

iZettle closes in on Europe's biggest fintech IPO

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iZettle is gearing up to announce its intention to float as early next week in what would be the largest initial public offering by a European financial technology company.

The Swedish payments and ecommerce group has been in talks with potential investors and could seek a valuation of about SKr10bn (\$1.1bn) when it is expected to launch its IPO process next Tuesday, according to people involved in the flotation.

iZettle is one of the fastest-growing companies in Europe, having expanded out of its Nordic home market into countries including the UK, Spain, Mexico and Brazil. It started off providing credit card readers that plug into iPads or smartphones and were used by everybody from shops to homeless magazine sellers.

It has since expanded to offer a series of tools for small businesses that sell their products and services online, ranging from analytics and invoicing software to providing cash advances.

The Stockholm-based company last week reported a 51 per cent jump in revenues to SKr966m in 2017. It narrowed its operating loss slightly from SKr244m a year earlier to SKr228m.

iZettle would be the first in a series of large fintech companies in Europe to seek a listing. Adyen, the Dutch payments group that just wrested the eBay contract from PayPal, is eyeing an IPO later this year. Funding Circle, the UK fintech group, is also looking at listing in 2018.

Jacob de Geer co-founded iZettle in 2010 after his ex-wife was unable to sell her glasses to shoppers at a trade fair who wanted to pay with credit or debit cards. It had a compound annual growth rate of 103 per cent in 2013-16, according to the FT 1000 list of Europe's fastest-growing companies.

Presenting the results last week, he said: "I see great market potential as there are 28 million small businesses in our markets – many of which are tired of being underserved by traditional financial players and are starting to realise how iZettle can help level the playing field for them."

Its main rival is Square, the US-listed group that enjoyed a difficult flotation. It was forced to price its IPO in 2015 at half its previous valuation but has since seen its shares more than quintuple.