

Usio, Inc.

USIO (NASDAQ) - Buy \$6 Price Target

June 22, 2026

Deluxe Just Paid \$625 Million to Build a Larger USIO

Analyst: Barry M. Sine, CFA, CMT

- Last week, Deluxe Corporation (NYSE: DLX) paid \$625 million for private-equity-backed Celero Commerce, one of the largest payments transactions announced in 2026.
- Deluxe already owned check, treasury management, lockbox, and business payment operations; Celero added embedded payments and merchant acquiring. USIO already combines many of those same capabilities through Output Solutions, ACH, card processing, and PayFac.
- The 3.0x revenue acquisition multiple compares with USIO's current 0.4x revenue valuation and implies an enterprise value of \$315 million, or roughly \$11 per share, based on our 2027 revenue estimate.
- While Celero is larger and more profitable than USIO, the valuation gap is far greater than the difference in scale between the two businesses. USIO also bears public company costs that would largely disappear in a strategic acquisition.

Rating	BUY	Earnings Per Share				Normalized to exclude unusual items			
Target Price	\$6.00	FYE - December				2024	2025	2026E	2027E
Ticker Symbol	USIO	1Q - March	(\$0.01)	(\$0.01)	\$0.00 A	\$0.00			
Market	NASDAQ	2Q - June	\$0.00	(\$0.01)	(\$0.00)	\$0.01			
Stock Price	\$1.82	3Q - September	\$0.10	(\$0.02)	(\$0.01)	\$0.00			
52 wk High	\$2.02	4Q - December	\$0.02	(\$0.00)	(\$0.01)	(\$0.00)			
52 wk Low	\$1.03	Year	\$0.12	(\$0.04)	(\$0.01)	\$0.01			
Shares Outstanding:	27.6 M	Revenue (\$mm)	\$82.9	\$85.0	\$94.8	\$104.9			
Public Market Float:	19.0 M	EV/Rev	0.5X	0.5X	0.5X	0.4X			
Avg. Daily Volume	78,547	EBITDA (\$mm)	\$2.9	\$2.4	\$3.6	\$4.2			
Market Capitalization:	\$50 M	EV/EBITDA	15.1X	18.0X	12.2X	10.4X			
Institutional Holdings:	23.5%								
Dividend Yield:	0.0%								

Risks/Valuation

- We see four key risk categories, which we discussed in our initiation report: regulatory changes, cybersecurity risks, errors, and fraud.
- Our valuation is based on an EV/EBITDA and EV/Revenue methodology.

Company description: Usio is a diversified payments company headquartered in San Antonio, Texas. It has proven highly innovative in new product launches, acquisitions, and customer wins, driving 24% revenue growth over the last five years.



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We reiterate our Buy rating on Usio. We believe Deluxe Corporation's acquisition of Celero Commerce for \$625 million provides one of the most important valuation datapoints for USIO investors in recent years and reinforces our view that the market continues to undervalue the company's embedded payments platform. While Celero is larger and more profitable than USIO today, the strategic rationale behind the acquisition highlights many of the same characteristics that USIO offers at a much lower valuation.

Deluxe Just Paid 3x Revenue For a Company Built Around the Same Playbook

The Deluxe acquisition of Celero represents one of the most significant payments transactions completed during 2026. Deluxe agreed to pay \$625 million in cash for a company generating \$200 million of annual revenue. Why was Deluxe willing to pay that valuation in the first place? The answer appears to be distribution. Celero spent years building relationships with banks, software companies, ISVs, merchant service providers, and business customers. Those relationships became increasingly valuable as transaction volume scaled. USIO has spent years pursuing a similar strategy. The company has built infrastructure that allows software companies, financial institutions, and vertical market providers to offer integrated payment capabilities without building the underlying compliance, onboarding, settlement, and risk management infrastructure themselves.

	Celero	USIO
Revenue	>\$200M	\$105M 2027E
EBITDA Margin	28%	4% 2027E
Ownership	PE-backed	Public
Embedded Payments	Yes	Yes
ISV Relationships	Yes	Yes
Financial Institution Relationships	Yes	Yes
ACH Capabilities	Limited Disclosure	Core Competency
PayFac Infrastructure	Yes	Yes
Revenue multiple	3.0x	0.4x

Source: Litchfield Hills Research and company reports

The Market is Looking at USIO Through the Wrong Lens

Many investors continue to evaluate USIO as a small payments processor. We believe that the framework understates the strategic value of the company's embedded payments platform. Traditional payment processors acquire merchants one at a time using expensive and inefficient direct sales channels. Usio acquires distribution channels, giving it scale at lower cost. The difference is substantial. One software relationship can ultimately generate hundreds or thousands of merchants. As those merchants process more transactions, revenue grows without requiring proportional increases in customer acquisition spending. This dynamic helps explain why strategic acquirers increasingly value embedded payments platforms differently than traditional processors.

The payments industry has gradually shifted from stand-alone processing toward embedded finance and integrated payments. Customers increasingly expect payment capabilities to exist directly inside the software applications they already use. As a result, control of the software integration often becomes more valuable than control of the payment rail itself. Once payments become embedded inside mission-critical workflows, customer retention increases and



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switching costs rise. This dynamic creates recurring revenue streams that can persist for many years. USIO's PayFac-in-a-Box strategy is specifically designed to capitalize on this trend.

Deluxe Didn't Create a New Business Model—It Bought One

Deluxe's strategic rationale for acquiring Celero appears straightforward. Deluxe already possessed substantial capabilities in check processing, treasury management, lockbox services, receivables, and business payments. What Celero added was a scaled embedded payments and merchant acquiring platform. In effect, Deluxe combined a traditional payments and business services franchise with a modern embedded payments infrastructure provider. USIO already operates a similar model. In addition to its PayFac-in-a-Box platform, ACH capabilities, and card processing operations, the company maintains a substantial Output Solutions segment that provides check printing, statement processing, document management, and related payment services. While investors often analyze these businesses separately, the Deluxe transaction suggests they may be more complementary than the market appreciates. Stated differently, Deluxe paid \$625 million to acquire a company that helped complete its payments ecosystem. USIO already possesses many of those capabilities within a single organization. The company may lack Celero's scale and profitability, but the breadth of its payments platform compares favorably to what Deluxe is attempting to build through acquisition.

What Is USIO Worth Using Celero's Private-Market Multiples?

Deluxe paid 3.0x, revenue, 11x standalone adjusted EBITDA, and 7.4x adjusted EBITDA after expected synergies and tax benefits for Celero Commerce. We believe the revenue multiple provides the most useful framework for evaluating USIO because it captures the strategic value of the platform rather than its current profitability. While Celero generates substantially higher margins than USIO today, the company is only a little more than twice the size of USIO based on revenue. USIO also bears public company costs that Celero did not incur as a private company. The difference in valuation is considerably larger than the difference in scale between the two businesses. USIO has already built the compliance, processing, risk management, software integration, ACH, card, and Output Solutions infrastructure required to support a significantly larger business. As transaction volume grows, much of the incremental revenue should flow through at attractive margins.

Applying the 3.0x revenue acquisition multiple to our 2027 revenue estimate of \$104.9 million implies an enterprise value of \$315 million and an implied equity value of \$11.54 per share. The table below illustrates the valuation implications of applying a range of revenue multiples to our 2027 forecast. USIO currently trades at 0.4x forward revenue, while Deluxe paid 3.0x revenue for Celero Commerce. Even a partial narrowing of that gap would imply equity values substantially above the current share price.

Revenue Multiple	Enterprise Value	Equity Value	Per Share
1.0x	\$104.9M	\$111.3M	\$4.00
1.5x	\$157.4M	\$163.8M	\$5.89
2.0x	\$209.8M	\$216.2M	\$7.77
2.5x	\$262.3M	\$268.7M	\$9.66
3.0x	\$314.7M	\$321.1M	\$11.54

Source: Litchfield Hills Research and company reports

Our \$6 target price reflects our traditional public market valuation methodology. The Celero transaction provides a relevant private-market benchmark for a business built around many of the same capabilities as USIO.



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Deluxe Just Showed Investors What This Platform May Be Worth

We are not arguing that USIO deserves Celero's valuation today. The Deluxe transaction highlights more than just the value of embedded payments. Deluxe acquired Celero to complement an existing franchise that already included check, treasury management, lockbox, and business payment capabilities. USIO's Output Solutions segment means the company already possesses many of those same capabilities today. Deluxe paid \$625 million to create a broader version of a business model that USIO has spent years assembling.

Celero is larger and more profitable than USIO today. USIO, however, bears the costs associated with being a public company and remains less than half Celero's size based on revenue. The more relevant observation is that Deluxe paid 3.0x revenue for Celero while USIO trades at 0.4x revenue despite offering many of the same services. USIO has already built much of the infrastructure required to support a larger business. Additional revenue should require far less incremental investment than was needed to build the platform in the first place. The Deluxe transaction demonstrates what sophisticated strategic buyers are willing to pay for businesses built around embedded payments, software integrations, financial institution relationships, and recurring transaction revenue. We believe public investors largely value USIO based on current profitability, while strategic acquirers would place greater emphasis on the value of the platform and its ability to support substantially greater transaction volume. That disconnect remains central to our Buy rating.

As the chart below shows, USIO shares are beginning to react favorably now that 2025, with its 3% revenue growth due to an indirect customer loss is over. USIO has historically been a consistent double-digit grower, and management commentary recently on their earnings calls and at conferences suggests that they are back on track.



Source: FactSet Research Systems

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Usio, Inc. – Income Forecast

12 months ended December 31	2025					2026E					2027E				
	1Q	2Q	3Q	4Q	YEAR	1Q	2Q	3Q	4Q	YEAR	1Q	2Q	3Q	4Q	YEAR
	March	June	September	December		March	June	September	December		March	June	September	December	
Revenue	22,009,050	19,960,990	21,180,333	21,889,629	85,040,002	25,465,774	23,857,878	23,008,415	22,515,948	94,848,014	28,148,756	28,563,454	25,021,920	23,174,306	104,908,435
YoY growth	5.0%	-0.6%	-0.7%	6.5%	2.5%	15.7%	19.5%	8.6%	2.9%	11.5%	10.5%	19.7%	8.8%	2.9%	10.6%
Seq growth	7.0%	-9.3%	6.1%	3.3%		16.3%	-6.3%	-3.6%	-2.1%		25.0%	1.5%	-12.4%	-7.4%	
Expenses															
Cost of services	17,199,907	14,820,921	16,310,314	17,073,910	65,405,052	20,328,891	18,370,566	17,716,479	17,337,280	73,753,216	21,674,542	21,993,859	19,266,879	17,844,216	80,779,495
As a percent of revenue	78.1%	74.2%	77.0%	78.0%	76.9%	79.8%	77.0%	77.0%	77.0%	77.8%	77.0%	77.0%	77.0%	77.0%	77.0%
Gross margin	21.9%	25.8%	23.0%	22.0%	23.1%	20.2%	23.0%	23.0%	23.0%	22.2%	23.0%	23.0%	23.0%	23.0%	23.0%
Operating expenses - cash	4,142,895	4,638,185	4,501,762	3,940,133	17,222,975	4,356,142	4,532,997	4,371,599	4,278,030	17,538,768	5,348,264	5,427,056	4,754,165	4,403,118	19,932,603
As a percent of revenue	18.8%	23.2%	21.3%	18.0%	20.3%	17.1%	19.0%	19.0%	19.0%	18.5%	19.0%	19.0%	19.0%	19.0%	19.0%
Depreciation and amortization	410,062	434,255	399,582	435,000	1,678,899	329,284	500,000	500,000	500,000	1,829,284	500,000	500,000	500,000	500,000	2,000,000
Stock-based compensation and amortization	495,770	464,599	432,846	500,000	1,893,215	225,745	525,000	525,000	525,000	1,800,745	525,000	525,000	525,000	525,000	2,100,000
Operating income	(239,584)	(396,970)	(464,171)	(59,415)	(1,160,140)	225,712	(70,685)	(104,663)	(124,362)	(73,998)	100,950	117,538	(24,123)	(98,028)	96,337
Operating margin	-1.1%	-2.0%	-2.2%	-0.3%	-1.4%	0.9%	-0.3%	-0.5%	-0.6%	-0.1%	0.4%	0.4%	-0.1%	-0.4%	0.1%
Net income	79,011	110,908	124,449	125,000	439,368	91,491	125,000	125,000	125,000	466,491	125,000	125,000	125,000	125,000	500,000
Net expense	(11,843)	(11,735)	(11,328)	(10,000)	(44,906)	(22,826)	(10,000)	(10,000)	(10,000)	(52,826)	(10,000)	(10,000)	(10,000)	(10,000)	(40,000)
Income	(172,416)	(297,797)	(346,050)	55,585	(760,678)	294,377	44,315	10,337	(9,362)	339,667	215,950	232,538	90,877	16,972	556,337
As a percent of revenue	0.3%	0.3%	0.3%	0.3%	0.3%	0.7%	0.7%	0.7%	0.7%	0.7%	0.3%	0.3%	0.3%	0.3%	0.3%
Income to common	(234,970)	(366,654)	(414,907)	(15,578)	(1,032,109)	122,503	(116,707)	(144,952)	(161,327)	(300,483)	131,504	146,848	15,811	(52,551)	241,612
Net income margin	-1.1%	-1.8%	-2.0%	-0.1%	-1.2%	0.5%	-0.5%	-0.6%	-0.7%	-0.3%	0.5%	0.5%	0.1%	-0.2%	0.2%
Shares outstanding	26,615,947	26,456,411	26,892,925	26,907,925	26,718,302	27,748,037	27,763,037	27,778,037	27,793,037	27,770,537	27,808,037	27,823,037	27,838,037	27,853,037	27,830,537
Seq change	(546,728)	(159,536)	436,514	15,000		840,112	15,000	15,000	15,000		15,000	15,000	15,000	15,000	
Diluted - continuing	(\$0.01)	(\$0.01)	(\$0.02)	(\$0.00)	(\$0.04)	\$0.00	(\$0.00)	(\$0.01)	(\$0.01)	(\$0.01)	\$0.00	\$0.01	\$0.00	(\$0.00)	\$0.01
Adjusted															
Adjusted income	(239,584)	(396,970)	(464,171)	(59,415)	(1,160,140)	225,712	(70,685)	(104,663)	(124,362)	(73,998)	100,950	117,538	(24,123)	(98,028)	96,337
Stock	495,770	464,599	432,846	500,000	1,893,215	225,745	525,000	525,000	525,000	1,800,745	525,000	525,000	525,000	525,000	2,100,000
Depreciation and amortization	410,062	434,255	399,582	435,000	1,678,899	329,284	500,000	500,000	500,000	1,829,284	500,000	500,000	500,000	500,000	2,000,000
Stock comp. expense															
Adjusted A	666,248	501,884	368,257	875,585	2,411,974	780,741	954,315	920,337	900,638	3,556,031	1,125,950	1,142,538	1,000,877	926,972	4,196,337
YoY growth	-16.0%	-37.2%	-52.6%	69.3%	-16.4%	17.2%	90.1%	149.9%	2.9%	47.4%	44.2%	19.7%	8.8%	2.9%	18.0%
EBITDA margin	3.0%	2.5%	1.7%	4.0%	2.8%	3.1%	4.0%	4.0%	4.0%	3.7%	4.0%	4.0%	4.0%	4.0%	4.0%

Source: Company reports and Litchfield Hills Research LLC



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