

A large, stylized graphic of the PayPal logo, which is a large 'P'. The 'P' is composed of two overlapping shapes: a light blue shape on top and a light green shape on the bottom. The background is a solid dark blue.

PayPal

Q3-20

Investor Update

November 2, 2020

Non-GAAP Financial Measures; Forward-Looking Statements

This presentation contains non-GAAP measures relating to our performance. These measures may include adjustments attributable to the reclassification of the U.S. consumer credit receivable portfolio as held for sale from November 2017 and may exclude certain expenses, gains and losses that may not be indicative of our core operating results and business outlook, and, in each case, may be different from the non-GAAP financial measures used by other companies. The presentation of this financial information, which is not prepared under any comprehensive set of accounting rules or principles, is not intended to be considered in isolation of, or as a substitute for, the financial information prepared and presented in accordance with generally accepted accounting principles. You can find the reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures in the Supplemental Information at the end of this presentation.

All growth rates represent year-over-year comparisons, except as otherwise noted. FX-Neutral (which we also refer to as FXN or currency neutral) results are calculated by translating the current period's local currency results by the prior period's exchange rate. FX-Neutral growth rates are calculated by comparing the current period's FX-Neutral results with the prior period's results, excluding the impact from currency hedging activities.

As previously disclosed, beginning with the first quarter of 2020, we have modified the presentation of our non-GAAP results to exclude the impact of all gains and losses on our strategic investments.

This presentation contains forward-looking statements relating to, among other things, the future results of operations, financial condition, expectations and plans of PayPal Holdings, Inc. and its consolidated subsidiaries that reflect PayPal's current projections and forecasts. Forward-looking statements can be identified by words such as "may," "will," "would," "should," "could," "expect," "anticipate," "believe," "estimate," "intend," "strategy," "future," "opportunity," "plan," "project," "forecast" and other similar expressions. Forward-looking statements may include, but are not limited to, statements regarding our guidance and projected financial results for fourth quarter and full year 2020, the timing of our cryptocurrency initiatives, the impact and timing of acquisitions and the projected future growth of PayPal's businesses. Forward-looking statements are based upon various estimates and assumptions, as well as information known to PayPal as of the date of this presentation, and are inherently subject to numerous risks and uncertainties.

Our actual results could differ materially from those predicted or implied by forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to: the direct and indirect impact of the COVID-19 pandemic on PayPal's business, financial condition and results of operations as well as the operations of PayPal's customers, suppliers, vendors and other business partners; the effect of political, business, economic, market and trade conditions, including any regional or general economic downturn or crisis and any conditions that affect payments or e-commerce growth; fluctuations in foreign currency exchange rates; the competitive, regulatory, payment card association-related and other risks specific to PayPal's payment platform, including the core PayPal, PayPal Credit, Braintree, Venmo, Xoom, iZettle, Honey, Hyperwallet and other products and services, especially as PayPal continues to expand geographically, introduce new products and services and support across technologies and payment methods and as new laws and regulations related to payments and financial services come into effect; the impact of PayPal's customer choice initiatives, including on its funding mix and transaction expense; PayPal's ability to successfully compete in an increasingly competitive environment for its businesses, products and services, including competition for consumers and merchants and the increasing importance of digital and mobile payments and mobile commerce; the outcome of legal and regulatory proceedings and PayPal's need and ability to manage regulatory, tax and litigation risks as its products and services are offered in more jurisdictions and applicable laws become more restrictive; changes to PayPal's capital allocation or management of operating cash; uncertainty surrounding the implementation and impact of the United Kingdom's withdrawal from the European Union; cyberattacks and security vulnerabilities in PayPal products and services that could disrupt business, reduce revenue, increase costs, harm our competitive position or our reputation, or lead to liability; the effect of management changes and business initiatives; any changes PayPal may make to its product and service offerings; the effect of any natural disasters or other business interruptions on PayPal or PayPal's customers; PayPal's ability to timely upgrade and develop its technology systems, infrastructure and customer service capabilities at reasonable cost; PayPal's ability to maintain the stability, security and performance of its Payments Platform and Honey Platform while adding new products and features in a timely fashion; risks that planned acquisitions will not be completed on contemplated terms, or at all, and that any businesses PayPal may acquire will not perform in accordance with its expectations; and PayPal's ability to profitably integrate, manage and grow businesses that have been acquired or may be acquired in the future. The forward-looking statements in this presentation do not include the potential impact of any acquisitions or divestitures that may be announced and/or contemplated after the date hereof.

More information about factors that could adversely affect PayPal's results of operations, financial condition and prospects or that could cause actual results to differ from those expressed or implied in forward-looking statements is included under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in PayPal's most recent annual report on Form 10-K and its subsequent quarterly reports on Form 10-Q, copies of which may be obtained by visiting PayPal's Investor Relations website at <https://investor.paypal-corp.com> or the SEC's website at www.sec.gov. All information in this presentation is as of November 2, 2020. For the reasons discussed above, you should not place undue reliance on the forward-looking statements in this presentation. PayPal assumes no obligation to update such forward-looking statements.

Highlights

Q3-20: Another historic quarter for PayPal

- Strongest growth in TPV and revenue in PayPal's history
 - **36% TPV growth on an FX-neutral basis** to \$247 billion
 - **25% revenue growth on an FX-neutral basis** to \$5.46 billion
- **15.2M NNAs** added in Q3... continuing the momentum from Q2
 - ~165,000 daily adds on average in the quarter
- **+32% growth in daily active accounts⁽¹⁾** using PayPal core experiences
- **>375 basis points of non-GAAP operating margin expansion; 45% growth in non-GAAP operating income**
- **41% non-GAAP EPS growth to \$1.07**
- **FCF of \$0.48 billion; year-to-date FCF of \$3.97 billion**

Raising TPV and EPS guidance; record NNAs

Q4 Guidance:

- TPV expected to grow in the **low to mid 30% range** on a spot and FX-neutral basis
- Revenue expected to grow **20 – 25%** on a spot and FX-neutral basis
- Earnings guidance: 45 – 47% GAAP EPS growth and **17 – 18% non-GAAP EPS growth**

FY-20 Guidance:

- Expect to add **~70 million active accounts**
- Revenue expected to grow **21 – 22%** on an FX-neutral basis (**20 – 21%** at Spot)
- Raising EPS guidance: 37 – 38% GAAP EPS growth and **27 – 28% non-GAAP EPS growth**
 - Fourth consecutive year of delivering at least 25% non-GAAP EPS growth

Non-GAAP earnings per share and free cash flow are Non-GAAP financial measures. Please see the Supplemental Information for a reconciliation of these Non-GAAP financial measures to the most directly comparable GAAP financial measures.

(1) Daily Active Accounts (DAA) represent the number of Active Accounts that have completed a transaction using our core PayPal payments products and services, including person-to-person payments transfers and checkout transactions, on a given day. DAA is presented as the average daily active accounts during the designated period.

Third Quarter 2020 Summary

Strong performance across key performance metrics

Active Accounts

361M

Includes ~28M active merchant accounts

↑ **22%** increase y/y

15.2M

Net new active accounts (NNAs) added in Q3

↑ **55%** increase y/y

Customer Engagement

40.1

Payment transactions per active account (TPA)

↑ **1%** increase y/y

↑ **5%** increase y/y, and 41.7 payment TPA, excluding active accounts related to the Honey acquisition

↑ **32%** increase y/y in daily active accounts using PayPal core experiences

Total Payment Volume

\$247B

↑ **38%** spot and **36%** FX-neutral y/y growth, despite ~40% y/y decline in travel and events verticals

Highest TPV growth rate in PayPal's history

Revenue

\$5.46B

↑ **25%** spot and FX-neutral y/y growth

Highest revenue growth rate in PayPal's history

Non-GAAP EPS⁽¹⁾

\$1.07

↑ **41%** increase y/y

Free Cash Flow⁽¹⁾

\$0.48B

9% as % of revenue

Year-to-date FCF of **\$3.97B**, **26%** as % of revenue

(1) Non-GAAP earnings per share and free cash flow are Non-GAAP financial measures. Please see the Supplemental Information for a reconciliation of these Non-GAAP financial measures to the most directly comparable GAAP financial measures.

Interest-Free “Buy Now Pay Later” Installments

Launched interest-free “buy now pay later” installments in U.S. (Pay in 4) and U.K. (Pay in 3)

- Consumers pay no fees¹ or interest, and payments are seamless with automatic re-payments. These installments appear in the customer's PayPal wallet, so they can manage their payments in the PayPal app
- For merchants, products are included in their existing PayPal pricing, so merchants don't pay any additional fees to offer installments to their customers

Available at millions of online stores where PayPal is offered, including

ALDO

BED BATH & BEYOND



CAMPING WORLD



LANDS' END

MERCARI



Available on the following commerce platforms

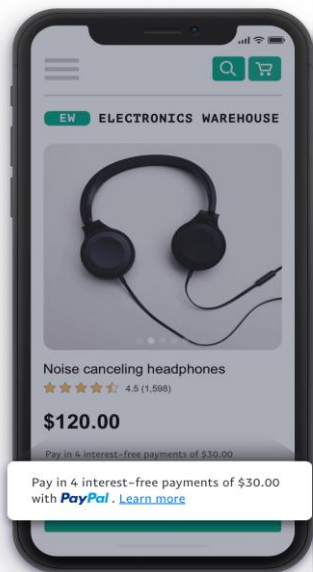
BIGCOMMERCE



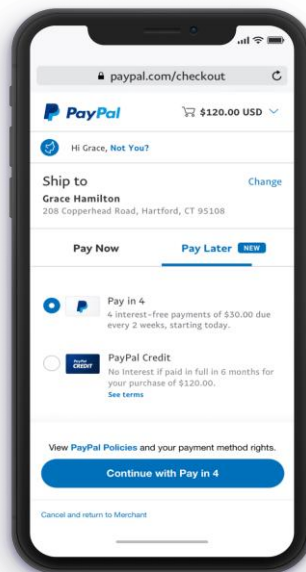
WOO COMMERCE

salesforce commerce cloud

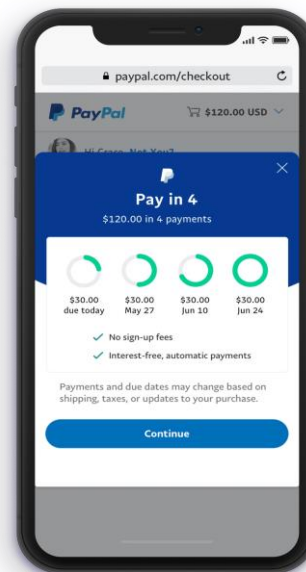
MIVA



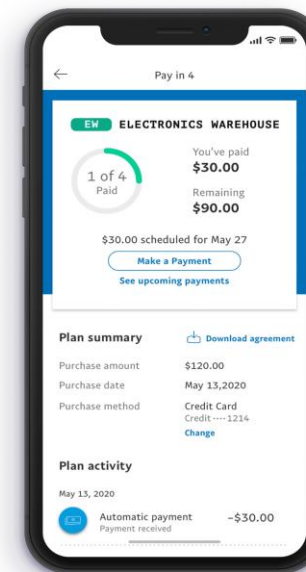
Dynamic messaging on merchant site



Flexible pay later options available to customers



Clear payment information and no hidden fees



Merchants receive full purchase amount up front



©2020 PayPal Holdings Inc.

⁽¹⁾ Late fee amount and eligibility for Pay in 4 vary by state. Loans to California residents are made or arranged pursuant to a California Finance Lenders Law License.

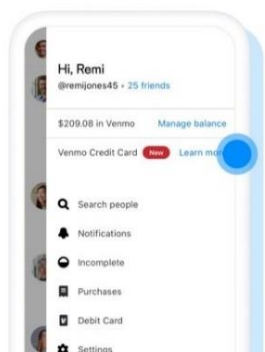
Expanding the Venmo experience with the Venmo Credit Card

New way to access the simplicity, convenience and fun of Venmo in consumers' everyday lives

- A contactless chip card with personalized QR codes issued in partnership with Synchrony and powered by Visa
- Transactions can be split right at the table, and reflected instantaneously on your Venmo feed
- 3,21 cashback program automatically calculates your top spend categories every month to apply the appropriate cash back percentages

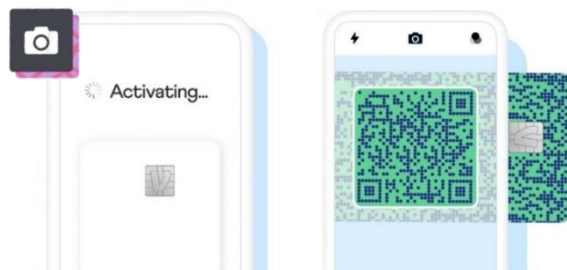


Apply in Venmo App



Native, easy experience

Use Mobile Phone to Scan



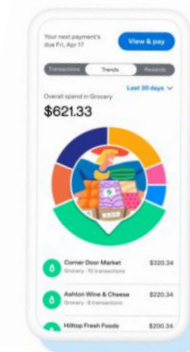
Activate card
Send payments or
split purchases

Smart, Dynamic Rewards

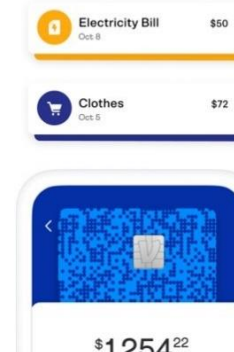


Automatically added to
Venmo account

Easy Spend Tracking & Real-time Alerts



Virtual card for
online transactions



Notification channel/ type
controlled by cardholder

Supporting Black and Minority Businesses and Communities

Delivering on our commitment to deploy \$530 million to support Black and minority-owned businesses, strengthen minority communities and fight economic inequality

\$10 Million in Grants for Black-Owned Businesses

In partnership with the Association for Enterprise Opportunity (AEO), we completed the distribution of \$10 million dollars in grants to 1,167 Black-owned business across the country, which have been disproportionately impacted by the pandemic and civil unrest.

In addition to the funds, we launched the PayPal Empowerment Program with AEO and corporate partners Deloitte, Facebook, Guidehouse, Mastercard and Qualtrics to provide awardees with resources and tools to grow their businesses.

\$5 Million to Nonprofit Community Partners

PayPal provided \$5 million in grants to 20 nonprofit community partners to advance their work supporting Black-owned businesses across the U.S. in their recovery from the impact of the COVID-19 pandemic.

The nonprofit organizations receiving grants are from communities across the U.S. and offer a variety of services and supports for Black-owned businesses - from lending to technical assistance to leadership development.

\$50 Million Deposit with Optus Bank

We deposited \$50 million with Optus Bank, a Black-owned bank in South Carolina that lends approximately 90% of its money to minority businesses, homes and low-income communities.

The investment will allow Optus Bank to provide more capital to small businesses, particularly those that traditionally face barriers to mainstream funding.

\$50 Million Investment in Black and Latinx-Led Funds

PayPal has committed to invest \$50 million in eight early-stage, Black and Latinx-led venture capital funds: Chingona Ventures; Fearless Fund; Harlem Capital; Precursor Ventures; Slauson & Co; VamosVentures; Zeal Capital Partners; and one additional fund.

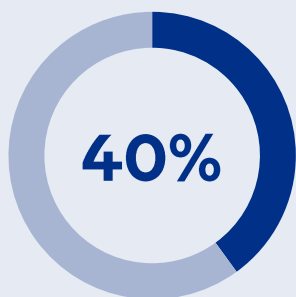
PayPal will work collaboratively with these early-stage funds and, in some cases, invest directly in businesses through PayPal Ventures.

Research: Consumers' Evolving Shopping and Payment Preferences

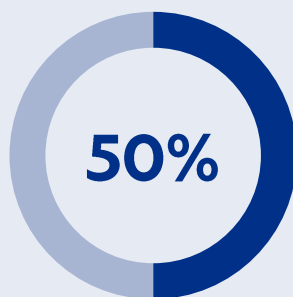
Retailer insights from the "The How We Shop Report" from PYMNTS and PayPal

From In-Store to Online

Consumers are shopping online more now than they did when the pandemic began



of consumers are shopping more online and less in-store



of consumers who planned to go back to retail shopping in stores in April have decided they will keep shopping online, even after the pandemic is over

Paying it Safe

57% of consumers say merchants' digital payment offerings impact their willingness to shop in their stores

Many consumers would not make a purchase at a physical store without their preferred payment options including:



40%

Digital wallets



34%

QR codes

Consumers are Watching Their Finances Closely



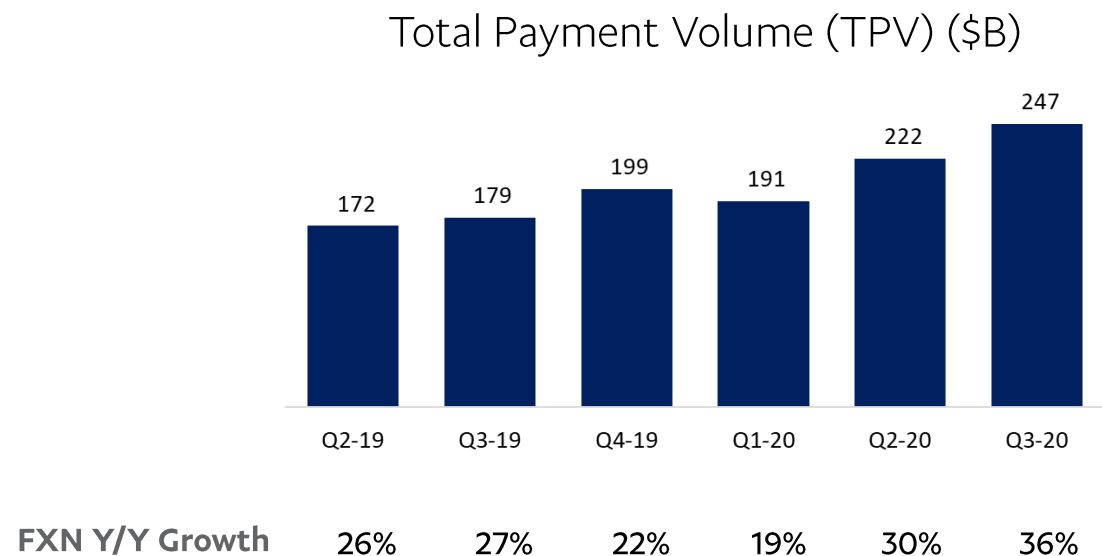
47% of unemployed respondents indicated they have less than \$2,500 in their savings accounts and 17% of consumers have no money in savings whatsoever (regardless of employment). **Consumers have an affinity for POS credit options, and 48% of consumers who prefer POS credit would only buy from merchants that did offer these solutions**

The research was conducted by PYMNTS and commissioned by PayPal. It examines survey data collected from 2,163 U.S. consumers between June 22 and June 24, 2020. The report summary is supplemented by findings from a series of studies conducted by PYMNTS since March, surveying more than 16,000 consumers on how their shopping habits and payments preferences are changing as the crisis continues.

Q3-20 Business Updates

Q3-20 Total Payment Volume (TPV)

36% FXN growth... highest in PayPal's history

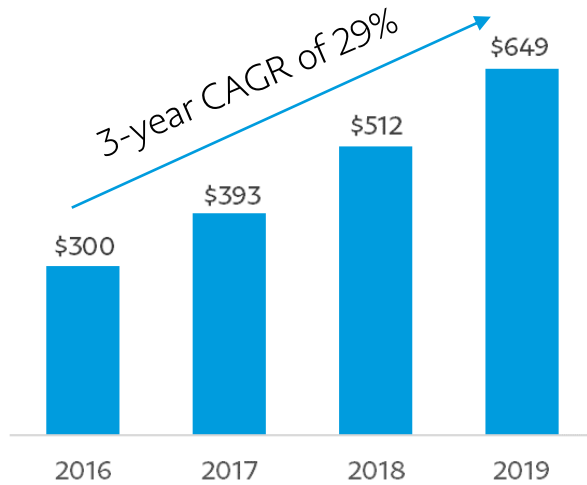


- \$247 billion of TPV; grew 38% on a spot basis and 36% on an FX-neutral basis in Q3-20, despite ~40% decline in volumes from travel and events verticals
- P2P volume, including PayPal, Venmo and Xoom, increased 47% in the quarter to >\$74B and represented 30% of TPV
- Venmo volume increased 61% to >\$44B in the quarter
- eBay TPV grew 15% on an FX-neutral basis and represented 7% of TPV

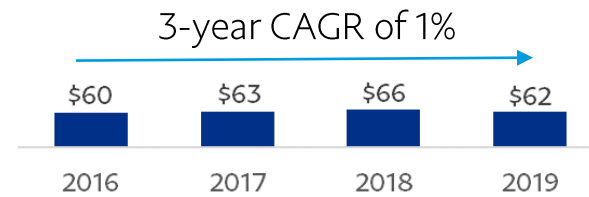
Merchant Services growth outpacing eBay Marketplaces

Expanding and diversifying our platform since separation

Merchant Services TPV (\$B)



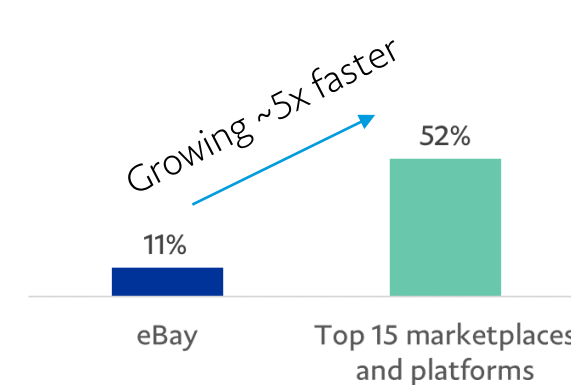
eBay TPV on our platform (\$B)



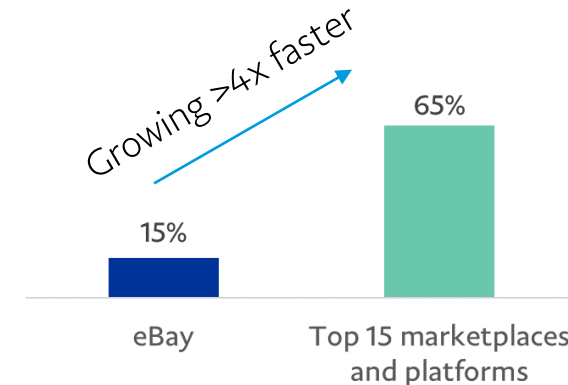
- FY-16 to FY-19 TPV CAGR of 26%
- Merchant Services TPV CAGR of 29%
- eBay TPV CAGR of 1%
- eBay represented 7% of TPV in Q3-20 vs. 20% in Q3-15

Top 15 marketplaces and platforms TPV growth vs. eBay TPV growth (FXN)

Last Twelve Months ended Q3-20



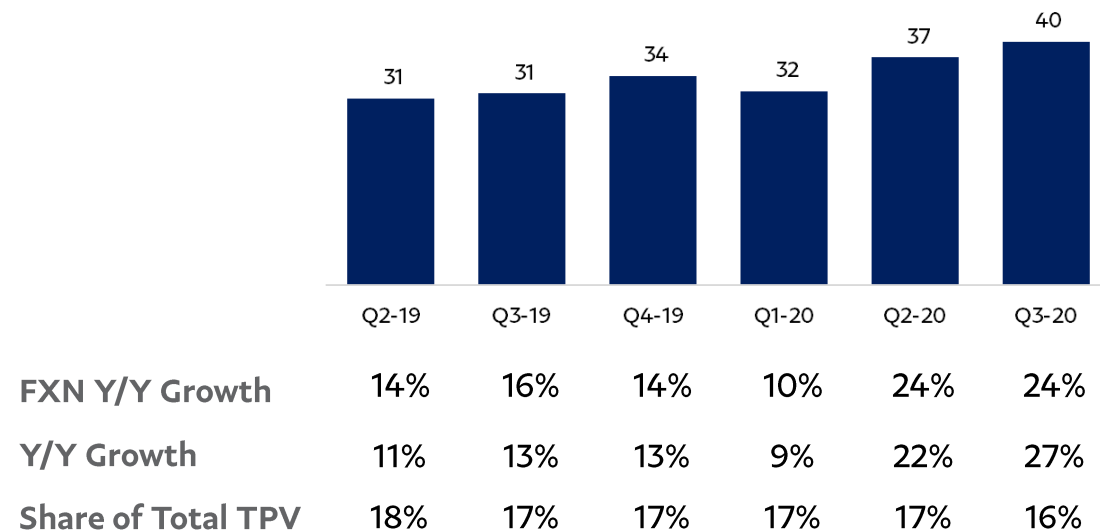
Q3-20



- ~\$84 billion of TPV from top 15 marketplaces and platforms in the last twelve months with volumes growing ~5x faster than eBay marketplaces volume
- In Q3-20, volume growth for PayPal's top marketplaces and platforms grew >4x faster than eBay marketplaces volume

Q3-20 TPV: Cross-Border Trade (CBT)

Cross-Border Trade TPV⁽¹⁾ (\$B)



Q3-20: Fastest Growing CBT Categories

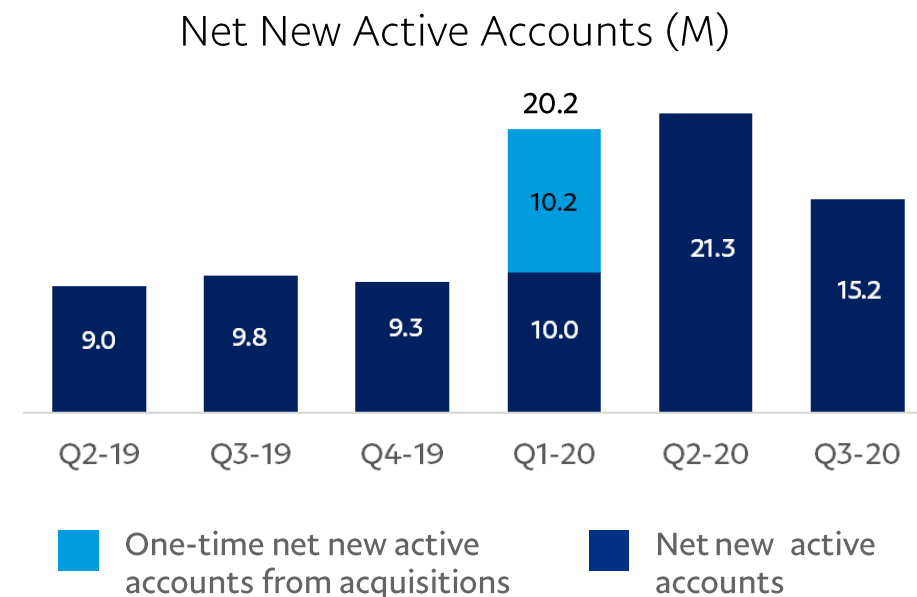
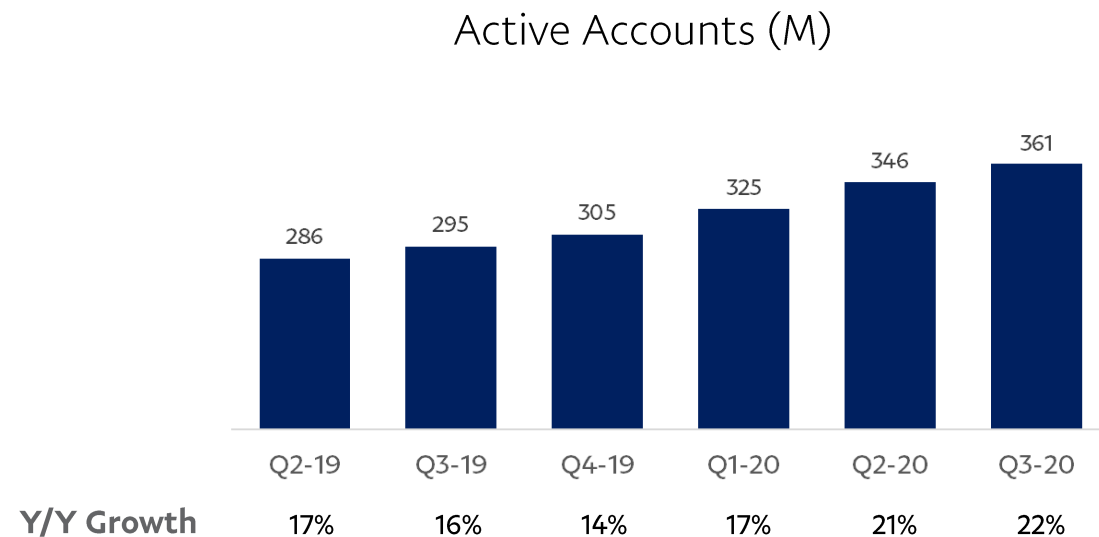
- Fashion
- Auto Parts
- Cosmetics
- Gaming
- Home Goods

- CBT TPV was ~\$40 billion in Q3-20, up 24% on an FX-neutral basis. Volume strength was driven by recovery in key Asian and Western European corridors
 - Key corridors in Q3-20 include Asia (including China, Hong Kong and Southeast Asia) to U.S. and intra-European corridors
 - CBT TPV represented 16% of TPV in Q3-20 vs. 17% in Q3-19 due primarily to growth in Venmo, a U.S.-only service, as well as bill pay transaction volumes (which are U.S.-only)

(1) In a typical purchase transaction, cross border TPV is counted in the region where the merchant is located. For example, in the case of a U.S. seller and a German buyer, the TPV is counted in the U.S.

Q3-20 Active Accounts

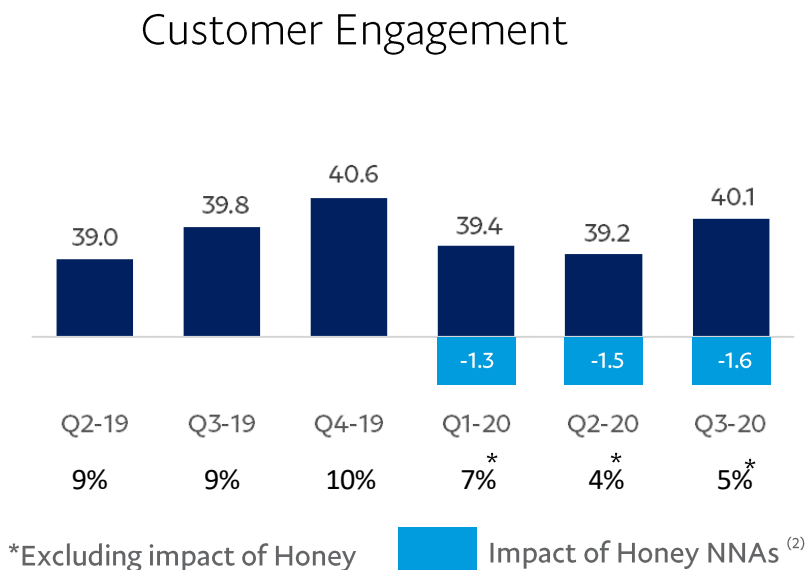
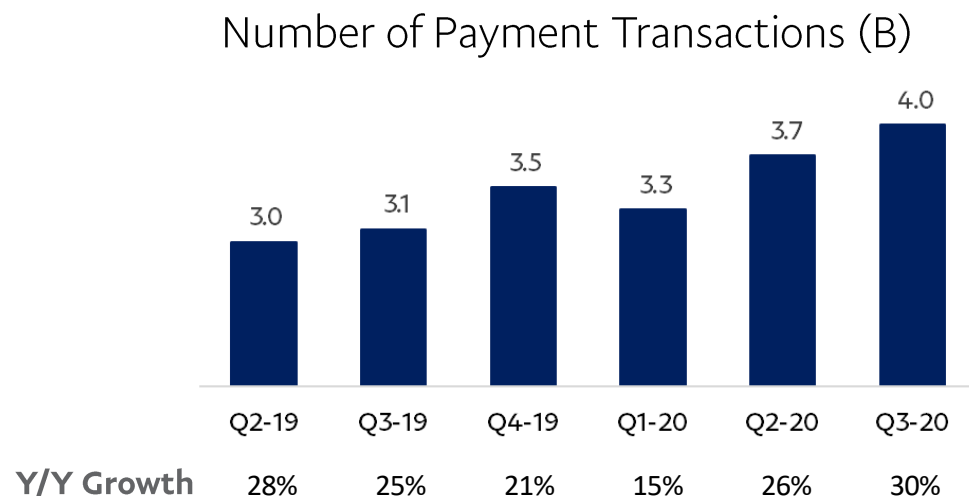
15.2 million NNAs added in the quarter; expect to add ~70 million NNAs in FY-20



- Ended the quarter with 361 million active accounts, up 22%, including ~28 million merchant accounts
- Added 15.2 million active accounts, with strength across PayPal, Venmo, Honey and Xoom
 - Includes 1.2 million active accounts from Honey added in Q3-20
 - Includes 1.5 million merchant accounts added in Q3-20

Q3-20 Customer Engagement⁽¹⁾

Engagement of 40.1; excluding acquisition of Honey, engagement of 41.7



- Processed >4.0 billion payment transactions during Q3-20, up 30%; highest growth rate since separation
- In Q3, growth in customer engagement was negatively impacted by:
 - Record net new actives added year to date
 - ~34% fewer travel and event transactions in Q3-20 v. Q3-19
 - Inclusion of Honey active accounts⁽²⁾
- ~32% growth in daily active accounts using PayPal core experiences

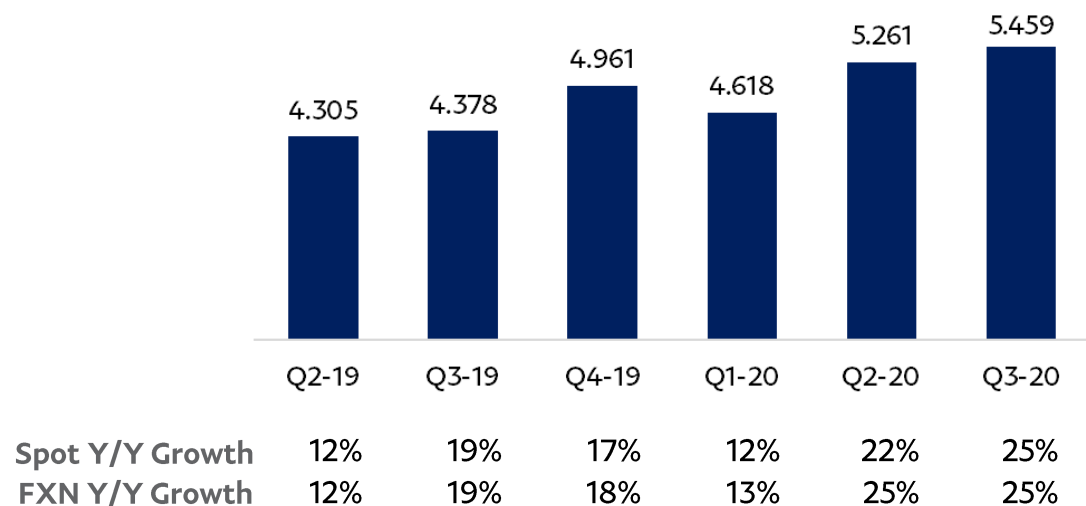
⁽¹⁾ Customer Engagement or engagement is defined as number of payment transactions per active account

⁽²⁾ Honey is dilutive to engagement as Honey's actives are included within active accounts (denominator), but Honey's transactions are not included within payment transactions (numerator)

Q3-20 Revenue

FXN growth rate of 25.4% in Q3, highest revenue growth rate since separation

Total Revenue (\$B)

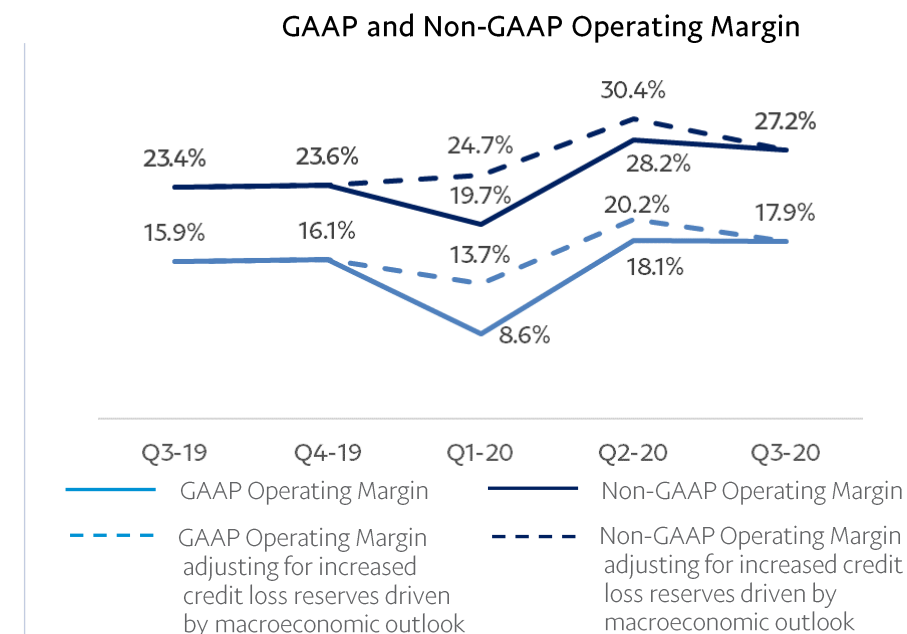
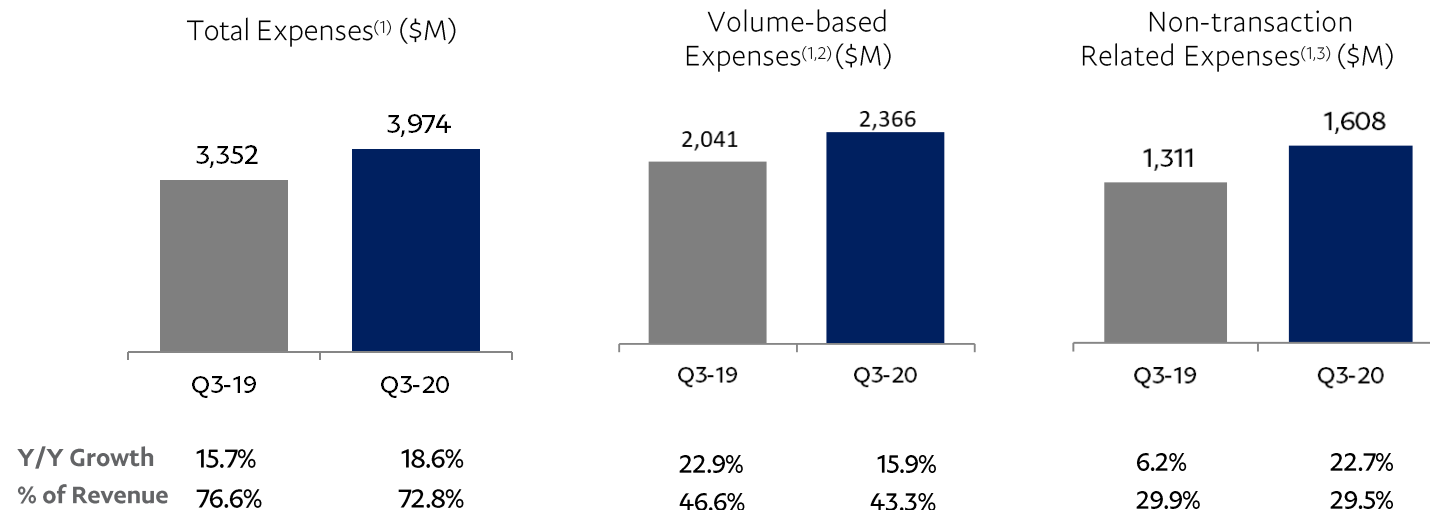


- Total Revenue growth of 25.4% on an FX-neutral basis, including ~1.5 points of growth from the acquisition of Honey
- Transaction Revenue grew 29% on an FX-neutral basis, accelerating ~11 points on y/y basis. Strength across PayPal checkout experiences in U.S. and International markets contributed to transaction revenue growth
- Hedging losses, which are recognized in international transaction revenue, were \$17 million in Q3-20 versus hedging gain of \$70 million in Q3-19
- Exiting Q3, at rates as of September 30, 2020, we estimate that our current derivative positions would result in the recognition of \$84 million of hedging losses in international transaction revenue over the next 12 months
- Other Value Added Services (OVAS) Revenue declined 10% on an FX-neutral basis driven by reduced interest income on customer balances as a result of lower interest rates and lower credit income from a contraction in the merchant loan receivables portfolio

Revenue and growth rates are presented on a non-GAAP basis. Please see the Supplemental Information for a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.

Q3-20 Delivering Operating Leverage

>375 basis points of non-GAAP operating margin expansion in Q3-20



- Volume-based expenses grew 16%, delivering ~330 basis points of leverage
- Non-transaction related expenses grew 23%, delivering ~50 basis points of leverage. Adjusting for acquisitions announced in 2019, these expenses grew 16%
- Non-GAAP operating margin of 27.2%, >375 basis points of expansion. Operating leverage driven by broad-based strength across our business => revenue strength + low rate of transaction expense and transaction and credit losses + expense discipline

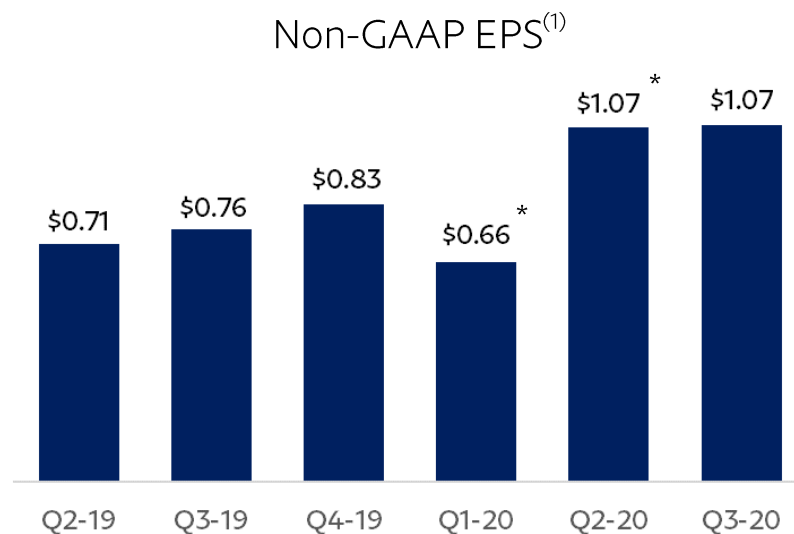
(1) Non-GAAP operating margin and expenses presented on a non-GAAP basis are non-GAAP financial measures. Please see the Supplemental Information for a reconciliation of these Non-GAAP financial measures to the most directly comparable GAAP financial measures..

(2) Volume based expenses include transaction expense and transaction and credit losses.

(3) Non-transaction related expenses include customer support and operations, sales and marketing, technology and development, general and administrative and restructuring and other charges.

Q3-20 EPS

Non-GAAP EPS of \$1.07, 41% growth



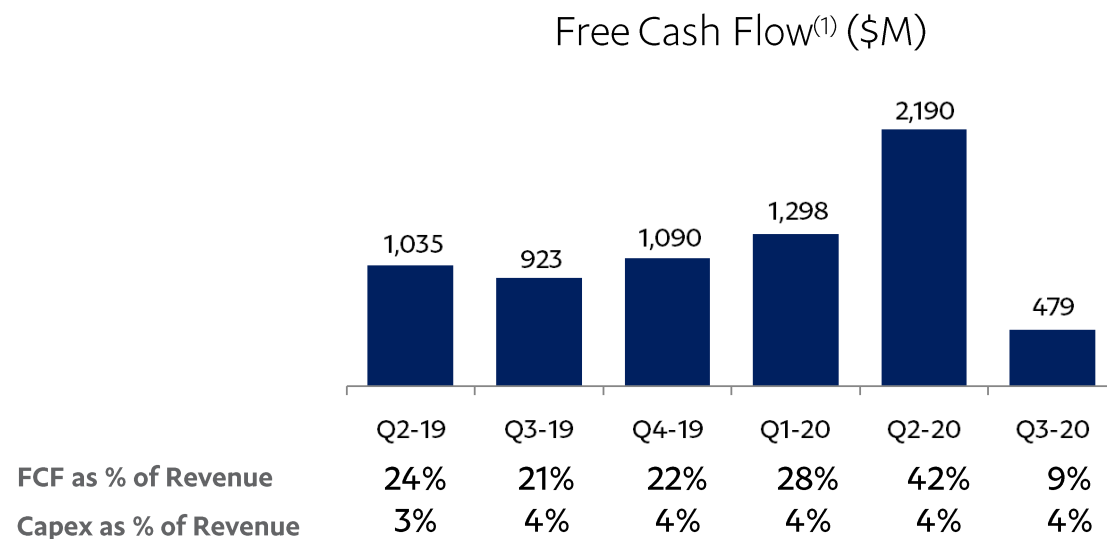
* Q1-20 and Q2-20 include increased credit loss reserves driven by macroeconomic outlook of \$0.17 and \$0.07, respectively.

- 2020 year to date (YTD), non-GAAP EPS grew 31%. Excluding the YTD impact of increased credit loss reserves driven by weakened macroeconomic outlook, non-GAAP EPS grew 43%
- Q3-20 GAAP EPS of \$0.86, including \$0.13 of net gains related primarily to our strategic investment in MercadoLibre
- Q3-20 non-GAAP other income & expense (OI&E) for the quarter was (\$42M), primarily driven by net interest expense (interest expense on debt issued in 2019 and 2020) and lower interest income on corporate cash due to lower interest rates
 - Non-GAAP OI&E expected to be a net expense in the near-term

(1) Non-GAAP EPS is a non-GAAP financial measure. Please see the Supplemental Information for a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.

Q3-20 Free Cash Flow

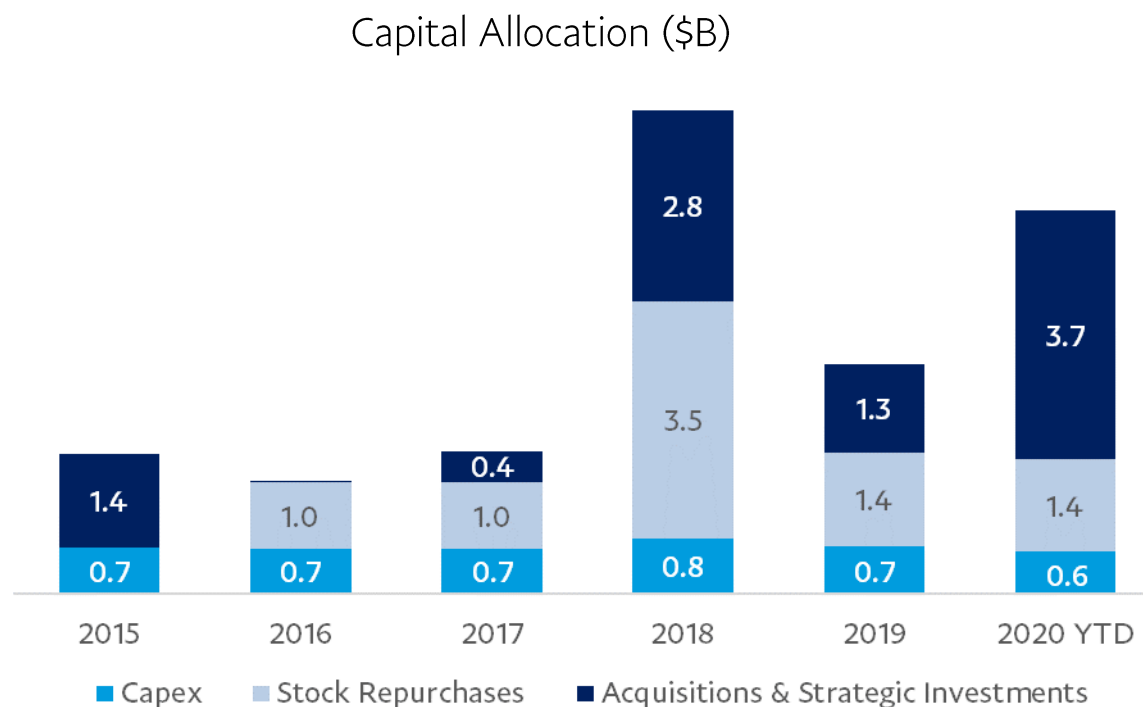
YTD FCF of \$3.97 billion, 43% y/y increase; expect FY-20 FCF of >\$5B



- Free Cash Flow (FCF) of \$0.48 billion in Q3-20; 9% as % of revenue. Year to date FCF of \$3.97 billion, up 43%, or 26% as % of revenue
- Q3-20 capex spend of \$241 million; 4% of revenue
- Cash, cash equivalents, short-term and long-term investments of \$17.6 billion
 - Cash and cash equivalents of \$6.1 billion, short-term investments of \$8.0 billion and long-term investments of \$3.4 billion, with ~45% held internationally
- Long-term debt of \$8.9 billion

(1) Free cash flow is a non-GAAP financial measure. Please see the Supplemental Information for a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.

Q3-20 Capital Allocation



- Generated >\$17.9 billion in FCF⁽¹⁾ since separation in July 2015
- In Q3-20, returned \$350 million in capital to shareholders by repurchasing ~1.8 million shares at an average price of \$196.42
- Since separation, repurchased ~116 million shares of common stock, returning \$8.3 billion in capital to shareholders at an average price of \$72.02

(1) Free cash flow is a non-GAAP financial measure. Please see the Supplemental Information for a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.

Q4-20 Guidance

Expect strong momentum to continue, partially offset by faster eBay managed payments transition and slower recovery in travel vertical

Revenue Growth (Spot)	20 - 25%
Revenue Growth (FXN)	20 - 25%
Non-GAAP EPS Growth	17 - 18%
GAAP EPS Growth	45 - 47%

- Expect revenue growth in the range of 20 – 25% on a spot and FXN basis, which incorporates ~3.5pts of headwind from eBay’s managed payments transition, with expected TPV growth in the low to mid 30% range on a spot and FXN basis
 - Incorporates sustained momentum in our PayPal core experiences, higher than previously expected impact from eBay’s managed payments transition and slower recovery in travel vertical
- GAAP and non-GAAP EPS exclude the impact of incremental credit loss reserves due to macroeconomic outlook
- Expect non-GAAP EPS growth of 17 – 18%
 - ~\$0.03 of dilution from acquisitions announced in 2019
- Expect GAAP EPS growth of 45 – 47% driven by:
 - ~\$0.10 of dilution from acquisitions announced in 2019
 - Q4-20 excludes any expectation of unrealized gains / losses from strategic investments; \$0.03 impact in Q4-19 from net unrealized gains

Non-GAAP EPS is a Non-GAAP financial measure. Please see the Supplemental Information for a reconciliation of this Non-GAAP financial measure to the most directly comparable GAAP financial measure.

FY-20 Guidance

Raising TPV and EPS guidance; delivering record net new active accounts

Revenue Growth (Spot)	20 - 21%
Revenue Growth (FXN)	21 - 22%
Non-GAAP EPS Growth	27 - 28%
GAAP EPS Growth	37 - 38%
Free Cash Flow (in billions)	>\$5

- Expect to add approximately 70 million NNAs in FY-20
- Expect revenue growth in the range of 21 - 22% FXN, which includes ~2pts of headwind from eBay's managed payments transition, with expected TPV growth of approximately 30% on a spot and FXN basis
- Expect >100 basis points of non-GAAP operating margin expansion
- GAAP and non-GAAP EPS exclude the impact of incremental credit loss reserves due to macroeconomic outlook
- Expect non-GAAP EPS growth of 27 - 28%
 - ~\$0.13 of dilution from acquisitions announced in 2019
- Expect GAAP EPS growth of 37 - 38% driven by:
 - ~\$0.64 of dilution from acquisitions announced in 2019
 - FY-20 excludes any expectation of unrealized gains / losses from strategic investments; \$0.14 benefit in 2019 from net unrealized gains

Non-GAAP EPS is a Non-GAAP financial measure. Please see the Supplemental Information for a reconciliation of this Non-GAAP financial measure to the most directly comparable GAAP financial measure.

Crypto Buy/Hold/Sell Feature Launch: Overview & Impact to Operating and Financial Metrics

PayPal Launches New Service Enabling Users to Buy, Hold and Sell Cryptocurrency (Crypto)

BUY / SELL / HOLD CRYPTO

- Introducing the ability to buy, hold and sell select cryptocurrencies, initially featuring Bitcoin, Ethereum, Bitcoin Cash and Litecoin, directly within the PayPal digital wallet.
- Will be available to PayPal accountholders in the U.S. in the coming weeks with plans to expand the features to Venmo and select international markets in H1-2021.
- Partnering with Paxos Trust Company, a regulated provider of cryptocurrency products and services.
 - Utilizing the Paxos Crypto Brokerage service.
- PayPal has been granted a first-of-its-kind conditional BitLicense by the New York State Department of Financial Services (NYDFS) to offer these services to customers in New York.
- There are no service fees when buying or selling cryptocurrency through December 31, 2020, and no fees for holding cryptocurrency in a PayPal account.

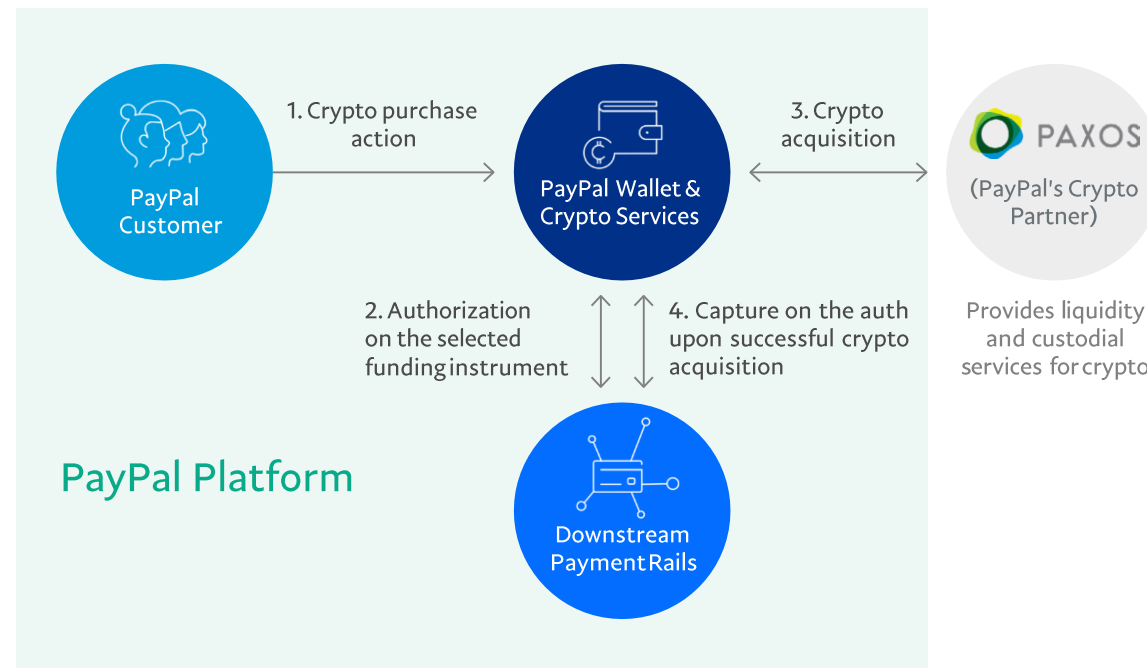
INCREASING UTILITY OF CRYPTOCURRENCY IN DIGITAL COMMERCE

- Beginning in early 2021, PayPal customers will be able to use their cryptocurrency holdings as a funding source to pay at PayPal's 28 million merchants around the globe.
 - Cryptocurrency becomes another funding source inside the PayPal digital wallet, adding enhanced utility to cryptocurrency holders. Consumers will be able to instantly convert their selected crypto balances to fiat currency, with certainty of value and no incremental fees.
 - No additional integrations or fees for merchants, as all transactions will be settled with fiat currency at their current PayPal rates.

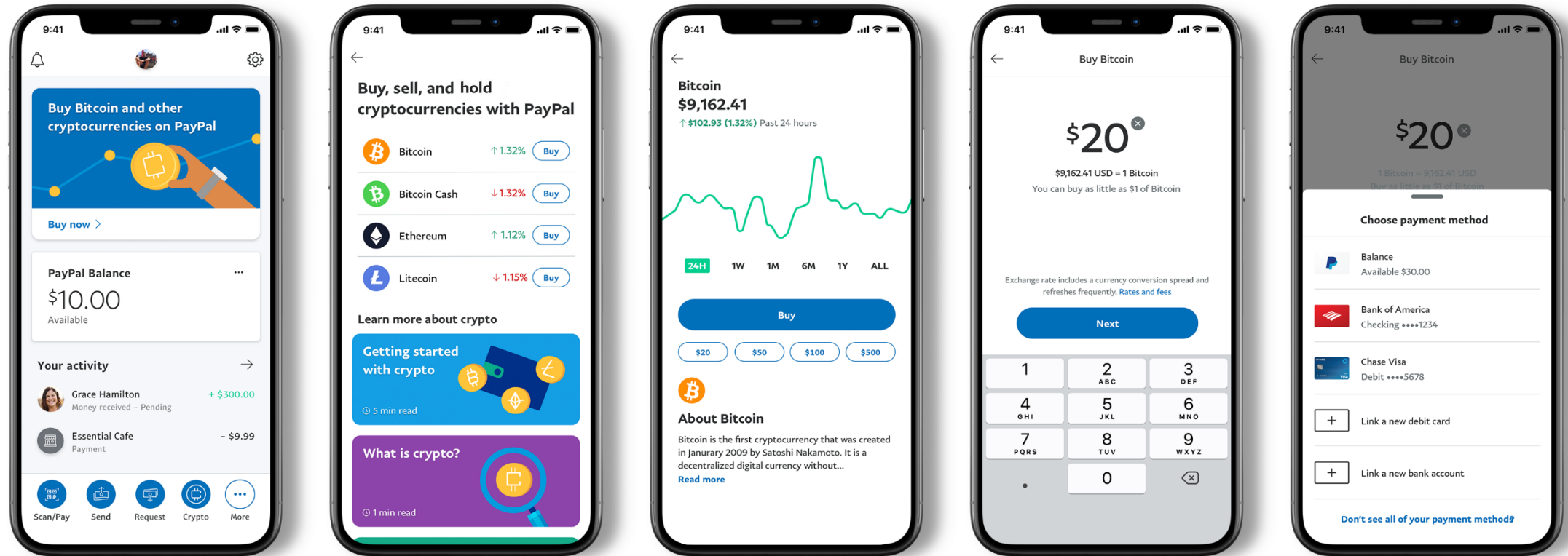
Crypto Buy/Hold/Sell Feature: Impact to Operating and Financial Metrics

OPERATING AND FINANCIAL METRICS

- **Active Accounts:** PayPal will consider customers using PayPal's crypto services as part of our active accounts metric but these will not be broken out as discrete active accounts
- **Transactions:** Transactions relating to buy/hold/sell crypto use case will not be included within our number of payment transactions metric
- **Total Payment Volume (TPV):** TPV will not be recognized for crypto buy/hold/sell use case
- **Revenue:** Recognized on a net basis within transaction revenue



Crypto Buy/Hold/Sell Feature: User Experience



Supplemental Information

Q3-20 PayPal Metrics⁽¹⁾

(in millions, except %)

	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20
Active Accounts	286	295	305	325	346	361
Y/Y Growth	17%	16%	14%	17%	21%	22%
Net New Active Accounts	9.0	9.8	9.3	20.2 *	21.3	15.2
Number of Payment Transactions	2,973	3,090	3,461	3,261	3,742	4,013
Y/Y Growth	28%	25%	21%	15%	26%	30%
Total Payment Volume	172,359	178,670	199,404	190,567	221,731	246,691
Y/Y Growth	24%	25%	22%	18%	29%	38%
FXN Y/Y Growth	26%	27%	22%	19%	30%	36%
US TPV	102,224	106,591	118,666	117,056	132,673	149,618
Y/Y Growth	28%	28%	26%	22%	30%	40%
International TPV	70,136	72,079	80,738	73,511	89,058	97,074
Y/Y Growth	18%	21%	17%	12%	27%	35%
FXN Y/Y Growth	24%	25%	18%	14%	30%	30%
Total Take Rate	2.50%	2.45%	2.49%	2.42%	2.37%	2.21%
Transaction Take Rate	2.25%	2.21%	2.27%	2.21%	2.23%	2.06%
Transaction Expense Rate	0.94%	0.95%	0.96%	0.91%	0.83%	0.82%
Transaction and Loan Loss Rate	0.18%	0.19%	0.19%	0.31%	0.20%	0.14%
Transaction Margin	54.8%	53.4%	53.8%	49.5%	56.6%	56.7%

- Transaction growth of 30%, accelerating ~5 points on y/y basis and ~4 pts on a sequential basis. Strength across PayPal checkout experiences and increased volumes from bill pay transactions contributed to transaction growth
- Cross-border trade (CBT) was 16% of TPV in the quarter, growing 24% on an FX-neutral basis
- 45% of active accounts are outside the U.S.
- Average Payment Volume (APV) was \$61, up 6% year over year
- Transaction take rate down ~15 bps. Decline driven by P2P (including Venmo), y/y change in hedge revenue, higher Braintree share (including increased bill pay volumes) and lower eBay volumes
- Credit loans receivable of ~\$2.6B, with \$1.2B related to merchant receivables, consisting primarily of PayPal Working Capital and PayPal Business Loan products

*Includes 10.2 million active accounts that were included from the acquisition of Honey in January 2020

(1) Definitions included in Supplemental Information.



Q3-20 Financial Detail

(\$ millions)

	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20
Transaction Revenue	\$3,878	\$3,955	\$4,535	\$4,215	\$4,945	\$5,076
Y/Y Growth	17%	18%	18%	13%	28%	28%
Other Value Added Services (OVAS)	\$427	\$423	\$426	\$403	\$316	\$383
Y/Y Growth	-21%	24%	14%	2%	-26%	-9%
Total Revenue	\$4,305	\$4,378	\$4,961	\$4,618	\$5,261	\$5,459
Y/Y Growth	12%	19%	17%	12%	22%	25%
FXN Y/Y Growth	12%	19%	18%	13%	25%	25%
US Revenue Y/Y Growth	7%	19%	19%	13%	15%	21%
International Revenue FXN Y/Y Growth	18%	20%	17%	14%	36%	30%
% International	47%	47%	47%	47%	50%	48%
Volume-based expenses	\$1,945	\$2,041	\$2,294	\$2,330	\$2,283	\$2,366
Non-transaction related expenses	\$1,362	\$1,311	\$1,494	\$1,380	\$1,493	\$1,608
Total Operating Expenses⁽¹⁾	\$3,307	\$3,352	\$3,788	\$3,710	\$3,776	\$3,974
Y/Y Growth	9%	16%	14%	16%	14%	19%
Non-GAAP Op. Income⁽¹⁾	\$998	\$1,026	\$1,173	\$908	\$1,485	\$1,485
Non-GAAP Op. Margin %⁽¹⁾	23%	23%	24%	20%	28%	27%
Non-GAAP EPS⁽¹⁾	\$0.71	\$0.76	\$0.83	\$0.66	\$1.07	\$1.07
Y/Y Growth	27%	31%	27%	0%	49%	41%
CAPEX	\$139	\$173	\$174	\$206	\$193	\$241
Free Cash Flow⁽¹⁾	\$1,035	\$923	\$1,090	\$1,298	\$2,190	\$479

(1) Non-GAAP operating expenses, non-GAAP operating income, non-GAAP operating margin, non-GAAP EPS, and free cash flow are non-GAAP financial measures. Please see the Supplemental Information for a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures.

Reconciliation of Net Revenues, Transaction and Credit Losses, Transaction Margin

Reconciliation of GAAP Net Revenues to Non-GAAP Net Revenues, GAAP Transaction and Credit Losses to Non-GAAP Transaction and Credit Losses, GAAP Transaction and Credit Losses Rate to Non-GAAP Transaction and Credit Losses Rate and GAAP Transaction Margin to Non-GAAP Transaction Margin

(In Millions/Unaudited)	Three Months Ended										Year Ended December 31,		
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	2019	2018	2017
TPV	\$ 246,691	\$ 221,731	\$ 190,567	\$ 199,404	\$ 178,670	\$ 172,359	\$ 161,492	\$ 163,648	\$ 143,004	\$ 139,403	\$ 711,925	\$ 578,419	\$ 456,179
GAAP Net revenues	\$ 5,459	\$ 5,261	\$ 4,618	\$ 4,961	\$ 4,378	\$ 4,305	\$ 4,128	\$ 4,226	\$ 3,683	\$ 3,857	\$ 17,772	\$ 15,451	\$ 13,094
Other ⁽¹⁾	—	—	—	—	—	—	—	—	—	—	—	—	(39)
Non-GAAP Net revenues	\$ 5,459	\$ 5,261	\$ 4,618	\$ 4,961	\$ 4,378	\$ 4,305	\$ 4,128	\$ 4,226	\$ 3,683	\$ 3,857	\$ 17,772	\$ 15,451	\$ 13,055
GAAP Transaction and credit losses	\$ 344	\$ 440	\$ 591	\$ 381	\$ 340	\$ 318	\$ 341	\$ 340	\$ 295	\$ 334	\$ 1,380	\$ 1,274	\$ 1,011
Other ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—	—	283
Non-GAAP Transaction and credit losses	\$ 344	\$ 440	\$ 591	\$ 381	\$ 340	\$ 318	\$ 341	\$ 340	\$ 295	\$ 334	\$ 1,380	\$ 1,274	\$ 1,294
GAAP Transaction and credit losses rate (% of TPV)	0.14 %	0.20 %	0.31 %	0.19 %	0.19 %	0.18 %	0.21 %	0.21 %	0.21 %	0.24 %	0.19 %	0.22 %	0.22 %
Effect of non-GAAP adjustment	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.06 %
Non-GAAP Transaction and credit losses rate (% of TPV)	0.14 %	0.20 %	0.31 %	0.19 %	0.19 %	0.18 %	0.21 %	0.21 %	0.21 %	0.24 %	0.19 %	0.22 %	0.28 %
GAAP Transaction margin	56.7 %	56.6 %	49.5 %	53.8 %	53.4 %	54.8 %	54.2 %	54.6 %	54.9 %	56.0 %	54.0 %	55.6 %	58.5 %
Effect of non-GAAP adjustment	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	(2.3)%
Non-GAAP Transaction margin	56.7 %	56.6 %	49.5 %	53.8 %	53.4 %	54.8 %	54.2 %	54.6 %	54.9 %	56.0 %	54.0 %	55.6 %	56.2 %

Amounts in the table are rounded to the nearest million, except as otherwise noted. As a result, certain amounts may not recalculate using the rounded amounts provided.

⁽¹⁾ Elimination of allowance on interest receivable due to the designation of the U.S. Consumer Credit receivables portfolio as held for sale.

⁽²⁾ Elimination of allowance on loans receivable due to the designation of the U.S. Consumer Credit receivables portfolio as held for sale.

Reconciliation of GAAP Operating Expenses to Non-GAAP Operating Expenses

(In Millions/Unaudited)	Note	Three Months Ended										Year Ended December 31,		
		September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	2019	2018	2017
GAAP operating expenses:														
Transaction expense		\$ 2,022	\$ 1,843	\$ 1,739	\$ 1,913	\$ 1,701	\$ 1,627	\$ 1,549	\$ 1,578	\$ 1,366	\$ 1,362	\$ 6,790	\$ 5,581	\$ 4,419
Transaction and credit losses		344	440	591	381	340	318	341	340	295	334	1,380	1,274	1,011
Customer support and operations		449	423	399	438	390	399	388	377	350	338	1,615	1,407	1,265
Sales and marketing		471	414	371	400	316	356	329	401	325	307	1,401	1,314	1,142
Technology and development		674	631	605	558	533	483	511	490	452	441	2,085	1,831	1,740
General and administrative		503	512	486	472	401	419	419	430	377	387	1,711	1,541	1,258
Restructuring and other charges		19	47	29	—	—	(2)	73	12	28	116	71	309	132
Total operating expenses		\$ 4,482	\$ 4,310	\$ 4,220	\$ 4,162	\$ 3,681	\$ 3,600	\$ 3,610	\$ 3,628	\$ 3,193	\$ 3,285	\$ 15,053	\$ 13,257	\$ 10,967
Non-GAAP operating expense adjustments:														
Transaction and credit losses	(g)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 283
Customer support and operations	(a)	(63)	(64)	(52)	(54)	(51)	(45)	(48)	(45)	(46)	(41)	(198)	(174)	(142)
	(b)	—	(1)	(7)	(1)	(1)	(2)	(5)	(1)	—	(2)	(9)	(9)	(2)
Sales and marketing	(a)	(45)	(47)	(39)	(32)	(31)	(32)	(32)	(32)	(30)	(29)	(127)	(125)	(107)
	(b)	(1)	(3)	(7)	(1)	(1)	(5)	(5)	—	—	(3)	(12)	(7)	(2)
	(c)	(43)	(44)	(43)	(32)	(34)	(33)	(36)	(39)	(20)	(16)	(135)	(92)	(95)
Technology and development	(a)	(138)	(133)	(113)	(128)	(119)	(80)	(93)	(81)	(76)	(74)	(420)	(303)	(277)
	(b)	(1)	(1)	(17)	(1)	(1)	(3)	(12)	(1)	(1)	(5)	(17)	(20)	(7)
	(c)	(63)	(64)	(64)	(18)	(18)	(18)	(21)	(20)	(13)	(9)	(75)	(54)	(34)
	(f)	—	—	—	—	—	—	—	—	—	—	—	—	(15)
General and administrative	(a)	(127)	(116)	(87)	(79)	(72)	(73)	(81)	(77)	(65)	(66)	(305)	(269)	(218)
	(b)	(1)	—	(14)	(1)	(1)	(4)	(10)	—	(1)	(3)	(16)	(13)	(6)
	(c)	(7)	(7)	(7)	(1)	—	—	—	—	—	—	(1)	—	—
	(e)	—	—	(20)	(3)	—	—	—	(7)	(17)	—	(3)	(24)	—
	(h)	—	—	—	—	—	—	—	—	—	—	—	—	(5)
	(i)	—	(7)	(11)	(23)	—	—	—	—	—	—	(23)	—	—
Restructuring and other charges	(d)	(19)	(26)	(29)	—	—	—	(78)	—	—	—	(78)	(25)	(40)
	(i)	—	—	—	—	—	2	5	(12)	(28)	—	7	(40)	—
	(k)	—	(21)	—	—	—	—	—	—	—	—	—	—	—
Total operating expenses		\$ (508)	\$ (534)	\$ (510)	\$ (374)	\$ (329)	\$ (293)	\$ (416)	\$ (315)	\$ (297)	\$ (248)	\$ (1,412)	\$ (1,155)	\$ (667)
Non-GAAP operating expenses:														
Transaction expense		\$ 2,022	\$ 1,843	\$ 1,739	\$ 1,913	\$ 1,701	\$ 1,627	\$ 1,549	\$ 1,578	\$ 1,366	\$ 1,362	\$ 6,790	\$ 5,581	\$ 4,419
Transaction and credit losses		344	440	591	381	340	318	341	340	295	334	1,380	1,274	1,294
Customer support and operations		386	358	340	383	338	352	335	331	304	295	1,408	1,224	1,121
Sales and marketing		382	320	282	335	250	286	256	330	275	259	1,127	1,090	938
Technology and development		472	433	411	411	395	382	385	388	362	353	1,573	1,454	1,407
General and administrative		368	382	347	365	328	342	328	346	294	318	1,363	1,235	1,029
Restructuring and other charges		—	—	—	—	—	—	—	—	—	116	—	244	92
Total operating expenses		\$ 3,974	\$ 3,776	\$ 3,710	\$ 3,788	\$ 3,352	\$ 3,307	\$ 3,194	\$ 3,313	\$ 2,896	\$ 3,037	\$ 13,641	\$ 12,102	\$ 10,300

- (a) Stock-based compensation expense.
- (b) Employer payroll taxes on stock-based compensation.
- (c) Amortization and impairment of acquired intangible assets.
- (d) Restructuring.
- (e) Acquisition related transaction expense.
- (f) Impairment of investment in intellectual property fund.
- (g) Elimination of allowance on loans receivable due to the U.S. Consumer Credit receivables portfolio designation as held for sale.
- (h) Fees associated with the sale of the U.S. Consumer Credit receivables portfolio.
- (i) Net gain (loss) related to the sale of our U.S. Consumer Credit receivables portfolio.
- (j) Award for a legal proceeding and expenses related to pre-acquisition contingencies of an acquired company identified outside of the measurement period.
- (k) Asset impairment charges for right-of-use lease asset and related leasehold improvements in conjunction with exiting certain leased properties

Reconciliation of GAAP Operating Margin to Non-GAAP Operating Margin

(In Millions, Except Percentages/Unaudited)	Three Months Ended										Year Ended December 31,		
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	2019	2018	2017
GAAP operating income	\$ 977	\$ 951	\$ 398	\$ 799	\$ 697	\$ 705	\$ 518	\$ 598	\$ 490	\$ 572	\$ 2,719	\$ 2,194	\$ 2,127
Stock-based compensation expense and related employer payroll taxes	376	365	336	297	277	244	286	237	219	223	1,104	920	761
Acquisition related transaction expense	—	—	20	3	—	—	—	7	17	—	3	24	—
Restructuring	19	26	29	—	—	—	78	—	—	—	78	25	40
Amortization of acquired intangible assets	113	115	114	51	52	51	57	59	33	25	211	146	129
Other	—	28	11	23	—	(2)	(5)	12	28	—	16	40	(302)
Total non-GAAP operating income adjustments	508	534	510	374	329	293	416	315	297	248	1,412	1,155	628
Non-GAAP operating income	\$ 1,485	\$ 1,485	\$ 908	\$ 1,173	\$ 1,026	\$ 998	\$ 934	\$ 913	\$ 787	\$ 820	\$ 4,131	\$ 3,349	\$ 2,755
Non-GAAP operating margin	27.2 %	28.2 %	19.7 %	23.6 %	23.4 %	23.2 %	22.6 %	21.6 %	21.4 %	21.3 %	23.2 %	21.7 %	21.1 %

Reconciliation of Net Income, EPS and Effective Tax Rate

Reconciliation of GAAP Net Income to Non-GAAP Net Income, GAAP Diluted EPS to Non-GAAP Diluted EPS, and GAAP Effective Tax Rate to Non-GAAP Effective Tax Rate

(In Millions, Except Percentages and Per Share Amount/Unaudited)	Three Months Ended										Year Ended December 31,		
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	2019	2018	2017
GAAP income before income taxes	\$ 1,144	\$ 1,799	\$ 263	\$ 854	\$ 484	\$ 943	\$ 717	\$ 686	\$ 533	\$ 609	\$ 2,998	\$ 2,376	\$ 2,200
GAAP income tax expense	123	269	179	347	22	120	50	102	97	83	539	319	405
GAAP net income	1,021	1,530	84	507	462	823	667	584	436	526	2,459	2,057	1,795
Non-GAAP adjustments to net income:													
Non-GAAP operating income adjustments (see table above)	508	534	510	374	329	293	416	315	297	248	1,412	1,155	628
(Gains) losses on strategic investments ⁽¹⁾	(209)	(888)	124	(38)	228	(218)	(180)	(56)	—	(31)	(208)	(87)	—
Other certain significant gains, losses, or charges	—	(17)	259	230	—	—	—	(6)	14	32	230	43	224
Tax effect of non-GAAP adjustments ⁽¹⁾	(45)	104	(191)	(85)	(119)	(50)	(117)	(54)	(52)	(99)	(371)	(322)	(329)
Non-GAAP net income	\$ 1,275	\$ 1,263	\$ 786	\$ 988	\$ 900	\$ 848	\$ 786	\$ 783	\$ 695	\$ 676	\$ 3,522	\$ 2,846	\$ 2,318
Shares used in diluted share calculation	1,190	1,184	1,185	1,187	1,188	1,187	1,188	1,196	1,199	1,202	1,188	1,203	1,221
Net income per diluted share:													
GAAP	\$ 0.86	\$ 1.29	\$ 0.07	\$ 0.43	\$ 0.39	\$ 0.69	\$ 0.56	\$ 0.49	\$ 0.36	\$ 0.44	\$ 2.07	\$ 1.71	\$ 1.47
Non-GAAP	\$ 1.07	\$ 1.07	\$ 0.66	\$ 0.83	\$ 0.76	\$ 0.71	\$ 0.66	\$ 0.65	\$ 0.58	\$ 0.56	\$ 2.96	\$ 2.37	\$ 1.90
GAAP effective tax rate	11 %	15 %	68 %	41 %	5 %	13 %	7 %	15 %	18 %	14 %	18 %	13 %	18 %
Tax effect of non-GAAP adjustments to net income	1 %	(2)%	(56)%	(24)%	9 %	4 %	11 %	2 %	(2)%	4 %	(2)%	4 %	— %
Non-GAAP effective tax rate	12 %	13 %	12 %	17 %	14 %	17 %	18 %	17 %	16 %	18 %	16 %	17 %	18 %

⁽¹⁾ Reflects the impact of reclassification as described in our Form 8-K filed with the SEC on April 9, 2020.

Reconciliation of GAAP Net Revenue to Non-GAAP Net Revenue by Geography

(In Millions/Unaudited)	Three Months Ended										Year Ended December 31,		
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	2019	2018	2017
U.S. net revenues	\$ 2,820	\$ 2,651	\$ 2,469	\$ 2,606	\$ 2,327	\$ 2,297	\$ 2,187	\$ 2,189	\$ 1,962	\$ 2,150	\$ 9,417	\$ 8,324	\$ 7,084
Non-GAAP adjustment ⁽¹⁾	—	—	—	—	—	—	—	—	—	—	—	—	(39)
Non-GAAP U.S. net revenues	\$ 2,820	\$ 2,651	\$ 2,469	\$ 2,606	\$ 2,327	\$ 2,297	\$ 2,187	\$ 2,189	\$ 1,962	\$ 2,150	\$ 9,417	\$ 8,324	\$ 7,045
International net revenues	\$ 2,639	\$ 2,610	\$ 2,149	\$ 2,355	\$ 2,051	\$ 2,008	\$ 1,941	\$ 2,037	\$ 1,721	\$ 1,707	\$ 8,355	\$ 7,127	\$ 6,010
Total net revenues	\$ 5,459	\$ 5,261	\$ 4,618	\$ 4,961	\$ 4,378	\$ 4,305	\$ 4,128	\$ 4,226	\$ 3,683	\$ 3,857	\$ 17,772	\$ 15,451	\$ 13,094
Non-GAAP adjustment ⁽¹⁾	—	—	—	—	—	—	—	—	—	—	—	—	(39)
Total non-GAAP net revenues	\$ 5,459	\$ 5,261	\$ 4,618	\$ 4,961	\$ 4,378	\$ 4,305	\$ 4,128	\$ 4,226	\$ 3,683	\$ 3,857	\$ 17,772	\$ 15,451	\$ 13,055

⁽¹⁾ Elimination of allowance on interest receivable due to the U.S. Consumer Credit receivables portfolio designation as held for sale.

Reconciliation of GAAP Net Revenue to Non-GAAP Net Revenue by Type

(In Millions/Unaudited)	Three Months Ended										Year Ended December 31,		
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	2019	2018	2017
Transaction revenues	\$ 5,076	\$ 4,945	\$ 4,215	\$ 4,535	\$ 3,955	\$ 3,878	\$ 3,731	\$ 3,851	\$ 3,343	\$ 3,318	\$ 16,099	\$ 13,709	\$ 11,501
Revenues from other value added services	\$ 383	\$ 316	\$ 403	\$ 426	\$ 423	\$ 427	\$ 397	\$ 375	\$ 340	\$ 539	\$ 1,673	\$ 1,742	\$ 1,593
Non-GAAP adjustment ⁽¹⁾	—	—	—	—	—	—	—	—	—	—	—	—	(39)
Non-GAAP revenues from other value added services	\$ 383	\$ 316	\$ 403	\$ 426	\$ 423	\$ 427	\$ 397	\$ 375	\$ 340	\$ 539	\$ 1,673	\$ 1,742	\$ 1,554
Total net revenues	\$ 5,459	\$ 5,261	\$ 4,618	\$ 4,961	\$ 4,378	\$ 4,305	\$ 4,128	\$ 4,226	\$ 3,683	\$ 3,857	\$ 17,772	\$ 15,451	\$ 13,094
Non-GAAP adjustment ⁽¹⁾	—	—	—	—	—	—	—	—	—	—	—	—	(39)
Total non-GAAP net revenues	\$ 5,459	\$ 5,261	\$ 4,618	\$ 4,961	\$ 4,378	\$ 4,305	\$ 4,128	\$ 4,226	\$ 3,683	\$ 3,857	\$ 17,772	\$ 15,451	\$ 13,055

⁽¹⁾ Elimination of allowance on interest receivable due to the U.S. Consumer Credit receivables portfolio designation as held for sale.

Reconciliation of Operating Cash Flow to Free Cash Flow and Adjusted Free Cash Flow

(In Millions/Unaudited)	Three Months Ended										Year Ended December 31,		
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	2019	2018	2017
Net cash provided by operating activities	\$ 720	\$ 2,383	\$ 1,504	\$ 1,264	\$ 1,096	\$ 1,174	\$ 1,027	\$ 1,134	\$ 4,670	\$ 28	\$ 4,561	\$ 5,483	\$ 2,531
Less: Purchases of property and equipment, net	(241)	(193)	(206)	(174)	(173)	(139)	(218)	(224)	(223)	(198)	(704)	(823)	(667)
Free cash flow	\$ 479	\$ 2,190	\$ 1,298	\$ 1,090	\$ 923	\$ 1,035	\$ 809	\$ 910	\$ 4,447	\$ (170)	\$ 3,857	\$ 4,660	\$ 1,864
Impact of held for sale accounting presentation related to our U.S. consumer credit receivables portfolio on cash flow from operating activities	—	—	—	—	—	—	—	—	(3,675)	907	—	(1,508)	1,299
Adjusted free cash flow	\$ 479	\$ 2,190	\$ 1,298	\$ 1,090	\$ 923	\$ 1,035	\$ 809	\$ 910	\$ 772	\$ 737	\$ 3,857	\$ 3,152	\$ 3,163

Q4-20 and FY-20 GAAP and Non-GAAP Guidance

	Three Months Ending December 31, 2020	
	GAAP	Non-GAAP(a)
Revenue Growth Rate (Spot)	20 - 25%	20 - 25%
Revenue Growth Rate (FXN)	20 - 25%	20 - 25%
Diluted EPS Growth Rate	45 - 47%	17 - 18%

(a) Estimated non-GAAP amounts above for the three months ending December 31, 2020, reflect adjustments of approximately \$525 million, primarily representing estimated stock-based compensation expense and related payroll taxes in the range of \$385 million.

	Twelve Months Ending December 31, 2020	
	GAAP	Non-GAAP(a)
Revenue Growth Rate (Spot)	20 - 21%	20 - 21%
Revenue Growth Rate (FXN)	21 - 22%	21 - 22%
Diluted EPS Growth Rate	37 - 38%	27 - 28%

(a) Estimated non-GAAP amounts above for the twelve months ending December 31, 2020, reflect adjustments of approximately \$2.08 billion, primarily representing estimated stock-based compensation expense and related payroll taxes in the range of \$1.47 billion.

Definitions

Active Accounts: An active account is an account registered directly with PayPal or a platform access partner that has completed a transaction on our Payments Platform or through our Honey Platform, not including gateway-exclusive transactions, within the past 12 months.

Daily Active Accounts: Daily Active Accounts (DAA) represent the number of Active Accounts that have completed a transaction using our core PayPal payments products and services, including person-to-person payments transfers and checkout transactions, on a given day. DAA is presented as the average daily active accounts during the designated period.

Number of Payment Transactions: Payment transactions are the total number of payments, net of payment reversals, successfully completed on our Payments Platform or enabled by PayPal via a partner payment solution, not including gateway-exclusive transactions.

Number of Payment Transactions per Active Account: Number of payment transactions per active account reflects the total number of payment transactions within the previous 12-month period, divided by active accounts at the end of the period.

Total Payment Volume: Total Payment Volume or “TPV” is the value of payments, net of payment reversals, successfully completed on our Payments Platform, or enabled by PayPal via a partner payment solution, not including gateway-exclusive transactions.

Total Take Rate: Total take rate is total revenue divided by TPV.

Transaction Take Rate: Transaction take rate is transaction revenue divided by TPV.

Transaction Expense Rate: Transaction expense rate is calculated by dividing transaction expense by TPV.

Transaction and Credit Loss Rate: Transaction and credit loss rate is calculated by dividing transaction and credit loss by TPV.

Transaction Margin: Transaction margin is total revenue less transaction expense and transaction and credit loss, divided by total revenue.

