing a ~1% increase at the midpoint of the guide.** Management indicated positive Y/Y growth in all 3 segments in March (20%+ revenue and 30%+ EPS growth).
- **Thoughts on Stock:** Investor feedback included expectations for better clarity on April Merchant trends, margin flowthrough, M&A contribution detail, and a conservative guide. We see the stock outperforming in following months driven by revenue acceleration in the business driving higher estimates and guidance revisions as GPN benefits from a reopening and note that management does not view the high-end of guidance as heroic and not assuming a significant snapback recovery on a positive decoupling from V's U.S. credit trends that were up 60%+ in April. **Our YE22 PT of $250 reflects 23x our CY23E EPS of $10.86.**

GPN 1Q21 Revenue Mix



GPN: 4Q20 - 2Q21E Segment CC Y/Y Growth



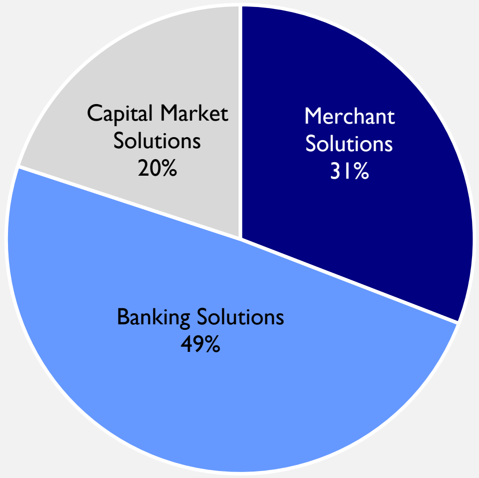
Source: Company documents, Wolfe estimates, Factset

FIDELITY INFORMATION SYSTEMS (FIS)

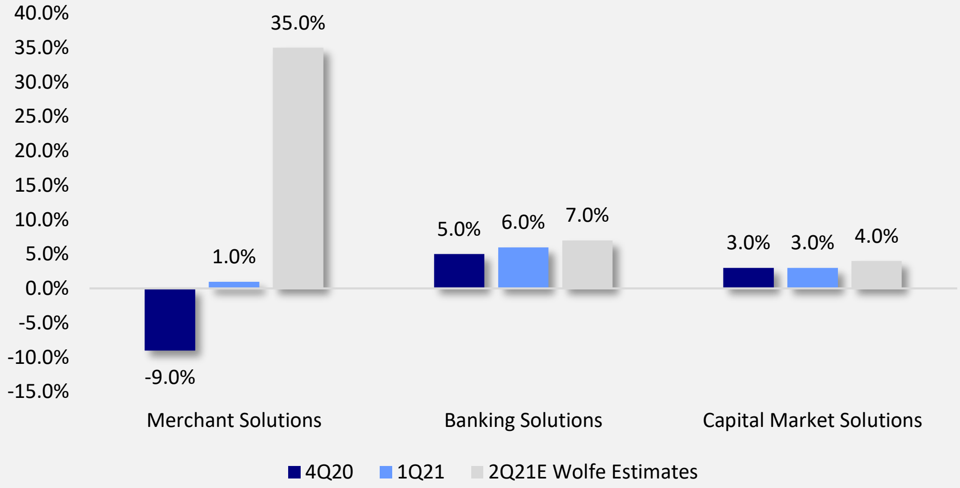
RATING: **OUTPERFORM** PRICE TARGET: **$190**

- **Acceleration in 2021 and Beyond**: We have further conviction following 1Q results in FIS L-T structural positioning and see a revenue acceleration for the remainder of 2021 and beyond driven by improvements in Merchant as pandemic headwinds abate, better growth in its high-growth channels (eComm and integrated), traction with its Access WP platform, continued wins in Core/Digital Banking and accelerated digital banking demand.
- **1Q Recap: FIS 1Q results were marked by both a top and bottom line beat with driven by strong underlying volume trends in Merchant and a notable improvement in the spread between volume and revenue growth coupled with an acceleration in Banking. In more detail: 1)** Merchant: +1% in 1Q (vs. -9% in 4Q) – travel & airline/UK drove a 5ppt headwind in 1Q ; **2) Banking:** +6% in 1Q (vs. +5% in 4Q); **3) Cap Markets:** +3% in 1Q (vs. +3% in 4Q); and **4) Adj. EBITDA margins** expanded 60bps to 40.6%, ahead of guide calling for -50bps/flat vs. 40.5% in 1Q.
- **1Q Merchant Trends:** FIS volume and transaction trends improved in 1Q: 1) merchant spread narrowed from -13ppt to -8ppt; 2) March exit rates showed positive reversal of +5ppt (revenue +70% vs. volume +65%) with management expectation to be a tailwind through 2021; and 2) Global eComm transactions ex-travel & airlines were up ~45% in 1Q.
- **Outlook:** 1) **2Q Guide:** Revenue ($3.365bn-$3.39bn – 13%-14% org. growth), EPS ($1.52-$1.55), Margin (~44%); 2) **FY21 guide:** Revenue ($13.65bn-$13.75bn – 8-9% org. growth), EPS ($6.35-$6.55), Margin (~45%); 3) **Merchant:** 30%-35% organic growth in 2Q, mid-to-high-teens for FY21; 4) **Banking:** Acceleration generating mid-to-HSD organic growth for FY2; 5) **Cap Markets:** Org. growth trending higher with FY21 guidance of low-to-MSD.
- With valuation multiples in-line with the market vs. a historic premium, we believe FIS' story is underappreciated given an attractive LT setup post-crisis. We see upside to guide given re-acceleration across all segments, Merchant upside from travel/UK improvement, current trends, conservative guide assumptions, and potential buybacks not in guide.**Our YE22 PT of $190 is based on 22x our CY23E EPS of $8.65.**

FIS 1Q21 Revenue Mix



FIS: 4Q20 - 2Q21E Segment Organic Y/Y Growth



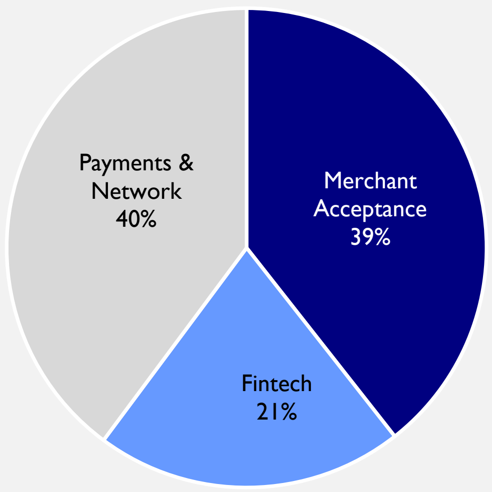
Source: Company documents, Wolfe estimates

FISERV (FISV)

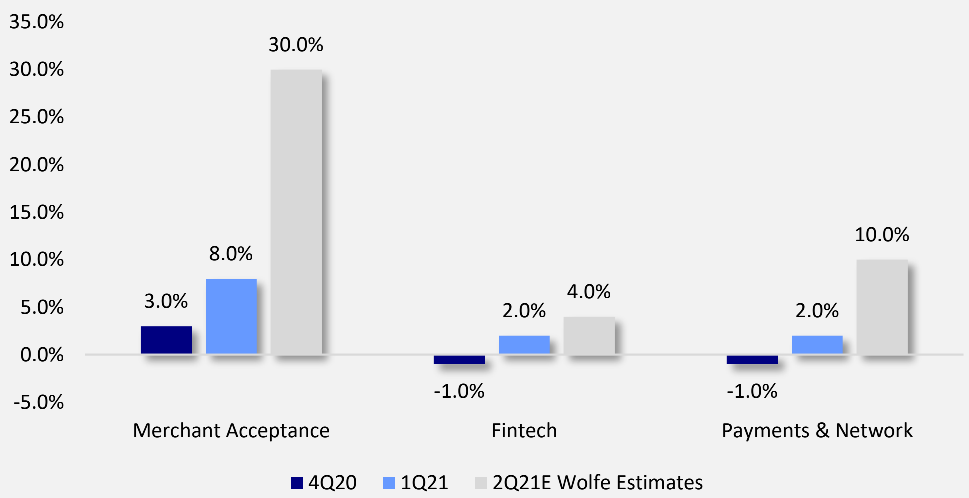
RATING: OUTPERFORM **PRICE TARGET: $155**

- **FISV Resiliency:** We see FISV long-term growth potential intact and well-positioned to benefit from structural changes across all segments.
- **1Q Recap:** FISV 1Q results were marked by an EPS beat, slightly lower adj. revenues stemming from difficulty modeling BAMS JV/divestiture impacts, and acceleration across all segments including **Merchant +8% (vs. +3% in 4Q), Fintech +2% (vs. -1% in 4Q), and Payments +2% (vs. -1% in 4Q).**
- **Key highlights include:** 1) Positive trends in Merchant include rev/volume March exit rates were mid-to-high 20% to low-30% range and continued to improve into April; 2) Top LatAm competitive win of Caixa (20-year deal), biggest client win since FISV with potential to be top 10 client; 3) Low-double-digit total internal revenue growth in March; and 4) 13% Y/Y global merchant volume growth including 24% Y/Y **global eComm trxn** growth (in-line with +25% in 4Q), **Clover GPV** up +36% Y/Y ($141bn annualized vs. +25% Y/Y in 4Q), and +34% Y/Y ISV rev growth, and LDD NA growth despite mid-teens declines in EMEA.
- **Outlook: FISV raised 2021 guidance for internal revenue growth to 9%-12% (vs. 8%-12%) and adj. EPS of $5.35-$5.50 (vs. $5.30-$5.50). Segment guide:** 1) **Merchant:** High-end of med-term guide of 9%-12% for FY2; 2) **Fintech:** in-line with med-term guide of 4%-6% for FY21; and 3) **Payments:** towards high-end of med-term guide of 6%-8%.
- **Investor Feedback:** 1) confusion on 3 revenue line reporting (BAMS accounting); 2) clarity on April Merchant trends, 3) worries on follow on KKR sale (20-23mn share sale following 1Q results and with FISV buying 25% of sale); 4) underlying Fintech growth (periodic revenues), and 5) continued questions on structural positioning.
- We continue to see a near-term catch-up from a valuation perspective for FISV, trading 2x discount to S&P (vs. 3-4x historical premium) driven by further revenue acceleration in 1Q, an algorithm of MSD-HSD revenue growth longer-term, operating leverage supplemented by synergies, FCF conversion, and a material focus on buybacks driving a re-rating and strong compounding. **Our YE22 PT of $155 is based on 21x our CY23E adj. EPS of $7.37.**

FISV 1Q21 Revenue Mix



FISV: 4Q20 - 2Q21E Segment Internal Revenue Growth Y/Y



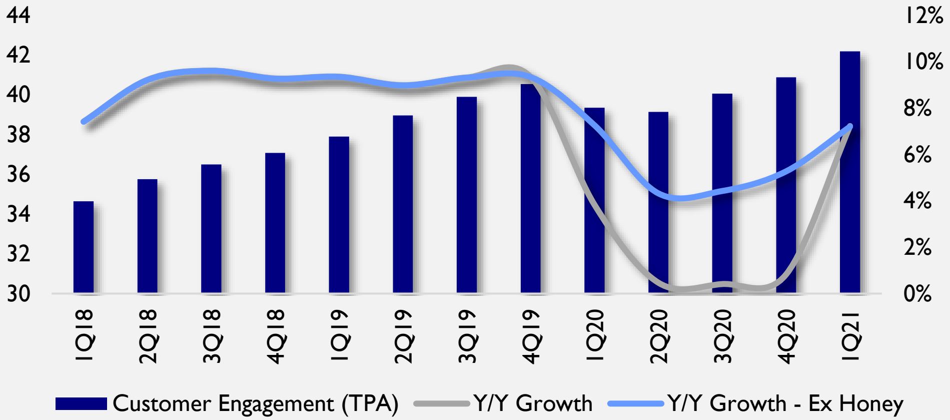
Source: Company documents, Wolfe estimates, FactSet

PAYPAL (PYPL)

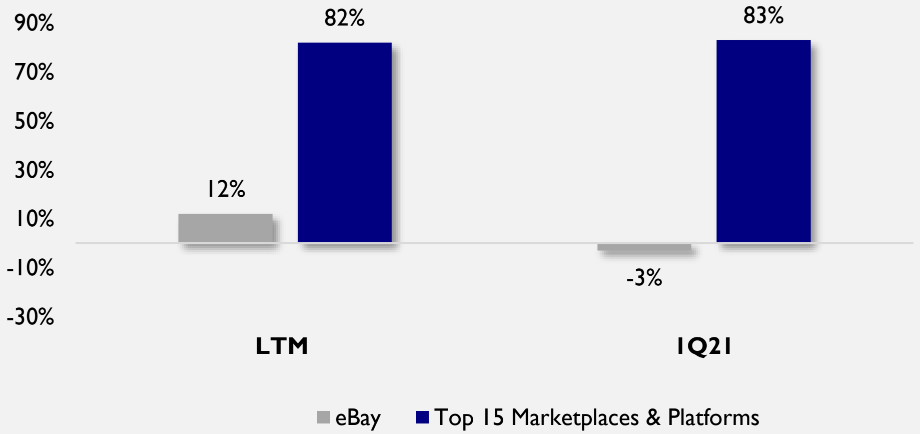
RATING: **OUTPERFORM** | PRICE TARGET: **$335**

- **While PYPL shares have been under pressure over the last week given the broader rotation out of tech, we believe 1Q results may provide a clearing event for some investors considering strong reported results, positive commentary, and sound KPIs.**
  - NNA's beat expectations (14.2mm vs our 13.2mm; full year guide raised to 52-55mm (vs 50mm previously))
  - 7% overall engagement growth, daily active users up 33% Y/Y
  - Venmo continues to exhibit strength (TPV up 63% Y/Y)
- **Given 1Q momentum and confidence in 2021 initiatives (app relaunch, Honey, Venmo, etc.) PYPL raised its '21 rev guidance by 100bps (i.e., 300bps ex-eBay).**
- **These sound results were despite eBay volumes rolling off at an accelerated pace**
  - (5% revenue headwind vs 4% in 4Q20, and 3% in 3Q20); eBay's managed payments transition expected to be complete by the end of 2021 (6pt headwind to 2021 revenue growth, vs 4% previously)
- **Our modeling remains fluid considering several variables including…**
  - Pace of recovery in travel & events (down 24% in 1Q, vs down 50% in 2020)
  - Credit demand; and other macro variables (rates, stimulus, etc.)
- **That said, our impressions suggest the guide considers these variables conservatively, particularly around take rates and the trajectory of OVAS.**
- **Despite some questions around the sustainability of outsized growth, we believe PYPL continues to take share from the cash to digital shift and in eCommerce payments broadly. Our PT is predicated on 50x our 2023 EPS of $7.19 to reach a YE22 PT of $360 (discounted one-year to reach YE21 PT of $335).**

Customer Engagement (Txns Per Account)



Top 15 marketplaces & platform TPV growth vs. eBay TPV growth (FXN)



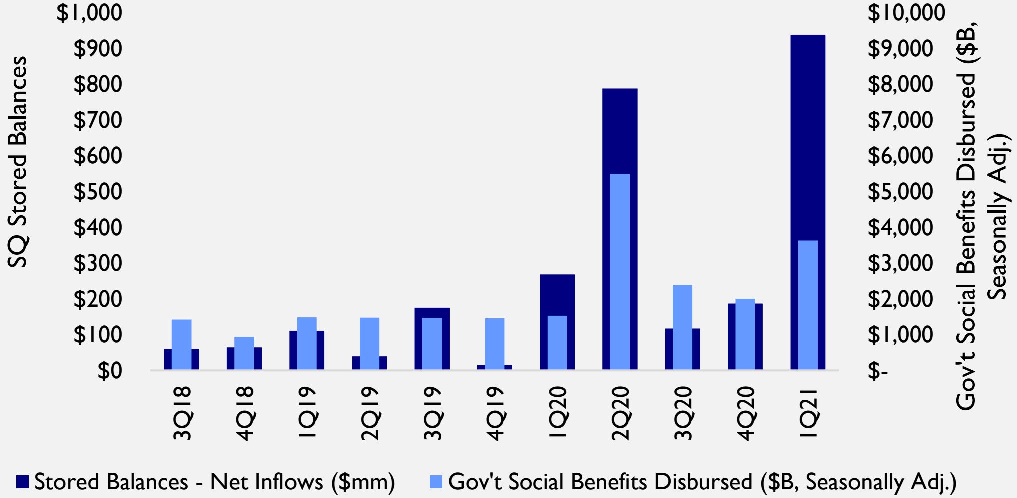
Source: Company documents, Wolfe Research

SQUARE (SQ)

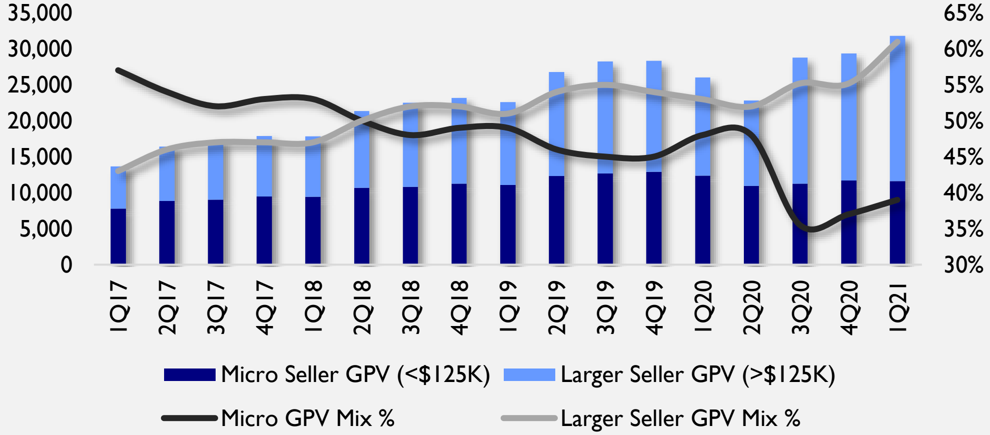
RATING: **OUTPERFORM** PRICE TARGET: **$335**

- **Investors were treading lightly heading into SQ's print given a volatile week of trading despite an impressive tech earnings season.**
- **Cash App delivered another sizeable beat** ($496mm of gross profit, vs Street's $420mm), despite elevated expectations following…
  - Stimulus, strong alternative/app data, and bullish commentary from other public/private crypto players
- **Looking ahead, we believe Investors will remain bullish on Cash App upside in 2021 and beyond considering…**
  - Reported 130% gross profit growth in April (vs our checks with investors looking for ~90-100% growth)
  - Stored balance inflows only down 16% in April M/M (vs March's up 55% M/M), i.e., still strong on a Y/Y basis
  - New (and bullish) disclosures including: 10mm Cash Card MAU's; Cash for Business GPV up 227% and Cash Card spend up 2.5x Y/Y
- **We believe Seller will increasingly drive the SQ story in 2021 given…**
  - A compelling international oppty (8% of 1Q21 GPV despite more restrictive measures overseas vs U.S.)
  - Clear success in the Company's up market and omnichannel strategy
  - Optionality around the return of a SQ Capital (~15% of pre-pandemic EBITDA); $392mm of flex loans originated in 1Q, vs $254mm in 4Q
- **That said, given increasingly cautious sentiment across hyper-growth tech names, we left our YE21 price target of $335 unchanged, while remaining Outperform.**

Gov't Benefits vs Cash App Net Inflows



SQ GPV ($000s) & Mix by Seller Size (% of Total)



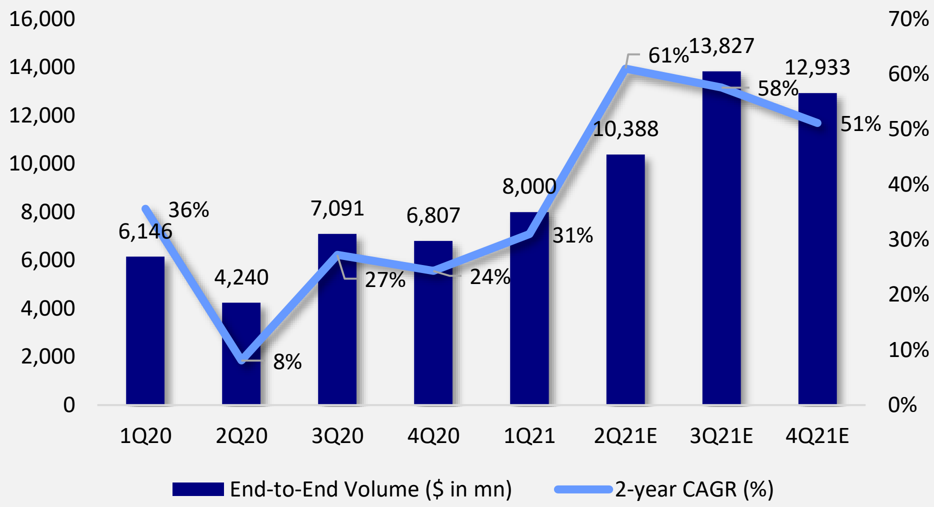
Source: Company documents, Wolfe Research, St. Louis Fed

SHIFT4 (FOUR)

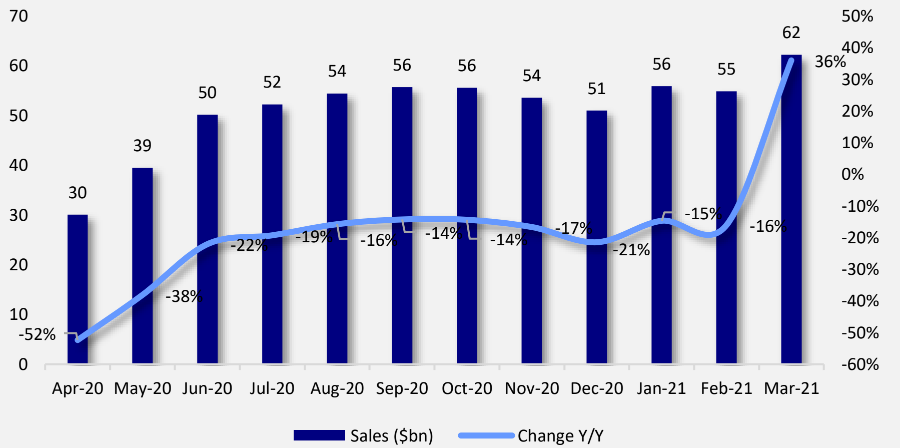
RATING: **OUTPERFORM** PRICE TARGET: **$110**

- **We upgraded shares of FOUR from Peer Perform to Outperform following 1Q21 results:** Despite the drop in shares on the day of the print (down 12% vs. the S&P up 1%), we remain confident in the long-term growth story of the company and see upside to numbers as the economy re-opens and the sports/entertainment sector sees a continued recovery in the summer months.
- **While guidance for both revenue and volume were raised, we note that the magnitude of the respective guidance raises (+8% for revenue and +22% for volume), implied that FOUR would be taking on new merchants at a lower take rate than expected,** which caused some investors to question the long-term yield story for the business.
  - We believe the yield dynamic should normalize in the near-term as yields seasonally increase and the company begins to generate revenue from new merchants who previously had waived fees. We are still incorporating ~4-5 bps of annual yield degradation as FOUR continues to bring large merchants onto its end-to-end platform.
- We estimate April end-to-end volume was $3.4bn. **When run-rating this for 2Q21 and applying a slight seasonal acceleration in June, we arrive at a stacked growth rate of 120-130%, a meaningful acceleration from ~60% in 1Q (2-year CAGR acceleration from ~30% to ~60%).**
  - We note that this (as well as company guidance) does not contemplate meaningful acceleration from stadiums, hotels, and other large venues expanding capacities and re-opening throughout the summer months.
- **We derive our $110 YE22 price target (up from $95 YE21 PT) by applying a ~26x EV/EBITDA multiple to our FY23 adj. EBITDA estimate of $346mn.**

FOUR End-to-End Volume and 2-Year CAGR



Estimated Food Services/Drinking Places Sales ($bn)



Source: Company documents, Wolfe Research, Factset

BILL.COM (BILL)

RATING: **OUTPERFORM** PRICE TARGET: **$195**

- **BILL's F3Q21 results continued to show momentum in payments volume and monetization trends.**
  - Total revenues of $60mm beat our and the Street's $54mm, driven by continued strength in payments monetization (XB and VC)
  - New customer adds remained strong, reaching 6.4K (vs our 5.0K)
  - Excluding the 1K customers added from a bank partner, new customer adds would have beat our model by ~400
- **The Divvy Details… (~$2.5B purchase price; 24x CY2021E Revenue; ~12x CY2022E Revenue)**
  - Strong cross-sell opportunity - provides BILL with expense management and corporate card capabilities to reach greater share of wallet
  - Revenue growth accretive – Pre-synergies, we see BILL's growth profile accelerating from ~40% to mid-50's in 2022. While growing at 100% Y/Y currently, we estimate Divvy revenue could grow 90% in CY22 and 80% in CY23.
  - **Key takeaway -** Assuming synergies of $50mm and $150mm in CY22-23, respectively, we estimate BILL's proforma revenue could reach ~$600mm in CY22 (+67% Y/Y) and ~$900mm+ in CY23 (+62% Y/Y), 65% and ~90% above our standalone BILL revenue estimates of $365mm and $487mm for CY22 and CY23, respectively.
- **We believe strong F3Q results, and further Divvy diligence will lead investors back into a quality story, particularly when the growth/non-growth rotation runs its course. Our YE21 price target of $195 is predicated on ~20-21x (vs 30x prior) our proforma CY23 revenue estimate of $978mm.**

	Divvy			BILL (Stand-alone)			BILL - (Proforma)		
	CY21	CY22	CY23	CY21	CY22	CY23	CY21	CY22	CY23
Revenue ($mm)	100,000	190,000	342,000	263,259	365,184	486,452	363,259	555,184	828,452
Y/Y Growth	*100%*	*90%*	*80%*	*43%*	*39%*	*33%*	*59%*	*53%*	*49%*

	CY21	CY22	CY23
Run-rate synergies ($mm)	*-*	*50,000*	*150,000*
Total Proforma Revenue	363,260	605,185	978,452
Fully-Synergized Proforma Growth	***n/m***	***67%***	***62%***
Accretion vs BILL Standalone		*28%*	*28%*

Proforma EV Reconciliation ($000)	
EV/2023 Revenue Multiple - Pro Forma	21x
Proforma CY 2023E Revenue	**$978,452**
Total EV	**$20,841,030**
(-) Debt - Proforma	$956,806
(+) Cash - Proforma	$723,724
Total market capital	**$20,607,948**
Shares outstanding - Proforma	96,020
Implied BILL YE22 PT	**$215**
Implied BILL YE21 PT	**$195**

BILL Stand-Alone EV Reconciliation ($000)	
EV/2023 Revenue Multiple	32x
Wolfe CY 2023E Revenue	**$486,452**
Total EV	**$15,566,452**
(-) Debt*	$956,806
(+) Cash*	$1,223,724
Total market capital	**$15,833,370**
Shares outstanding	82,627
Implied BILL YE22 PT	**$192**
Implied BILL YE21 PT	**$174**

Source: Company documents, Wolfe Research estimates, Factset

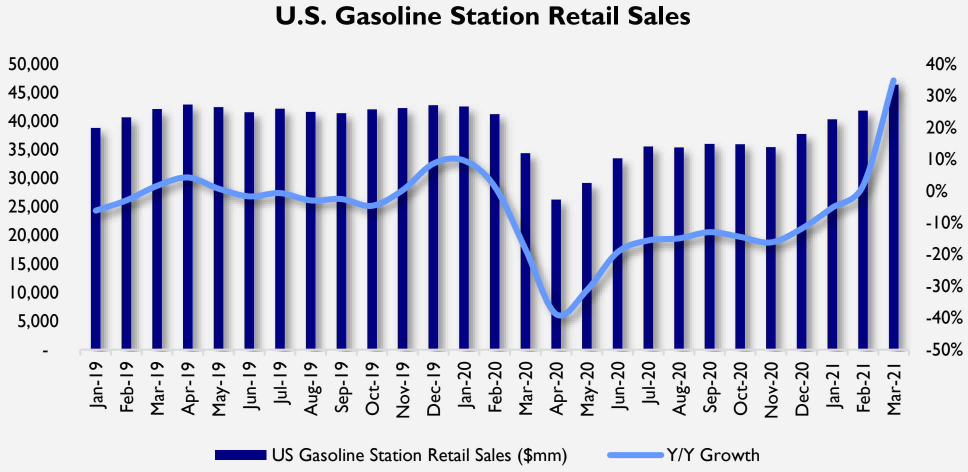
FLEETCOR (FLT) & WEX (WEX)

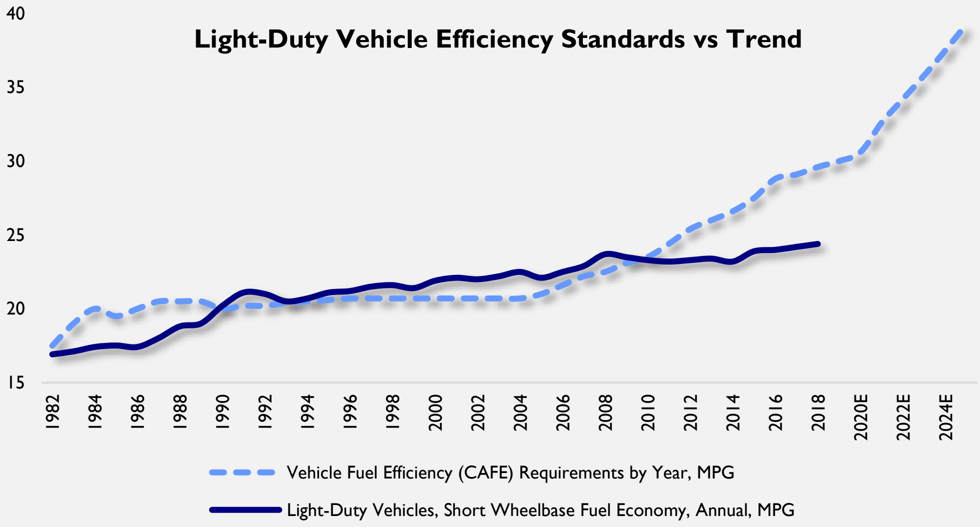
WOLFE RESEARCH

RATING: **FLT - PEER PERFORM** PRICE TARGET: **$310**

RATING: **WEX - PEER PERFORM** PRICE TARGET: **$235**

- **For WEX,** while many investors saw upside from improving macro conditions, revenues missed and the 2Q guide came in below the Street.
- **That said, management continues to point to a 2H weighted story, which should see sequential improvement as the year progresses, given…**
  - **(1)** a newly signed partnership with AvidXchange; **(2)** confidence in Health spend volumes returning (1mm accounts added QoQ, vs flat LQ) **(3)** eNett/Optal synergies (raised from $25mm to $45mm, $20mm to be realized in 2021); **(4)** and April volume trends inflecting across segments.
- Despite improving macro, we're watching for visibility into improving fundamentals before modeling near-term upside. **Our YE22 PT of $235 is predicated on 20x-21x our 2023 EPS of $11.91.**
- **For FLT,** the print was marred by lower revenues (vs. our model and consensus). Organic revenues improved by 200bps from -8% Y/Y in 4Q to -6% in 1Q despite same-store sales which were down 6% (relatively in-line with 4Q).
- **Management expects high-teens revenue growth for the remainder of the year (modest recovery in 2Q and an acceleration in 2H) with confidence derived from…**
  - **(1)** customer retention accelerating sequentially (revenue weighted volume retention of 93.0% in 1Q21 compares to 92.2% LQ); **(2)** sound new sales performance; up 7% Y/Y in 1Q21 and back to 2019 levels (101% vs. 1Q21), and **(3)** an improving mix towards digital, and **(4)** 35K new business clients and reiterated sales targets of +30% in 2021.
- We believe further evidence of flow-through improvements on a reopening combined with confidence around structural positioning are needed to become constructive. **Our YE21 PT of $310 is predicated on 21-22x our 2022E EPS of $14.59.**





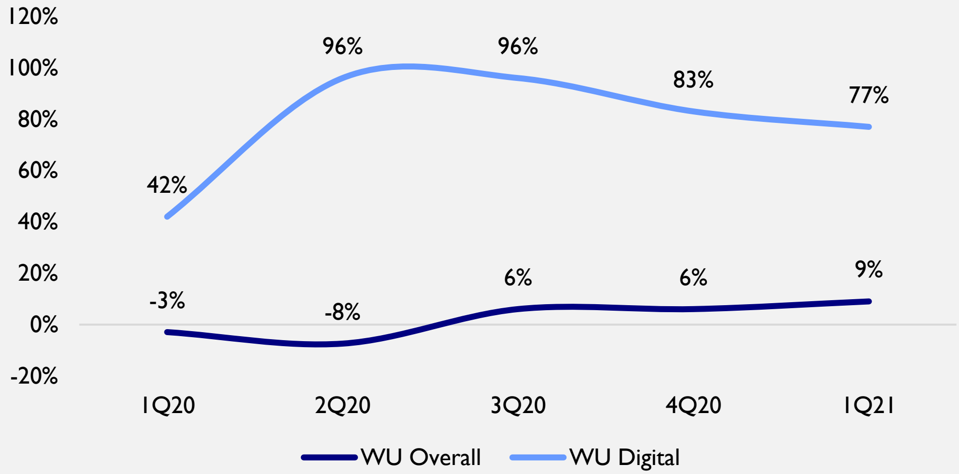
Source: Company documents, Wolfe Research, U.S. Department of Energy, EIA

WESTERN UNION (WU)

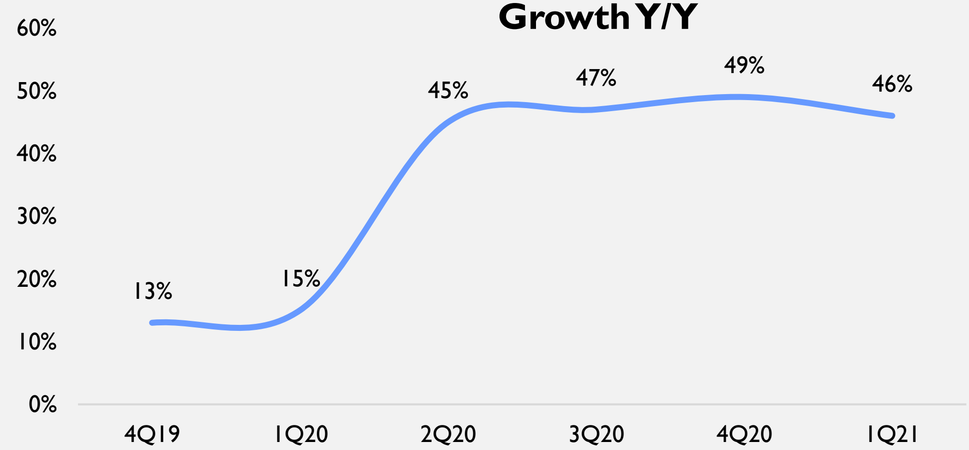
RATING: **PEER PERFORM** PRICE TARGET: **$26**

- **1Q trends underscored digital strength and continued investment in user engagement:**
  - Total revenues were up 2% Y/Y CC (vs. -1% implied guidance), driven by strength in digital and overall cross border money transfer, partially offset by challenging domestic money transfer.
  - We note overall Y/Y trx growth of 6%/6%/9% and digital trx growth of 96%/83%/77% in 3Q20, 4Q20, and 1Q21.
  - Digital growth and user engagement trends appear strong. We note that digital transactions comprised 34% of total C2C transactions (up from 32%/31% in 4Q/3Q). Digital user engagement is encouraging, and we come away optimistic that management can increase the level of activity per digital user.
- **We expect similar trends continuing into 2Q. Investment in user monetization to continue, but we look for a narrowing spread between C2C trx and revenue growth.**
  - The spread between C2C trx and revenue growth widened 100bps from 4Q to 700bps in 1Q. We expect this to narrow into 2H as retail C2C improves, which is necessary in our view to drive medium-term revenue acceleration.
  - Mgmt re-affirmed FY21 guidance and we believe the setup will become more favorable beginning in mid 2021 as overall compares become easier, coupled with sustained digital revenue growth in the ~30%+ range (~20% of C2C revenues) and retail revenue growth recovering to LSD declines to flat (~80% of C2C revenues).
- **Structural Thoughts/ Investment Conclusion:**
  - We are constructive on WU's earnings potential long-term given digital acceleration and potential inflection in overall growth, coupled with sound cost management and continued investment in user engagement.
  - We also note increasing evidence that WU and other large players are taking share from single corridor players and/or banks/post offices, providing a tailwind to growth in the backdrop of a $700bn TAM. The company is also increasingly focused on monetizing its digital user base in incremental ways across neobanking.
  - We await further evidence the mix-shift within digital will not materially disrupt overall yield, and that digital growth can be sustained. We remain Peer Perform.
- **We maintain our Peer Perform rating. Our YE21 PT of $26 is predicated on ~11-12x our 2022 EPS estimate of $2.24 (unchanged).**

WU Transaction Growth Y/Y



WU.com Avg. Monthly Active Customer Growth Y/Y



Source: Company documents, Wolfe Research, Factset

PAYSAFE (PSFE)

RATING: **OUTPERFORM**

PRICE TARGET: **$17**

- **Shares of PSFE underperformed on the day of the print (down 12.0% vs. the S&P down 0.9%). Despite delivering results at the top-end of the company's guidance. We believe this was due to the following factors:**
  - The company had non-recurring variables impacting results (divestiture from Pay Now, scaling down exposures in the Direct Marketing vertical, and the impact of exiting the network referrals on the Wallet side) that weren't fully understood by investors.
  - The performance of tech/growth stocks in the broader market
  - A small cohort of investors expecting a beat/raise on results/guidance in the first print post de-SPAC transaction
- While reported revenues grew 5%, we note that organic revenue grew 18% Y/Y when normalizing for the one-off factors mentioned above. **When adjusting further for normalized trends in eCash (normalizing out stay-at-home demand), we estimate revenues grew 10-12%, more in line with our longer-term top-line growth estimates.**
- **Outlook**: Despite the multiple moving parts in the quarter and sell-off that ensued, we believe the long-term story for PSFE remains intact. We believe that PSFE will continue to capitalize on its position as a market leader within its Digital Wallet and eCash businesses within gaming and iGaming with further upside from the U.S. iGaming opportunity.
- Valuation: Our $17 YE22 price target is based on a sum-of-the-parts valuation of our 2023 adjusted EBITDA estimates for PSFE's four business segments.

PSFE Valuation

Sum-of-the-Parts EV Reconciliation ($000, except for per share data)			
Segment	2023E EBITDA	Assumed Multiple	Implied EV
Integrated Processing	264	17x	4,490
Digital Wallet	234	28x	6,540
eCash	238	19x	4,527
Corporate SG&A	-70	21x	-1,464
Total Enterprise Value			**$14,093**
Less: Net Debt (2021)			$1,774
Equity Value			**$12,319**
Share Count			723
Implied YE22 PT			**$17**

U.S. iGaming Sensitivity Analysis

PSFE Base Case: $24bn in deposit volumes

U.S. iGaming take rate (%)	Estimated U.S. iGaming Market Share ($mn)				
	1,200	2,400	3,600	4,800	6,000
1.50%	**$18**	$36	$54	$72	$90
1.75%	$21	$42	$63	$84	$105
2.00%	$24	$48	**$72**	$96	$120
2.25%	$27	$54	$81	$108	$135
2.50%	$30	$60	$90	$120	**$150**

PSFE Bull Case: $47bn in deposit volumes

U.S. iGaming take rate (%)	Estimated U.S. iGaming Market Share ($mn)				
	2,350	4,700	7,050	9,400	11,750
1.50%	**$35**	$71	$106	$141	$176
1.75%	$41	$82	$123	$165	$206
2.00%	$47	$94	**$141**	$188	$235
2.25%	$53	$106	$159	$212	$264
2.50%	$59	$118	$176	$235	**$294**

DKNG 2023E revenue forecast (halved) w/10x multiplier ($200bn in deposit volumes)

U.S. iGaming take rate (%)	Estimated U.S. iGaming Market Share ($mn)				
	10,000	20,000	30,000	40,000	50,000
1.50%	**$150**	$300	$450	$600	$750
1.75%	$175	$350	$525	$700	$875
2.00%	$200	$400	**$600**	$800	$1,000
2.25%	$225	$450	$675	$900	$1,125
2.50%	$250	$500	$750	$1,000	**$1,250**

DKNG 2023E revenue forecast w/10x multiplier ($400bn in deposit volumes)

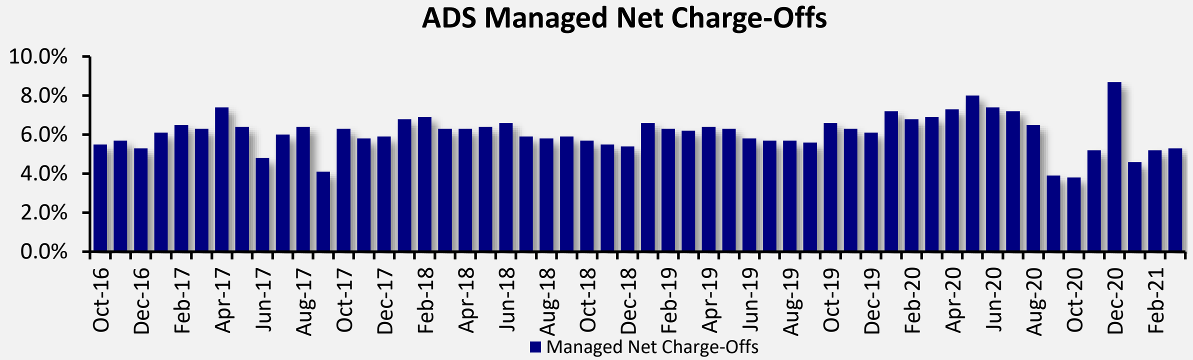
U.S. iGaming take rate (%)	Estimated U.S. iGaming Market Share ($mn)				
	20,000	40,000	60,000	80,000	100,000
1.50%	**$300**	$600	$900	$1,200	$1,500
1.75%	$350	$700	$1,050	$1,400	$1,750
2.00%	$400	$800	**$1,200**	$1,600	$2,000
2.25%	$450	$900	$1,350	$1,800	$2,250
2.50%	$500	$1,000	$1,500	$2,000	**$2,500**

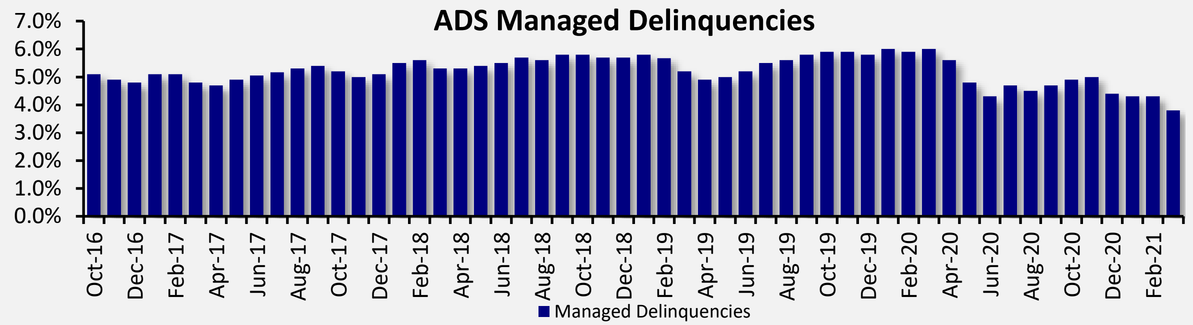
Source: Company documents, Draft Kings, Wolfe Research, Note: Estimates U.S. iGaming market share for sensitivity analysis is based on market share scenarios between 5%-25%

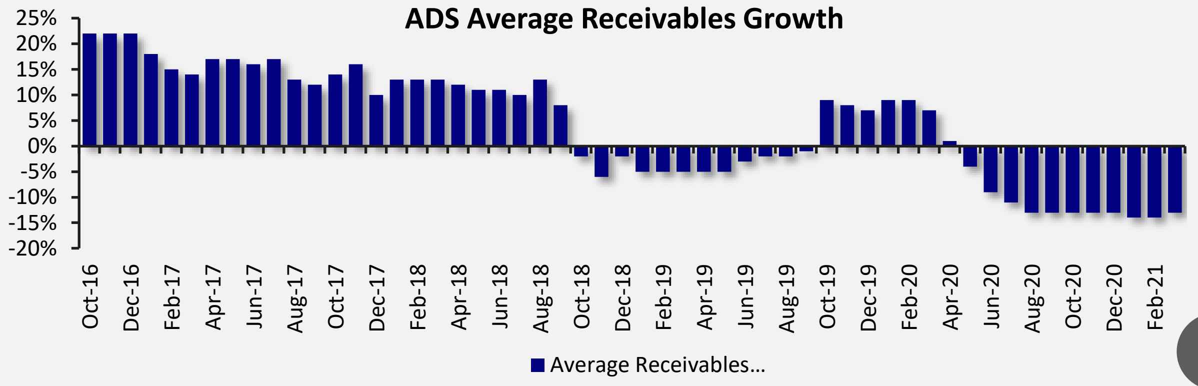
ALLIANCE DATA SYSTEMS (ADS)

RATING: **OUTPERFORM** PRICE TARGET: **$130**

- **Shares of ADS outperformed on the day of its 1Q21 print (up 10.0% vs. the S&P up 0.7%) as the company delivered better-than-expected results on both the top and bottom-line.** The beat was mainly due to a lower provision expense (driven by a combination of strong credit metrics and a reserve release); however, we note that Card Services revenue also outperformed, signifying strong trends in the underlying business.
- **This morning's announcement of the spin-off of Loyalty One** should be well received as it allows for deleveraging of the bank/shift to cleaner TCE metrics, and also provides shareholders with a pure-play investment on its issuer/payments business.
- **Credit Trends Continuing to Screen Positively:** ADS lowered reserves in 1Q by $165mn, driven by both a slight reserve release (11.9% vs. 12.0% in 4Q) and strong credit performance (1Q NCOs were 5.0%). With the delinquency rate for March coming at 3.8%, management noted that they expect 2Q NCOs to come in at the lower end of their guidance calling for charge-offs to be in the mid-to-high 5% range. The company also pointed out that it sees charge-offs for 2021 tracking better than the 6% historical average.
- **Strategic Partnership with FISV Highlights Promise of Bread Platform:** Along with 1Q results, ADS also announced that it had agreed to form a strategic partnership with FISV to offer Bread to FISV merchants at the point-of-sale. While Bread will not have exclusive POS financing rights with FISV merchants, it will be a primary POS financing partner and be fully integrated into FISV's merchant dashboard.
- **Investor Day to Spotlight Digital Initiatives, Long-Term Outlook:** On May 18th, ADS will be hosting an investor, where it plans to discuss its three-year strategic plan, enhanced product offerings, lending philosophy, and long-term financial targets across key metrics.
- **Our YE21 PT of $130 reflects 8x our 2022 core EPS estimate of $16.69 and ~10x our 2022 GAAP EPS estimate of $13.61.**







Source: Company documents, Wolfe Research, Factset

OTHER NAMES IN OUR COVERAGE

- **EEFT (Outperform, $170):** EEFT's 1Q results reflected strength in non-ATM businesses Money Transfer and epay, with the higher margin EFT business reflecting muted cross-border tourism. That said, positive vaccine news paints a better picture going into the summer. We believe stock performance will continue to be largely driven by macro trends and evidence around cross-border travel. We expect the company to deliver consistent DD top and bottom-line growth post pandemic and see upside to 2022 Street EPS that remains ~20% below pre-COVID expectations.
- **BR (Peer Perform, $175):** In a challenging tape, BR shares outperformed following the print as F3Q21 results beat top and bottom-line estimates, driven by stronger than expected ICS revenue following strong stock record growth trends seen over the last several quarters and high-margin event-driven revenues flowed to the bottom line. While we believe investors seeking low beta names with highly predictable earnings amid a volatile trading environment will continue to revisit shares of BR, given the lower magnitude of upside to our price target (~6%) relative to other names in our coverage we remain Peer Perform rated (unchanged).
- **ADP (Underperform, $182):** While ADP beat expectations on the bottom line during F3Q, we note that the beat was largely on margins as the company reported revenue that was in-line with the Street. Additionally, the company delivered updated FY21 guidance that implied 4Q EPS would be lower than initial expectations ($1.14 at the midpoint vs. 4Q Street estimates of $1.20 on the day of the print). Management attributed this to incremental investments being made on NextGen, Wisely, and marketing/advertising. We remain underperform as we wait for incremental consistent results in a normalized environment as shares continue to trade above historical valuations.
- **PAYX (Underperform, $94):** Recently downgraded to Underperform following F3Q21 results. While PAYX beat Street expectations on the bottom-line, the company continued to see headwinds in its PEO business as clients were more reluctant to change their benefits and instead opted for the company's ASO solution. Additionally, preliminary F2022 guidance was in-line with street expectations. While strong retention and net client win numbers suggest the company is doing well with managing competitive dynamics, we believe upside remains limited at this time as the stock continues to trade above historical valuations.
- **ACN (Peer Perform, $300):** ACN's F2Q earnings reflected a faster recovery in demand than we and mgmt. initially expected, driving a solid top and bottom-line beat. We remain constructive on ACN's favorable revenue mix of cloud/digital/security offerings, though we maintain PP based on valuation.
- **CTSH (Peer Perform, $90):** Strong demand for IT services continues to drive bookings growth, but elevated attrition levels provide some execution-related risk and should weigh on operating margins near-term. That said, the digital franchise continues to show resilience and we see increased contribution from M&A driving a revenue mix-shift, possibly leading to an inflection in CTSH's growth profile in 2H. We continue to be relatively cautious on attrition and utilization levels in the near term given recent checks and competition for talent across the industry.
- **DXC (Peer Perform, $29):** Remain Peer Perform on shares in the backdrop of challenging supply side availability, high utilization and attrition trends, and wage inflation. That said, we also see revenue demand and stabilization trends at DXC following recent restructuring as constructive, particularly at lower than industry median valuations.
- **EPAM (Peer Perform, $445):** We continue to be constructive on the underlying business and have conviction in the company's ability to pass through incremental costs in pricing given the higher quality of their digital offerings; remain PP due to valuation at all-time highs, however see the premium as justified given the consistent track record of growth.

Source: Company documents, Wolfe Research, Factset

DISCLOSURES

WOLFE RESEARCH

DISCLOSURE SECTION

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Peer Perform:	37%	2% Investment Banking Clients
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Source: Factset, Wolfe Research

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Source: Factset, Wolfe Research