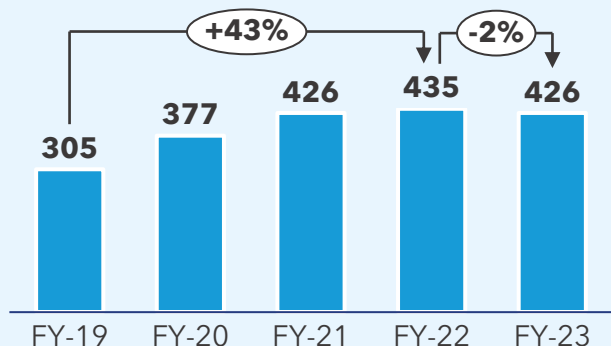


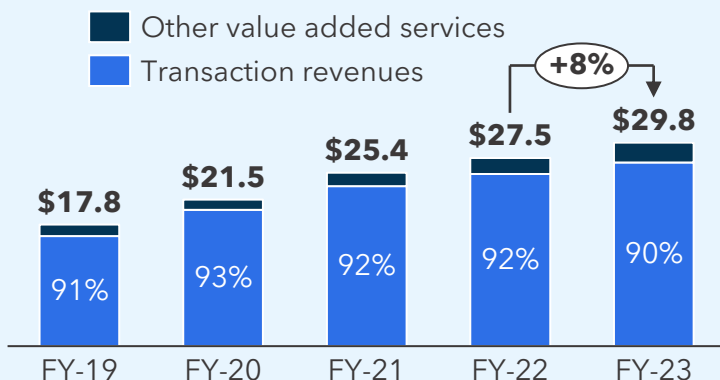
PayPal: Challenged by Growth Headwinds

1 NUMBER OF ACCOUNTS (in mil.)

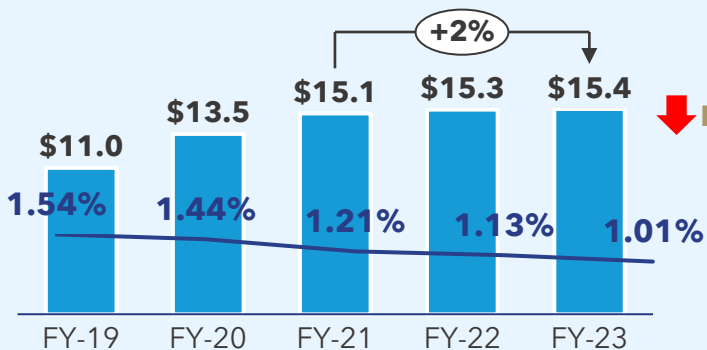


Sources: PayPal's annual report, Flagship analysis © Flagship Advisory Partners February 2024

2 GROSS REVENUE BY TYPE (in \$ bil.)

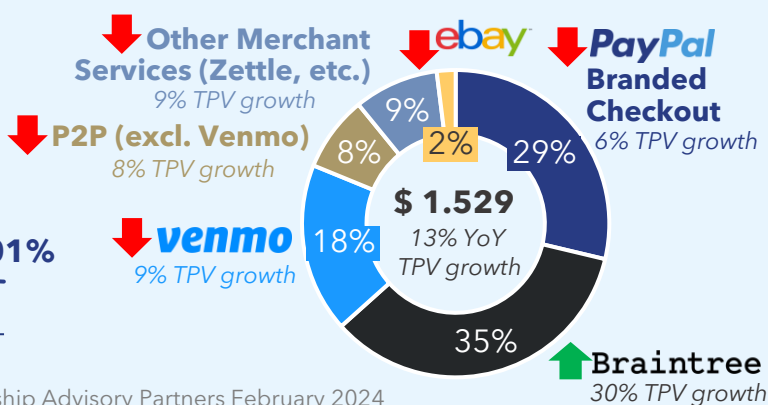


3 NET REVENUE & NET TAKE RATE (net revenue in \$ bil. & net take rate in %)

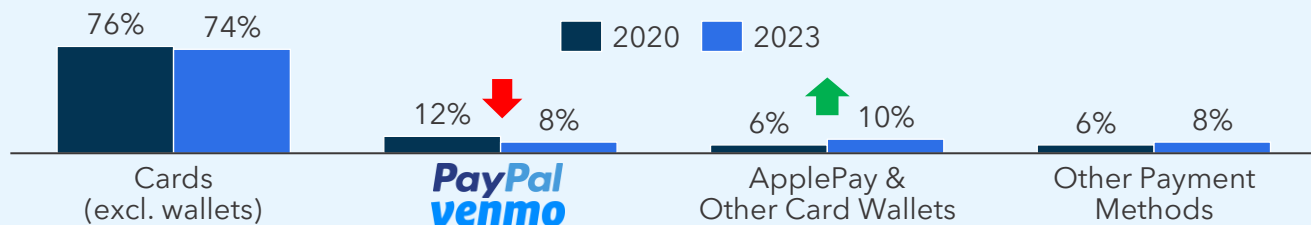


Sources: PayPal's annual report, Flagship analysis © Flagship Advisory Partners February 2024

4 2023 TPV BY BUSINESS UNIT (total in \$ tril.)



5 US WALLET SHARE IN THE C2B REMOTE PAYMENT CHANNEL (est. share of total remote payment value for B2C digital payments, excluding pure bill pay)



Sources: Flagship Advisory Partners estimates © Flagship Advisory Partners February 2024

GENERAL COMMENTARY & HIGHLIGHTS

- PayPal's stock dropped 9% after PayPal issued low guidance and warned of a transition year.
- PayPal's account numbers fell for the first time while net revenue remained disappointingly flat, in part due to ongoing price pressure (net take rate declined by more than 50 bps since 2019).
- PayPal's recent strategy to price compete aggressively for unbranded volumes of enterprise merchants (our market observation) share seems to have exacerbated revenue margin pressure, though it has generated strong volume growth for Braintree.
- PayPal's wallet is losing share to Apple Pay, which provides broader omnichannel coverage and experience than does PayPal (this feels like PayPal's failures @ POS coming home to roost).

Navigating fintech innovation

Flagship Advisory Partners is a boutique strategy and M&A advisory firm focused on payments and fintech. We serve clients globally and have a team of 30+ professionals who have a unique depth of knowledge in payments and fintech.



Thank You!

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