

Quantum Financial Holdings

28th April 2025

Analysis of easyWallet joint-venture increases valuation by +£100m

Quantum Financial Holdings is a rapidly growing technology solutions provider, offering high-level regulated financial products, along with security services. Forex, multicurrency pre-paid Mastercards & expense management business Volopa is driving expansion in the financial services division, with cashback and rewards business Verve close behind. Valkyrie and Forensic Control are growing in the physical and digital security markets.

• Progress on JV with easyGroup to deliver the easyCard and easyWallet

Progress is being made on Quantum's 80/20 joint venture with easyGroup to develop and market the "easyCard" and "easyWallet." The focus will be on capturing income from profitable, high-ticket transactions in the travel segment of the market, such as spending on flights, hotels and travel expenses as well as the products and services delivered by all members and franchise partners of easyGroup. The plan is to form a working group between the two parties and by the end of Q2 2025 to have an agreed business plan, including a roadmap and detailed product scope. Design and development work has already begun, with a pilot launch expected in Q4 this year. In Q1 2026 a Minimum Viable Product (MVP) is expected to be launched, followed by a mass launch in Q3 2026.

• Verve increases revenue opportunities with gift cards

Elsewhere, cashback and rewards business Verve has added gift cards to its range of product offerings. Users of the app can buy the cards from a range of well know retailers, restaurants and service companies, with Verve earning a related commission. This brings the company in line with many competitors in terms of product offering and dramatically increases its revenue opportunities. Verve has also established open banking connectivity to Revolut to add to the existing open banking connections to Starling, Monzo and ANNA Money.

• New Advisory Board put together to support executive management

Quantum has further strengthened its management capability by putting together a top level Advisory Board. The team has been created to provide business development advice to the Quantum Group executive team as it works towards a planned IPO on the London market, expected in the second half of 2026. Chairing the new Advisory Board is Professor Stefan Allesch-Taylor, an experienced financial services entrepreneur.

• Potential easyWallet profits add £100m+ to our previous valuation

Our initial valuation for Quantum was £411.75 million, based on a multiple of 18 times EBITDA forecasts for the full year to June 2027, discounted back to end March 2025 at a rate of 20%. Adding in forecasts for the easyWallet JV, and applying the same multiple and discount rate, adds £104.43 million to our valuation. Taking into account the effects of time, we move our reference date to end June 2025, which increases the valuation by another £17.9 million. **Therefore, our revised valuation for Quantum Financial Holdings is £534.08 million.**

Valuation - £534.08m



Key data

Code	QFH
Share price	2,200p
Listing	JP Jenkins
Shares in issue	15,323,752
Market Cap	£337m
Sector	Financial & Insurance Services

Analyst details

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Progress with easyGroup to develop and promote the “easyCard” and “easyWallet”

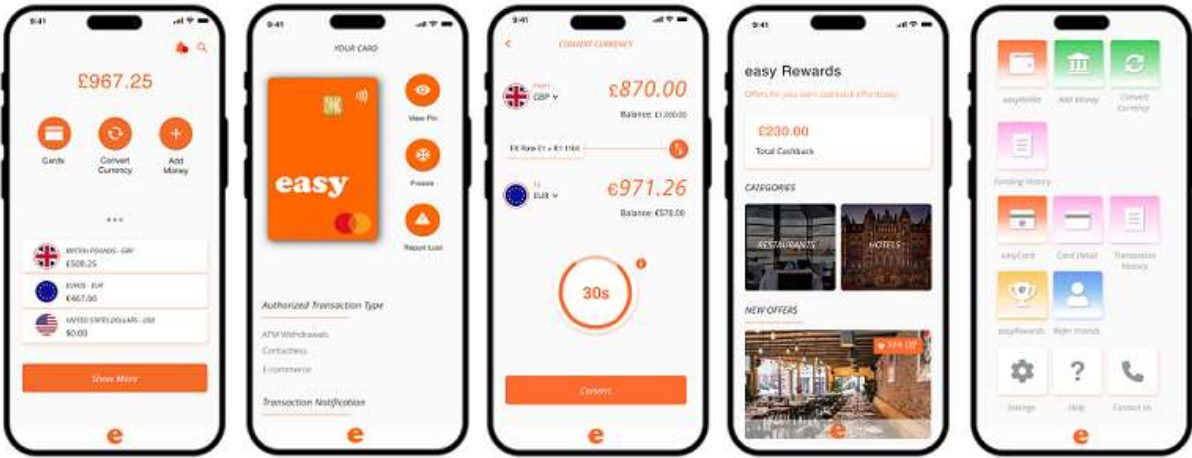
As discussed in our initiation of coverage note, Quantum’s FX and pre-paid Mastercard business Volopa has been working on a partnership with easyGroup, the holding company of the "easy" family of brands, and its owner Stelios Haji-Ioannou. The plan is to develop and market the “easyCard” and “easyWallet”. The venture, easyWallet Ltd, is split 80/20 respectively between Quantum and easyGroup and sits in the Quantum fintech division. Stelios has committed to a joint £2.5 million capitalisation to support the project.

The venture will focus on developing a branded “easyCard” as part of an “easyWallet”, which will be targeted at the B2C market. Technology from Volopa will power the payments and the wallet will also include a cashback and rewards programme, “easyPoints”. This will be powered by Quantum’s cashback and rewards business, Verve, with points redeemable with easyGroup merchants. While there are many competitors in the B2C card space, including the likes of Revolut and Monzo, Quantum believes that it has a large opportunity due to being linked to the well-known and trusted easy brand and its large base of customers.

Recent weeks have seen the two partners progress on commercialising the venture, with the focus being on capturing income from profitable transactions in the travel segment of the market. The JV will focus on the easyCard being a “travel companion.” This is in contrast to other cards in the market such as everyday cards, multi-currency cards and travel themed cards. These mass offerings, which have congested markets, can generate a large number of small, loss making transactions, are often only used during overseas trips, and can come with customer benefits that are costly to offer.

Instead, as a travel companion, the easyCard is looking to capture what are typically larger, and thus more profitable transactions that come with trips abroad, including foreign currency spend. To give some idea of the market size, according to The Office for National Statistics’ *Travel Trends: 2023* report, UK residents’ visits abroad increased from 71 million in 2022 to 86.2 million in 2023. Estimated spending abroad by UK residents increased by 16% from £62.3 billion in 2019 to £72.4 billion in 2023. The average spend per visit was £840 in 2023 with an average spend per day of £81.

The card will be attractive to customers who may wish to separate holiday funds from their main bank account onto the easyCard, with the JV capturing spend on typical large ticket costs such as flights, hotels, insurance, car rentals and general holiday expenses. This is a less congested market, with the narrower focus also being helpful in effectively targeting marketing spend.



easyWallet example app design. Source: Company

As well as having the benefit of secure spending on a dedicated mobile app, easyCard customers will enjoy competitive FX rates, 14 currencies on the wallet and access to the Mastercard network. Other travel services offered through the easyWallet will include money transfers, travel insurance, car rentals, hotels and eSIM cards. On the rewards side of the offering users will enjoy rewards on trips & flight bookings with enrolled retailers and easyGroup companies, spending with enrolled retailers & merchants, and discounts and rewards from easyGroup companies.

The travel focus ties in well with easyGroup's offerings as many of the easy branded companies have a high proportion of affluent customers who buy products and services which require foreign currency spend, including easyJet, easyHoliday and the recently launched easyCruise. Driving the potential, the expectation is that easyGroup will be active in marketing the easyCard and easyWallet to its customers. To give one example of customer numbers, easyJet flew almost 90 million passengers in its last financial year to end September 2024. More recently, passenger numbers grew by 7% to 21.24 million in the traditionally quieter quarter to end December 2024. The captive and loyal user base across the easyGroup also provides cross-selling opportunities.

Elsewhere, building on an existing relationship that Volopa has with a leading Premiership football club, easyCard is looking to co-brand the easyCard with that club in order to capture spend from travelling fans. The product concept has been well received, with easyCard also looking to co-brand with other major football clubs to offer a leading travel card and wallet. Users will be encouraged to spend with a loyalty points and rewards system which will be specific to each club. Other co-brand sports opportunities are being looked at in Formula One, with Volopa also having existing relationships in the sport.

In terms of the timeline for the easyCard and easyWallet products, the plan is to form a working group between Volopa and easyGroup and by the end of Q2 2025 to have an agreed business plan, including a roadmap and detailed product scope. Design and development work has already begun using the Volopa and Verve technology and the plan is to launch a pilot phase in Q4 this year. In Q1 2026 a Minimum Viable Product (MVP) is expected to be launched, followed by a mass launch in Q3 2026. By the end of 2026 other services and upgrade bundles are planned to be added. Each stage of the roadmap has been allocated relevant marketing activities to increase awareness and adoption of the products.

Other Developments

Verve launches gift cards

Since our last update, Quantum's cashback and rewards platform Verve has added gift cards to its range of product offerings. Users of the Verve app can buy gift cards from a range of well know retailers, restaurants and service companies, upon which cashback of 2% to 10% can be earned. Quantum then earns a commission on the gift card sales. Gift cards are currently available from the likes of Sainsbury's, Morrisons, Uber, Starbucks, Pizza Express and Virgin Wines, with many more planned to be added in the coming months.

This is a significant addition for Verve, bringing the company in line with many competitors in terms of product offering and dramatically increasing its revenue opportunities. Via open banking, Verve enables cashback to be paid to individuals who have accounts with Monzo, Starling Bank and Revolut. These partners will now be able to market the gift card offering directly to their B2C user bases, which collectively amount to around 18 million.

Management team further strengthened

In early February, James Radford joined as Chief Fintech & Banking Officer of the Quantum group and CEO of Volopa. Radford is a banking and fintech industry veteran having held various roles including Head of Banking Operations at Lloyds Banking Group and Chief Operating Officer at Aldermore Bank. He is perhaps best known for his time as CEO of Revolut UK where he, as part of the senior management team, oversaw its application for a UK banking licence and an increase in valuation, from \$5.5 billion to \$33 billion following a funding round – a record at the time for a private UK tech company.

Since then, Quantum has further strengthened its management capability by putting together a top level Advisory Board. The team will provide business development advice to the Quantum group executive team as it works towards a planned IPO on the London market, expected in the second half of 2026.

The Advisory Board will provide business development advice to deliver Quantum's three-year business plan and strategic capital markets advice on liquidity events, including the IPO. On that matter, the Board plans to meet with corporate brokers and financial advisors in the coming months to explore its options.

Chairing the new Advisory Board is Professor Stefan Allesch-Taylor, an experienced financial services entrepreneur who has served as Chair or CEO of numerous public and private companies operating in more than 15 countries, representing combined assets of over \$20 billion. Professor Allesch-Taylor will be joined by Stephen Etchells, Dr Zenon Gray and Antony Legge, all experienced City executives, in advising Quantum.

Valuation update

In our initiation of coverage note on Quantum, we did not include any forecast numbers from the easyGroup joint-venture. As the JV has made progress since that time we have been able to work with management to put together five year forecasts, which we assume to begin in May 2025. While the model is complex, we summarise the structure and key assumptions below, along with the headline numbers in Table 1 overleaf.

Cards issued

In our scenario we assume that the JV has good levels of support from easyGroup companies in terms of marketing and participation in the venture. At the top level, revenues will be a function of the number of cards issued and how many become active, along with volumes of spending.

Number of cards issued to customers are assumed to rise over time with just under 30,000 issued in year 1, rising to 150,000 in year 2 and stabilising at just under 250,000 in years 3 – 5. Cards issued are a function of numbers of easyGroup customers marketed to, plus those acquired via other marketing channels, multiplied by those who go on to apply and have a card approved. Revenues are then driven by the total number of cards issued less those which are dormant (have no spending). We assume 25% of cards have no spending every month.

Volumes & Revenues

Driven by spending volumes, sources of revenues from the venture will primarily be: commissions from FX (1% rate assumed), point of sale interchange fees (0.2% in UK and EEA, 0.7% elsewhere), ATM transaction fees (£2 per transaction) and fees from “Lifestyle” programme spending (4.1%). From year 3 there will also be a £3.99 subscription fee for an easyWallet Premium service which will offer increased benefits in comparison to a basic plan.

A number of assumptions are made regarding FX, ATM and point-of-sale volumes, all of which are driven by active card numbers. FX factors also consider number of average top ups per month, average top up value and percentage of top-ups made in a foreign currency. ATM revenues are simply a factor of transaction fee multiplied by number of transactions. In POS, volumes are also driven by average monthly transaction numbers, with lifestyle and non-lifestyle split out due to different fees. Monthly average transaction values are set at £68 per transaction in year 1, rising 2% per annum for inflation. These are then split into UK & EEA transactions and non UK & EEA transactions due to the different commission levels.

Costs

Major costs of goods sold include card fulfilment fees, customer onboarding fees, authorisation and settlement charges, card transaction charges, open banking charges and other volume driven costs. Added to these are the costs of marketing the easyCard and easyWallet, along with annual development and customer service costs.

Findings

	Year 1	Year 2	Year 3	Year 4	Year 5
No. of cards issued	29,652	150,322	249,614	249,614	249,614
Total cards at year end	29,593	177,569	410,066	628,991	835,135
Total cards spending (£)	9,047,134	258,482,308	745,540,628	1,371,945,318	2,055,717,668
REVENUE (£)	159,716	4,559,094	13,411,090	23,925,585	35,517,845
Transaction Costs	-404,780	-2,850,993	-6,099,802	-8,419,292	-11,071,466
Marketing Costs	-266,050	-1,302,310	-3,348,955	-4,931,565	-6,272,294
Total COGS	-670,830	-4,153,302	-9,448,756	-13,350,858	-17,343,760
GROSS PROFIT	-511,114	405,792	3,962,334	10,574,728	18,174,085
Development Cost	-375,000	-270,000	-270,000	-270,000	-270,000
Customer services Cost	-120,000	-120,000	-240,000	-240,000	-360,000
NET PROFIT	-1,006,114	15,792	3,452,334	10,064,728	17,544,085

Table 1. easyWallet JV headline forecasts. Source: Optimo Capital

Our model shows that the JV reaches break-even in year 2 of commencing operations, with revenues and profits then rising rapidly as it enjoys the benefits of scale. We should point out that these are very much median case numbers, which we consider to be conservative should easyGroup go harder on the marketing of the venture. Also, no numbers have been included in the model for the addition of the planned co-branded football club or Formula One cards.

Valuation review

In our initiation of coverage note we put a value on Quantum Financial of £411.75 million. This was based on a multiple of 18 times our EBITDA forecasts for the full year to March 2027, discounted back to end March 2025 at a rate of 20%. We now review our valuation for the effects of time and easyWallet forecasts.

Firstly, we adapt our valuation to take into account the effects of time. We now discount our forecasts at the same rate of 20% to the nearest quarterly period end of June 2025. This results in a valuation uplift of £17.9 million to £429.65 million.

We then add in the numbers from the easyWallet model. Taking net profits as a proxy for EBITDA we take the £17.54 million of profits forecast for year 5 and multiply by 80% to get Quantum's share, which equates to £14.04 million. Multiplying this by our chosen multiple of 18 times and discounting back to end June 2025 at a rate of 20% results in a figure of £104.43 million. Therefore, our revised valuation for Quantum Financial Holdings is £534.08 million.

At this stage we must point out that our valuation is highly exposed to execution risk. Quantum has an ambitious growth plan which sees both revenues and profits rising significantly over the coming years. Delays in or failure to meet budgets across all divisions could have a detrimental effect on the business and our valuation. Our valuation is also highly sensitive to changes in discount rate used in the model. In addition, until the company completes its planned IPO on the London markets, liquidity in Quantum shares will remain limited on the JPJ exchange.

We look forward to providing additional updates on Quantum as it progresses the easyWallet joint-venture and works on its planned IPO next year. We will also be looking for news on the firm's variety of emoney licence applications, another significant potential revenue driver that has not yet been factored into our forecasts. At this stage the main point on which investors must take a view remains whether management can deliver the growth being forecast. We believe that with a highly experienced senior team, the funding in place to reach break-even and multiple expansion opportunities across the group, Quantum looks well placed to reach its goals.

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