

Arcapita and Dgpays Consortium Acquires Majority Stake in NEOPAY from Mashreq

Dubai, UAE, 23 September, 2024 – Arcapita Group Holdings Limited ("Arcapita"), the global alternative investment firm, and Dgpays, a leading financial infrastructure technology provider in the EMEA region, (together in equal partnership, the "Consortium") and Mashreq, one of the UAE's leading financial institutions, jointly announced today the Consortium's agreement to acquire a majority stake in NEOPAY, the UAE's fast-growing payment solutions provider, while Mashreq retains a significant minority interest. The transaction implies an approximate enterprise value for NEOPAY of \$385 million, and the closing is subject to necessary regulatory approvals.

The acquisition represents a significant milestone for NEOPAY as it aims to expand its presence in the rapidly growing digital payments sector in the Middle East. The strategic support of the Consortium, positions NEOPAY to further accelerate its growth trajectory and offer new services, leveraging Dgpays' cutting-edge technology.

NEOPAY is the UAE's fastest growing payment solutions provider, with a strong foothold among merchants and e-commerce players. The UAE's card transaction value is expected to grow at double-digit rates over the next five years, presenting substantial opportunities for NEOPAY to capture further market share.

Founded as a strategic division within Mashreq, NEOPAY experienced significant growth in recent years, serving a diverse client base across key sectors such as retail, hospitality, government, and e-commerce. NEOPAY's expansion is driven by the UAE's dynamic economic landscape, which is characterized by a young, digitally literate population, robust GDP growth, and the government's ongoing initiatives to promote digital transformation and a cashless economy.

Serkan Omerbeyoglu, CEO of Dgpays, said, "We are excited to support NEOPAY's transformative journey in partnership with Mashreq. NEOPAY has demonstrated exceptional growth and innovation in the UAE's digital payments landscape, and we see tremendous potential in expanding this success across the broader Middle East region. At Dgpays, our mission has always been to drive digital transformation in financial services through cutting-edge technology and strategic partnerships. By integrating our fintech solutions with NEOPAY's robust platform, we aim to unlock new opportunities for growth and innovation and present these innovative solutions to the enterprise and SME market of the UAE and broader GCC market."

Atif A. Abdulmalik, CEO of Arcapita, commented: "NEOPAY is fully aligned with Arcapita's investment strategy which focuses on acquiring companies that are not only market leaders but also have strong growth potential driven by favorable macroeconomic trends. NEOPAY is well-positioned to benefit from the UAE's ongoing shift towards digital payments, supported by rising GDP, a tech-savvy young population, and government-led initiatives for digital transformation. Arcapita will support the next phase of NEOPAY's growth into value-added services and new markets."

Ahmed Abdelaal, Group CEO, Mashreq, said: "This transaction is a key milestone in NEOPAY's journey, allowing it to continue its strong growth trajectory as a regional leader in digital payments. We are confident that Arcapita and Dgpays have the right expertise and vision to help NEOPAY achieve its ambitious expansion plans across the Middle East. While Mashreq retains a significant stake in NEOPAY, we are excited to see the company reach new heights as it scales its operations and reinforces its market leadership."

Vibhor Mundhada, CEO of NEOPAY, also said, “We are thrilled to embark on the next chapter of NEOPAY’s growth with the support of Arcapita and Dgpays. NEOPAY has established itself as a leader in the digital payments sector by consistently innovating and delivering value to our clients. With the technological and financial backing of our new shareholders, alongside Mashreq’s continued support, we are well-positioned to accelerate our growth in the UAE and expand our footprint across the Middle East. We remain committed to advancing e-commerce payments and driving the broader adoption of digital payments across the region.”

This acquisition signifies a strategic alignment between Arcapita, Dgpays, and Mashreq, highlighting a shared commitment to driving innovation and growth in the digital payments industry throughout the Middle East.

Goldman Sachs International, DIFC Branch acted as financial advisor to the seller, while deNovo Partners advised the Consortium. Clifford Chance acted as legal counsel to Mashreq while Freshfields was legal counsel to the Consortium. Mashreq’s Investment Banking arm facilitated the closure of the transaction between the parties.

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