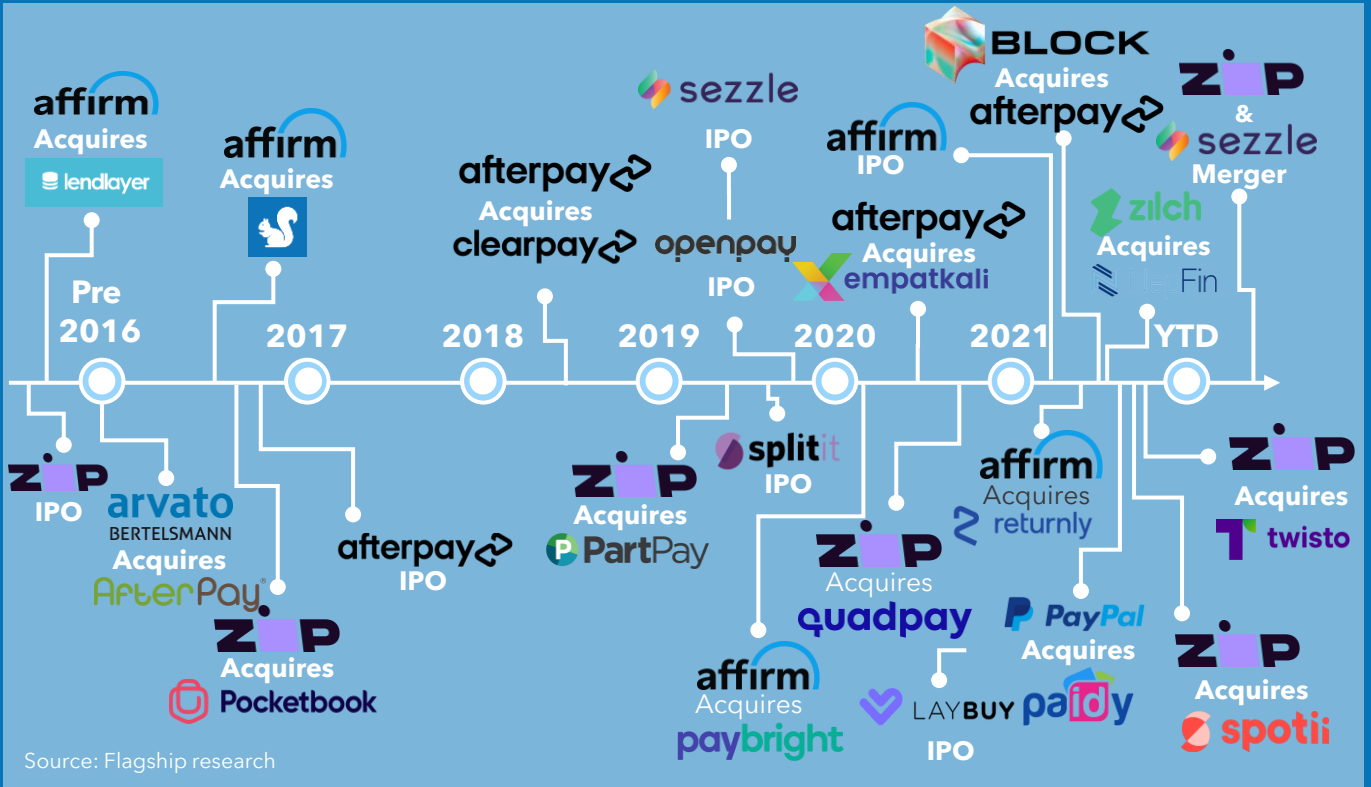
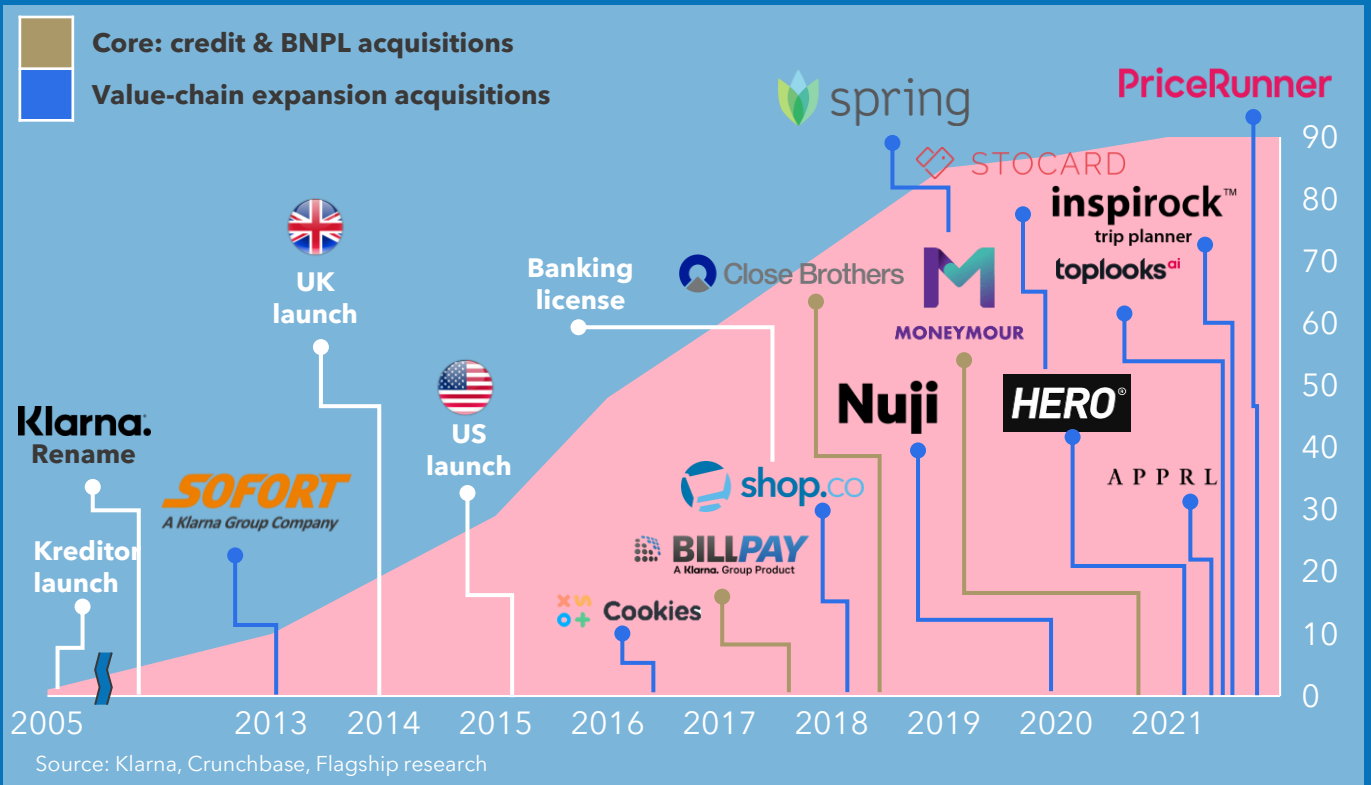


BNPL Consolidation via M&A

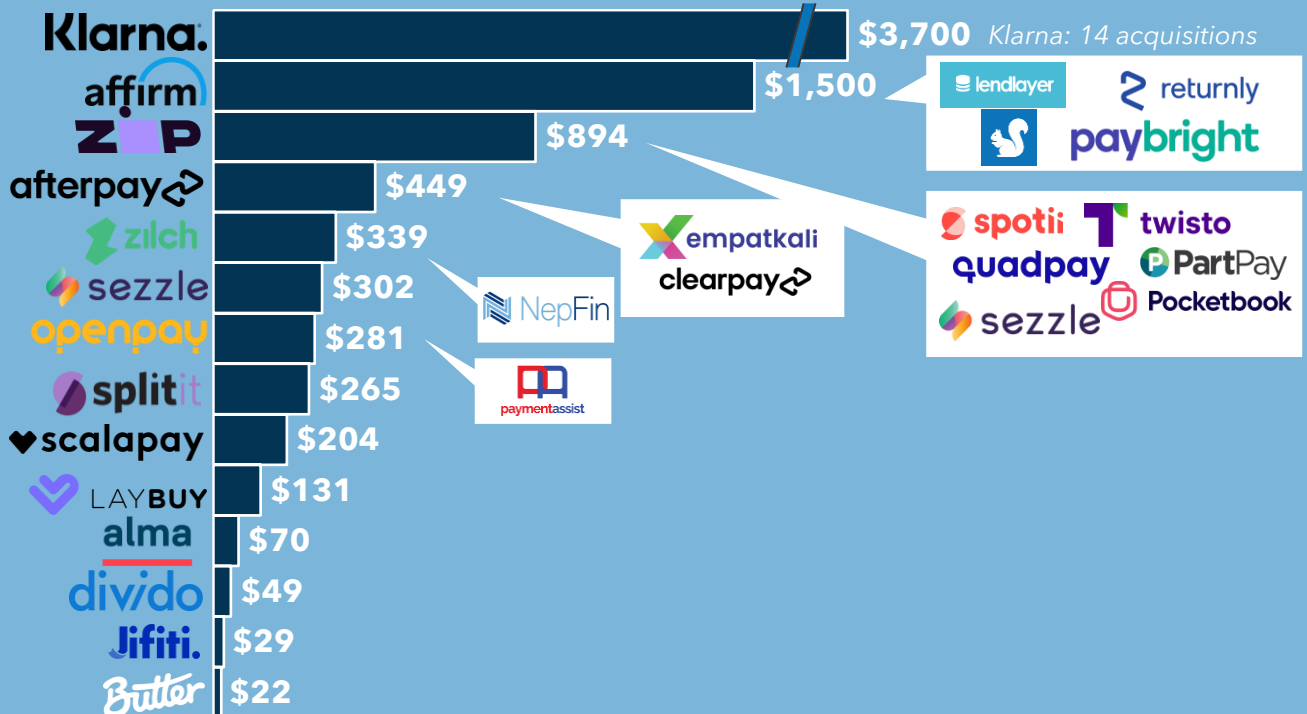
1 TIMELINE OF BNPL M&A ACTIVITY (top Buy Now Pay Later providers, excluding Klarna)



2 KLARNA TIMELINE (M&A and other select events, Y-axis= millions of users)



3 BNPL FUNDING AMOUNTS (in USD million, select providers, M&A call-outs)



Source: Crunchbase

4 OBSERVATIONS & OUTLOOK

HIGHLIGHTS:

- BNPL M&A has accelerated since 2019
- M&A activity has largely focused on consolidation by well-funded players (Klarna, Zip, Affirm, Afterpay), but Klarna has recently focused on value-chain expansion acquisitions (e.g. Hero, PriceRunner, APPRL, Nuji)
- Payment giants PayPal and Block (Square) entered into BNPL via M&A. PayPal originally entered via the acquisition of I4 Commerce (Bill Me Later) in 2007; Square via the acquisition of Afterpay.
- Australian provider Zip has used M&A to expand into new geos (US, MEA, Europe) by acquiring smaller BNPL providers

OUTLOOK:

- We expect ongoing M&A activity in the BNPL space as winners seek to scale, enter new geos, and expand across the value chain
- The industry will consolidate around the largest players due to the benefits of scale, funding advantages, regulatory headwinds, and new entrants (e.g., Santander's announcement of Zinia and Apple's BNPL partnership with Goldman Sachs)

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