Embedded Fintech Vertical Snapshot:
US Beauty Services

General Commentary & Highlights

- **80% of US beauty merchants use business management software, and 85% of vended acceptance volume is card.** Embedded payments growth will come from penetration and take rate optimization.
- **Virtually all scale platforms have integrated payments, but attach strategies diverge**. Square, for example, mandates its own processing, while others like Fresha and Zenoti allow third-party PSPs.
- **Booking and payments are complementary.** Deposits, card-on-file, and no-show charging are enabled in the booking flow, which creates a durable advantage for integrated solutions.
- **Sub-vertical fintech needs vary**. For example, salons value instant settlement, tipping, and payroll, while med-spas monetize higher tickets through consumer financing.
- **The software landscape splits cleanly on distribution**. Platforms like Fresha and Booksy enable consumer marketplaces, while others like Zenoti and GlossGenius are pure B2B.

1 Vertical Definition

Sub-Vertical	Examples Services
Spas	Day spas, skin services, massage therapy, float tanks, hot stone, aromatherapy
Salons	Nail salons, hair salons, tanning salons, waxing, threading, eyebrow bars, barbershops, facials
Aesthetics & Clinics	Med-spas, laser clinics, injectables, IV therapy, etc.

Sources: Flagship Advisory Partners

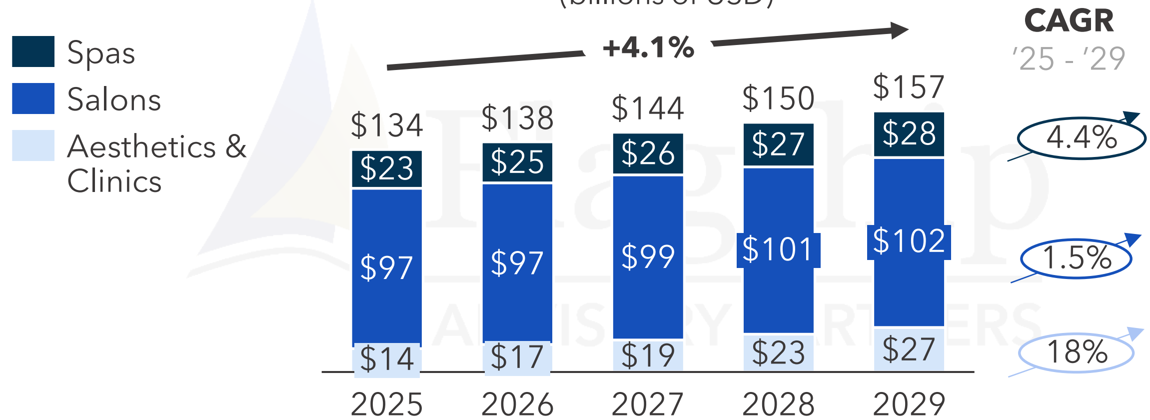
2 Key Software & Payments Feature-set

Software Features		Payment Features	
Appointment Scheduling	Multi-location Management	Split Payouts	Payroll Processing
Loyalty & Rewards	Marketing & CRM	Gift Cards	ERP/Acct. Integrations
Purchasing & Inventory	Mobile Application	Tipping	Prepaid deposits
Staff Management	Analytics & Reporting	E-comm, Card on file and POS payments	No-show Fee Charging
Automated Reminders	Consumer Marketplace	Instant Settlement	Lending
E-prescribing*	Digital Consent Forms*		Treatment Package Billing
E-Medical Records*	Before/After Photo Tools*	Patient Financing*	Revenue Cycle Management*

General   *Medical Aesthetics & Clinics*

3 Vertical Spend

US Vertical Spend
(billions of USD)



Sources: IBIS World, American Med Spa Association (AmSpa, International SPA Association (ISPA)

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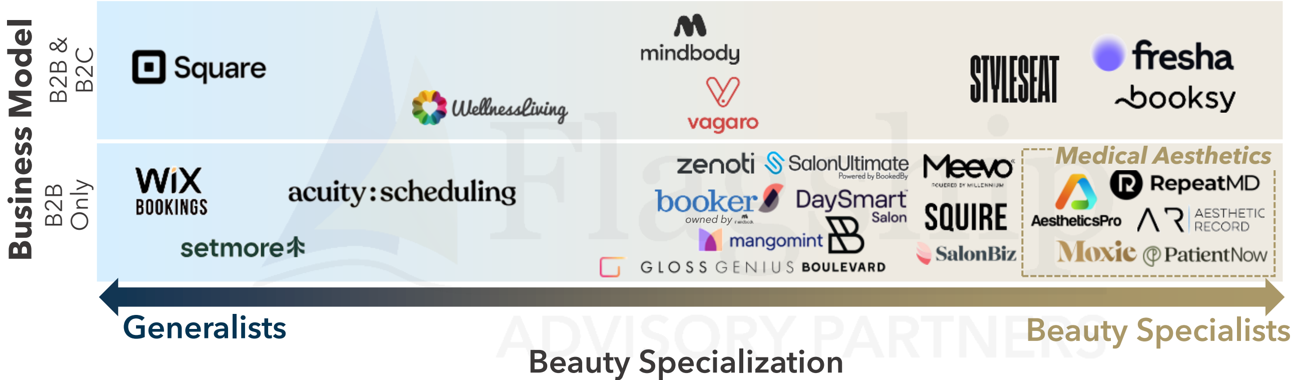
4 Vertical Dynamics

Software Penetration[1]
(Indicative, % of merchants utilizing software)

Tender Mix (Vended)[2]
(Indicative, % of payment volume)

(1) Software penetration reflects establishments only and excludes solo practitioners.
(2) Tender mix presented for entire vertical. Financing represents a higher share of spend in medical aesthetic procedures.
Sources: Flagship Advisory Partners

5 Software Platforms



Sources: Flagship Advisory Partners

6 Embedded Fintech Maturity

	Relevant Fintech Products		Maturity
Acceptance	e-comm	✓	◕
	POS	✓	●
	Billing	✓	◕
Payout	AP (V-card)	✓	○
	AP (A2A)	✓	○
	Spend Mgmt. (card)	✓	○
	Spend Mgmt. (A2A)	✓	○
	Global	×	○

Relevant Fintech Products		Maturity
Consumer Financing	✓	◑
Business Lending	✓	◕
Business Accounts	✓	◔
Digital Wallet	✓	○
FX	×	○
Payroll	✓	◕
Insurance	✓	◔
Loyalty	✓	◕

Sources: Flagship Advisory Partners

Embedded Finance Highlights

- Fragmented salon workforce models drive complex money movement. **Split payments, tipping, payroll, and instant payouts** are increasingly embedded in core salon workflows.
- **Financing is emerging as the next monetization layer**, with consumer financing supporting higher-ticket aesthetic treatments and merchant cash advances gaining traction.
- **There is whitespace for embedded payables.** Several platforms, including Zenoti, Vagaro, and Boulevard, have offer inventory management solutions, but stop at the purchase order.

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.

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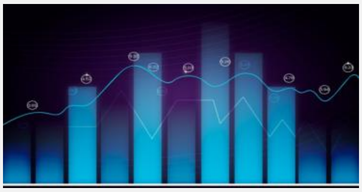

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