

A large, stylized graphic of the PayPal logo, composed of three overlapping shapes: a light blue circle at the top, a yellow rounded rectangle in the middle, and a green rounded rectangle at the bottom. The graphic is positioned on the left side of the slide, set against a dark blue background.

PayPal

Q4-21

Investor Update

February 1, 2022

Non-GAAP Financial Measures; Forward-Looking Statements

This presentation contains non-GAAP measures relating to our performance. These measures 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.

As previously disclosed, beginning with the first quarter of 2020, we modified the presentation of our non-GAAP results to exclude the impact of all gains and losses on our strategic investments. In addition, beginning with the fourth quarter of 2020, we have reclassified certain cash flows related to customer balances from cash flows from operating activities to cash flows from investing activities or financing activities within the consolidated statements of cash flows. Prior period amounts have been reclassified to conform to the current period 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.

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 first quarter and full year 2022, medium-term outlook, the impact and timing of product launches and 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 estimated or implied by forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to: our ability to compete in markets that are highly competitive and subject to rapid technological change, and to develop and deliver new or enhanced products and services on a timely basis; cyberattacks and security vulnerabilities and associated impacts; the effect of global and regional political, economic, market and trade conditions, supply chain issues and related events that affect payments or commerce activity; natural disasters or other business interruptions on our business and financial condition, as well as our customers, suppliers, vendors and other business partners; the continuing effects of the COVID-19 pandemic and the proliferation of variants; the stability, security and performance of our payments platform; the effect of extensive government regulation and oversight related to our business, products and services in a variety of areas, including, but not limited to, laws covering payments, lending and consumer protection; the impact of complex and changing laws and regulations worldwide, including, but not limited to, laws covering privacy and data protection, and cybersecurity, which expose us to potential liabilities, increased costs, and other adverse effects on our business; the impact of payment card, bank, or other network rules or practices; changes in how consumers fund transactions; our ability to effectively detect and prevent the use of our services for fraud, abusive behaviors, illegal activities, or improper purposes; our ability to manage regulatory and litigation risks, and the outcome of legal and regulatory proceedings; our ability to manage relationships with third parties and their ability to meet their obligations to us; damage to our reputation or brands; fluctuations in foreign currency exchange rates; changes in tax rates and exposure to additional tax liabilities; changes to our capital allocation, management of operating cash or incurrence of indebtedness; our ability to timely develop and upgrade our technology systems, infrastructure and customer service capabilities; the impact of proposed or completed acquisitions, divestitures, strategic investments, or entries into new businesses or markets; and our ability to attract, hire, and retain talented employees. 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 of this presentation.

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," "Legal Proceedings," 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.pypl.com> or the SEC's website at www.sec.gov. All information in this presentation is as of February 1, 2022. 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

2021: TPV reaches \$1.25T; revenue ex-eBay grows 29%

- TPV growth: 33% at spot / 31% FXN⁽¹⁾, to \$1.25T
 - **TPV growth ex-eBay: 38% at spot / 36% FXN⁽¹⁾**
 - eBay⁽²⁾ represented <3% of TPV in Q4-21
- Revenue growth: 18% at spot / 17% FXN⁽¹⁾, to \$25.4B
 - **Revenue growth ex-eBay: 29% at spot**
 - eBay now 3% of revenue versus 10% in Q4-20
- **49M net new active accounts** (NNAs); 13% growth in active accounts to 426M
 - +5M merchant accounts; 17% growth in active merchant accounts to 34M
- 45.4 transactions per active account, 11% growth
 - 25% growth in transactions to 19.3B
- Non-GAAP operating margin of 24.8%
- \$4.60 non-GAAP EPS, 19% growth and **2-year CAGR of 25%**⁽³⁾
 - Includes 85 cent headwind related to lower transaction margin dollars from eBay
- Generated **\$5.4B in free cash flow**, 9% growth and 21% of revenue

2022: TPV growing to \$1.5T and revenue to exceed \$29B

Our full year 2022 guidance of **~19%-22% TPV** and **~15%-17% revenue growth at spot** reflects...

~21%-24%

FY-22 TPV growth
at spot excluding eBay

~19%-21%

FY-22 revenue growth
at spot excluding eBay

- **Revenue ex-eBay:** 2-year spot CAGR of **~24%**
- **Revenue growth trajectory:** acceleration throughout the year, as eBay drag diminishes, comparisons normalize, and initiatives continue to contribute
- **NNAs:** Expect to add **~15-20M** NNAs, on top of the record ~120M added since 2019
 - Focus on sustainable, high quality growth to drive engagement and increased revenue per active account
 - Pull back on incentive-driven campaigns with low ROI; let minimally engaged users naturally roll off
- **Free cash flow:** approximately \$6B

Non-GAAP operating margin and expenses, 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.

(1) Foreign currency-neutral (2) All references to eBay Marketplaces and eBay in this presentation refer to eBay Marketplaces on our payments platform (3) 2-year CAGR from FY-19 EPS (\$2.96) to FY-21 EPS (\$4.60) = ~25%

Full Year 2021 Summary

Strong performance on top of a record 2020

Active Accounts

426M

Includes **34M** active merchant accounts

↑ **13%** increase y/y

49M

Net new active accounts (NNAs)

Customer Engagement

45.4

Payment transactions per active account (TPA)

↑ **11%** increase y/y

Total Payment Volume

\$1.25T

↑ **33%** spot and **31%** FX-neutral y/y growth

38% spot and **36%** FX-neutral y/y growth excluding eBay

Revenue

\$25.4B

↑ **18%** spot and **17%** FX-neutral y/y growth

29% y/y growth excluding eBay

2-year spot CAGR of **19%**⁽²⁾

Non-GAAP EPS⁽¹⁾

\$4.60

↑ **19%** increase y/y

Includes **85 cent per share** headwind from lower eBay transaction margin dollars

2-year CAGR of **25%**⁽³⁾

Free Cash Flow⁽¹⁾

\$5.4B

↑ **9%** increase y/y

21% 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.

(2) 2-year CAGR from FY-19 revenue (\$17.8B) to FY-21 revenue (\$25.4B) = ~19%

(3) 2-year CAGR from FY-19 EPS (\$2.96) to FY-21 EPS (\$4.60) = ~25%

Fourth Quarter 2021 Summary

Two-year CAGRs highlight strong performance

Active Accounts

426M

Includes **34M** active merchant accounts

↑ **13%** increase y/y

10M

Net new active accounts (NNAs)

Customer Engagement

45.4

Payment transactions per active account (TPA)

↑ **11%** increase y/y

2% y/y increase in daily active accounts using PayPal Core experiences, 2-year CAGR of **15%**

Total Payment Volume

\$340B

↑ **23%** spot and FX-neutral y/y growth
27% spot and **28%** FX-neutral y/y growth excluding eBay
2-year spot CAGR of **30%**⁽²⁾

Revenue

\$6.9B

↑ **13%** spot and FX-neutral y/y growth
22% y/y growth excluding eBay
2-year spot CAGR of **18%**⁽³⁾

Non-GAAP EPS⁽¹⁾

\$1.11

↑ **4%** increase y/y
Includes **25 cent per share** headwind from lower eBay transaction margin dollars
2-year CAGR of **16%**⁽⁴⁾

Free Cash Flow⁽¹⁾

\$1.6B

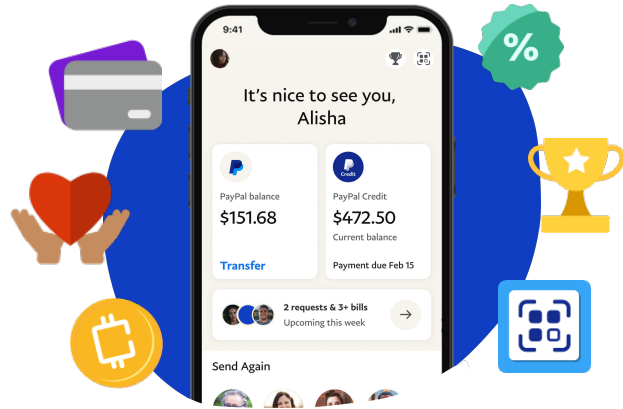
↑ **38%** increase y/y
22% as % of revenue

(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.

(2) 2-year CAGR from Q4-19 TPV (\$199B) to Q4-21 TPV (\$340) = ~30% (3) 2-year CAGR from Q4-19 revenue (\$4.961B) to Q4-21 revenue (\$6.918B) = ~18% (4) 2-year CAGR from Q4-19 EPS (\$0.83) to Q4-21 EPS (\$1.11) = ~16%

Innovating at scale

Record number of products and experiences launched in 2021



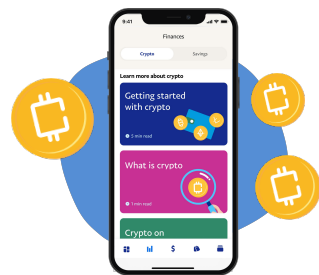
Fully rolled out new digital wallet globally



Expanded global pay later footprint



Zettle in the U.S.



Checkout with crypto using PayPal

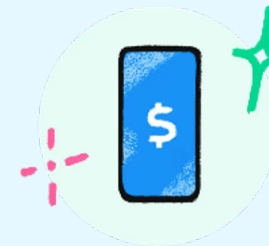


Venmo credit card fully ramped

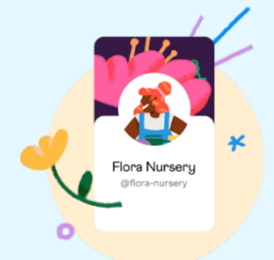


Buy, hold, and sell crypto on Venmo

venmo



Cash a check on Venmo



Venmo business profiles

Early indications of success with new PayPal digital wallet

Driving increases in product discovery and adoption



Shopping

+700% merchant leads⁽²⁾



Crypto

+40% first-time users^(3,4)



In-app donations

+330% first-time users⁽³⁾



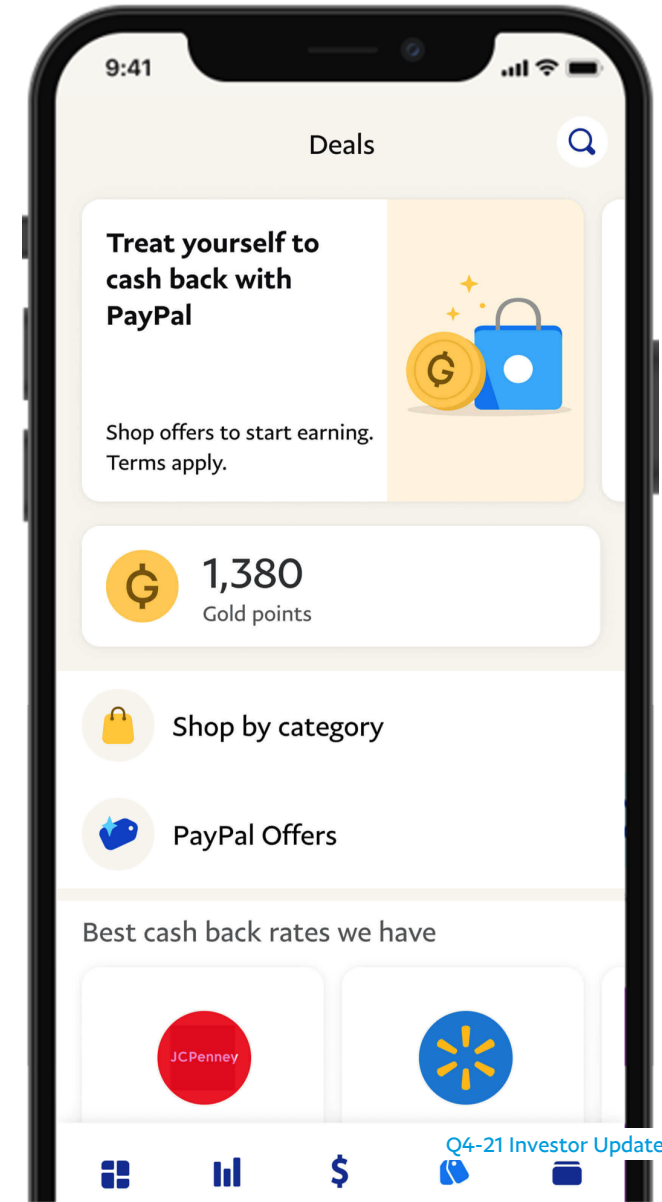
Bill pay

+200% first-time users⁽³⁾

Multi-product adoption reduces churn and increases ARPA⁽¹⁾

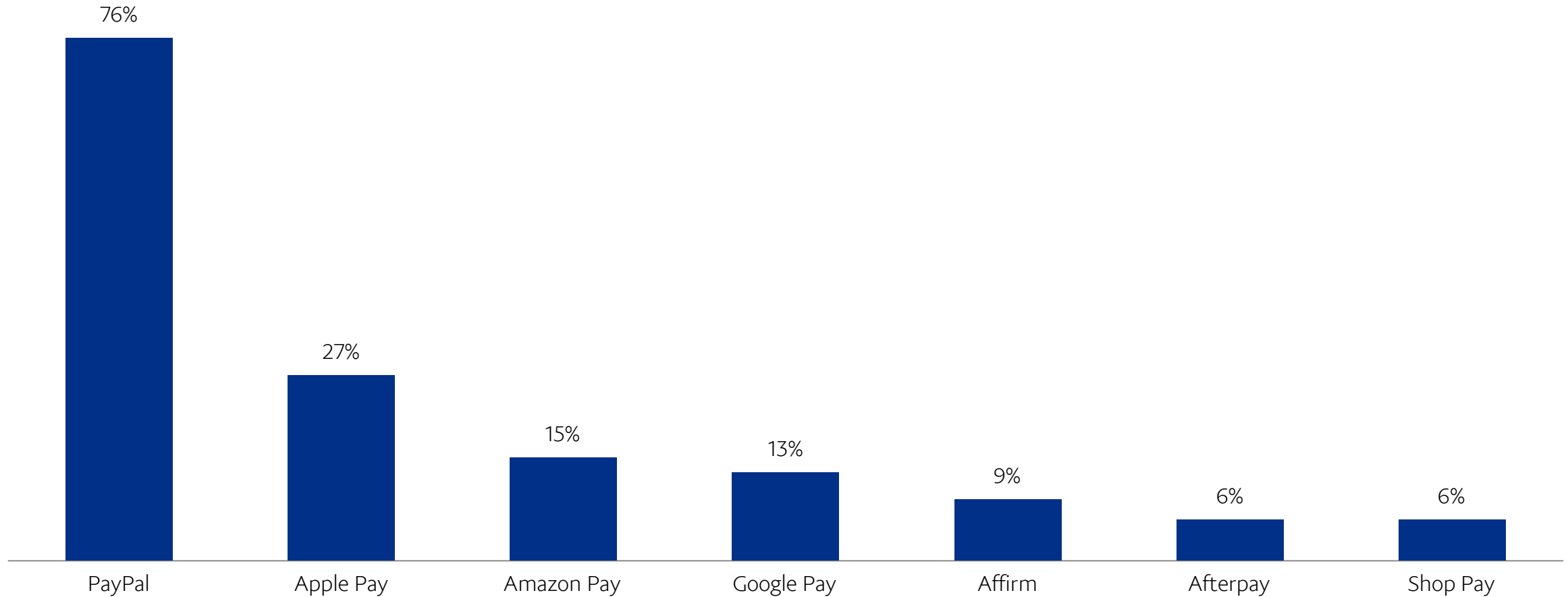
- Users engaging on the mobile app exhibit **~25% less churn**
- Digital wallet and BNPL users deliver **2x ARPA** of checkout-only users
- **ARPA increases ~25%** on avg. with each additional product a user engages with
- App penetration is increasing, but still meaningful opportunity to drive higher
- Opportunity to cross-sell users with expanding set of interconnected features

(1) ARPA is defined as average revenue per active (2) A merchant lead is an active account going to a merchant's website for purchase from PayPal's shopping hub. Merchant lead data from A/B test from September - October 2021 (3) First time user defined as an existing active account engaging with an incremental product for the first time. First time user data from March-June 2021 (before new digital wallet launch) and November 2021 (after launch) (4) Crypto FTUs and volumes are also impacted by sentiment/price changes in the overall cryptocurrency market

















PayPal is the most accepted digital wallet

Digital wallet acceptance among 1,500 largest online retailers across North America and Europe



Continuing to drive ubiquity across discretionary and everyday spend

Recent partnerships and expansions with enterprise merchants globally

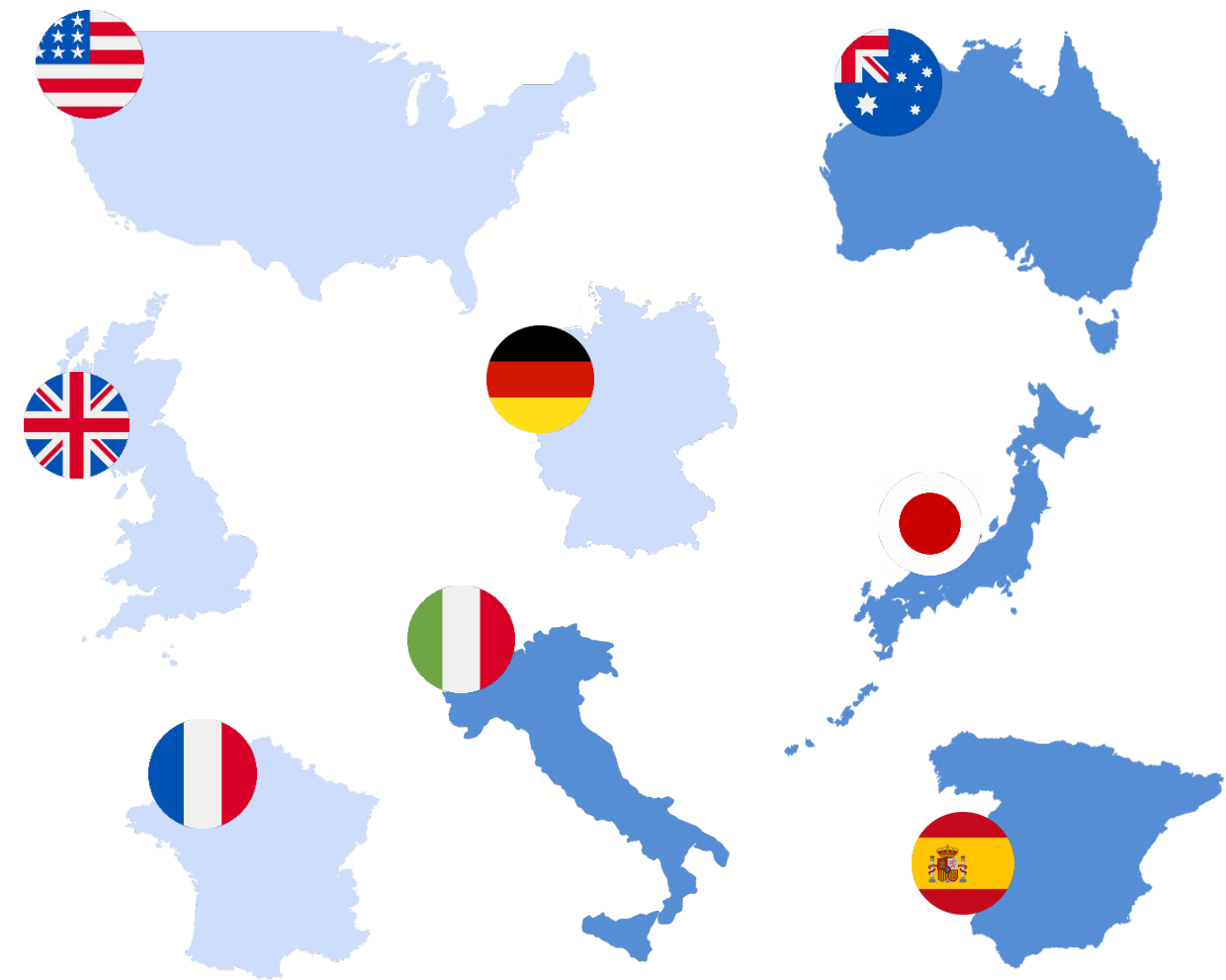
		Launched PayPal Checkout in Q4
		Added direct credit card processing and Pay with Venmo ⁽¹⁾
		Launched QRC in-store via Blackhawk Network in Q4
		Added Pay in 4 in Q4 ⁽²⁾
		Added PayPal Checkout on Roku TV in Q4
		Added PayPal to Italy's public administration IO app, enabling Italian users to pay for government services (taxes, bills, tuition, etc.) via PayTipper (local PSP)
		Signed expanded agreement and launched PayPal Commerce Platform in Q4
		Expanded PayPal at Checkout for Salesforce Payments, including Venmo, PayPal Credit, and BNPL
		Expanded PayPal relationship throughout Oracle's eCommerce, retail, food and beverage, hospitality and ERP Cloud business units

(1) PayPal Checkout already available.

(2) PayPal Checkout already available in the U.S., Express Checkout already available in Europe

Expanding our global pay later footprint

Ended the year with strong momentum: \$1.1B in TPV and 1.2M first-time consumers in December



FY-21 Results⁽¹⁾

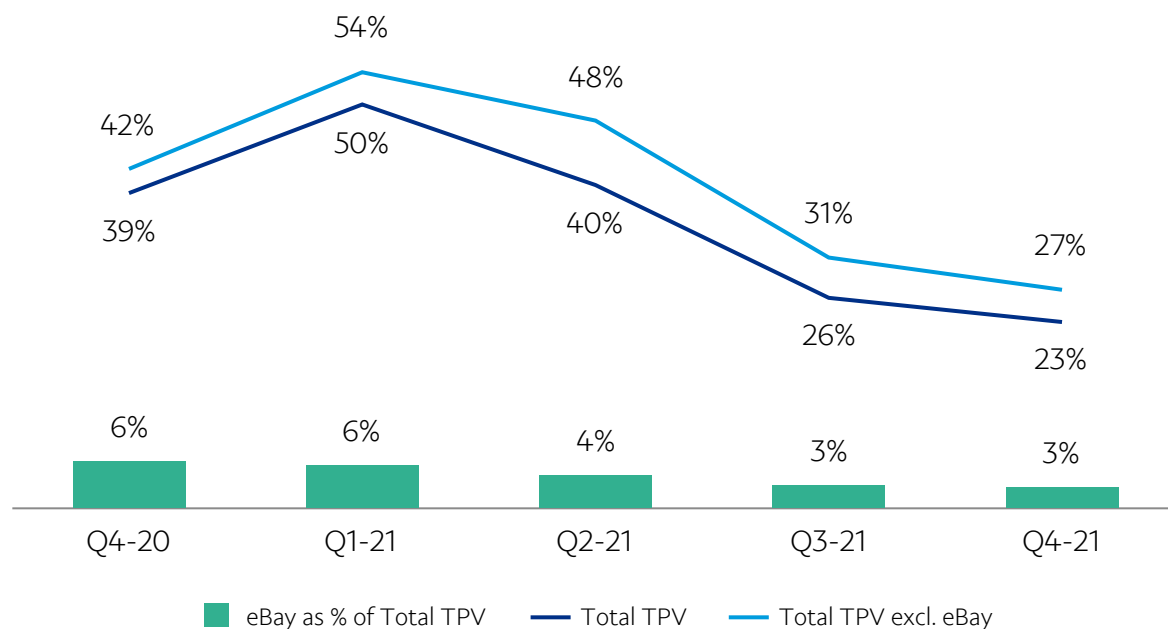
~\$7.9B	Transaction volume
~50M	BNPL transactions
~12.2M	Unique consumer accounts
~1.2M	Merchants with PayPal BNPL transactions
92K+	Merchants with upstream presentment

(1) Results include Australia, France, Germany, Italy, Spain, U.K., and U.S. and do not include Japan (Paidy). The acquisition of Paidy closed in Q4-21 (on October 13). Dark blue countries represent markets where pay later products were launched during FY-21

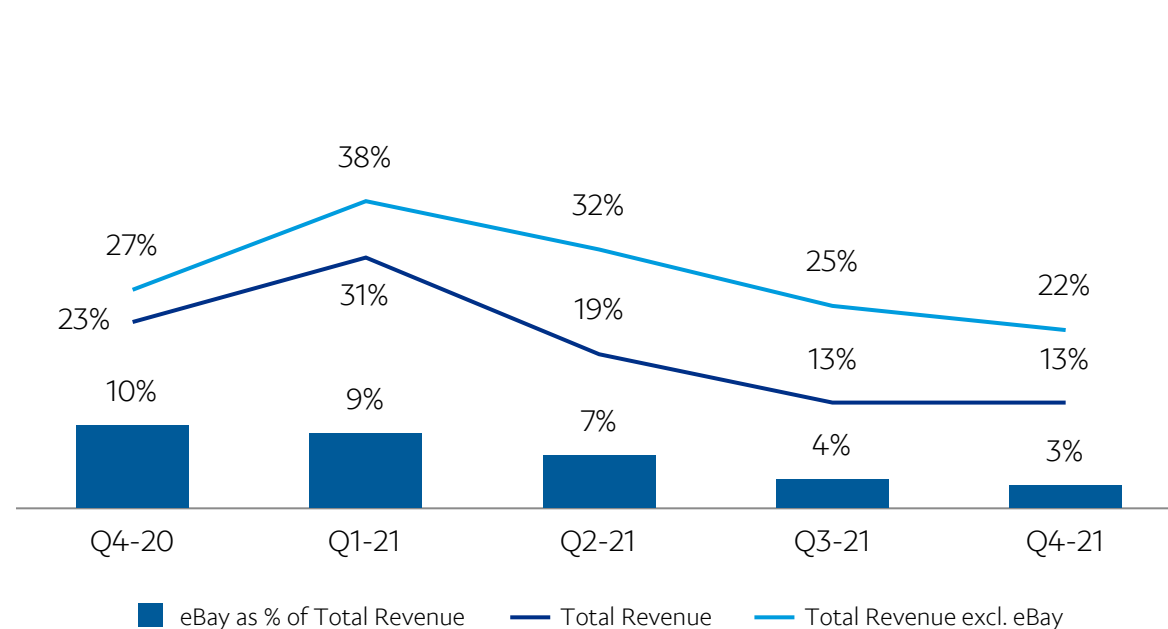
eBay impact on TPV and Revenue

Exited the year with eBay representing 3% of revenue and less than 3% of TPV in Q4-21

TPV Trends (y/y growth at spot)



Revenue Trends (y/y growth at spot)



Q4-21 ESG Updates

Powering giving in 2021

PayPal is one of the largest global digital donation platforms, supporting 1.4M nonprofits and causes



In 2021, the PayPal community donated approximately **\$19.6B** to nonprofits and causes

↑ **10%** from 2020



In 2021, more than **285M donations** were made by PayPal customers

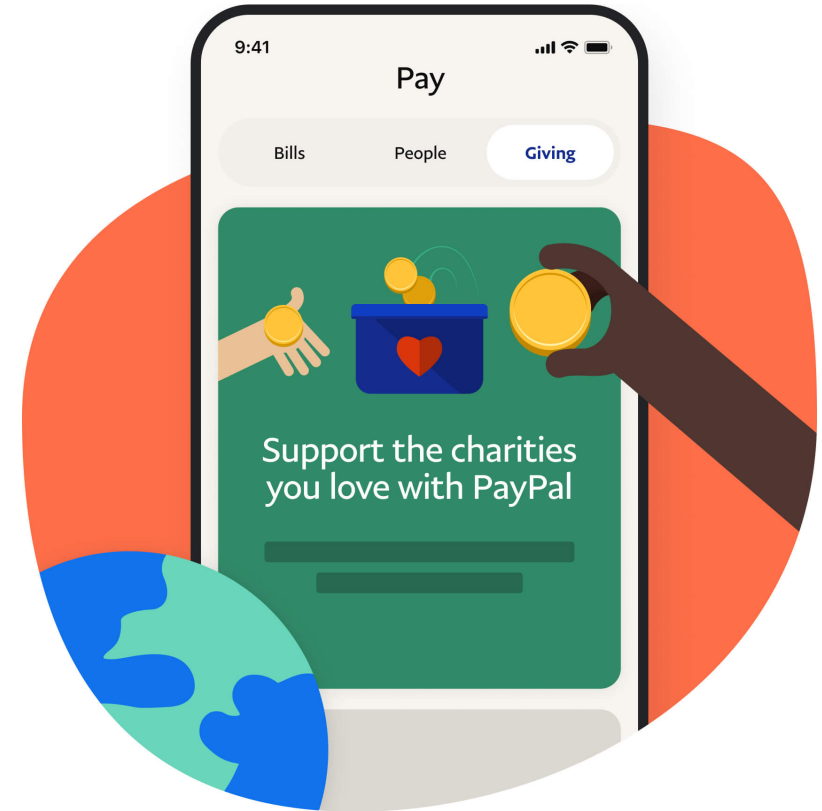
↑ **3%** from 2020



During the November and December holiday period, PayPal processed more than **\$4B** in donations

↑ **7%** from 2020

The data consists of funds processed by PayPal to all nonprofits, which include organizations identified as charities, other nonprofits and schools and universities, as well as donations to individuals and businesses from personal fundraising campaigns.



On Giving Tuesday, PayPal processed a record **\$188M** in donations to nonprofits and causes

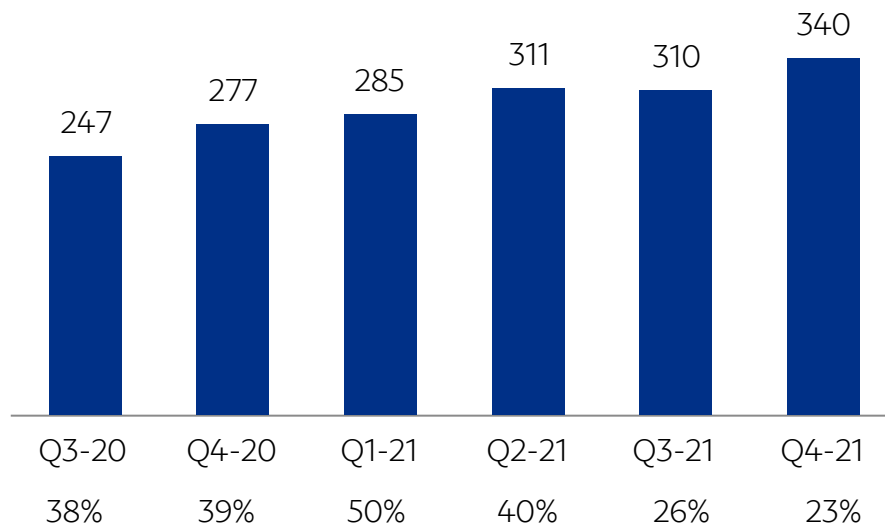
More than **1.6M** PayPal customers in nearly **200** markets donated to causes they care about

Q4-21 Business Updates

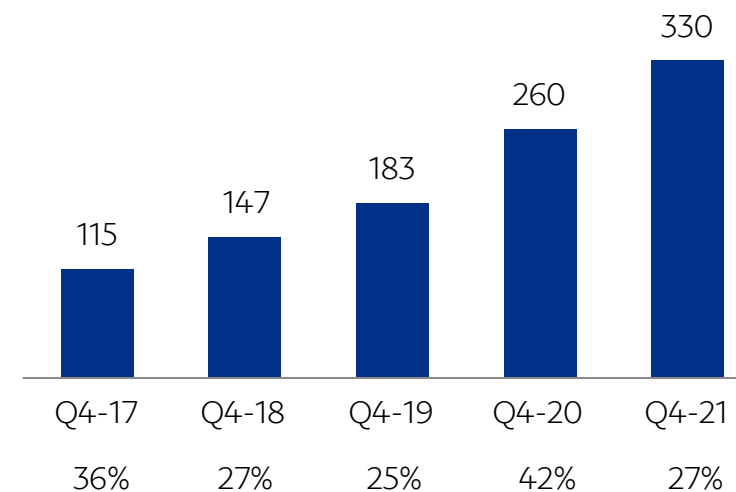
Q4-21 Total Payment Volume (TPV)

Last twelve months TPV ~\$1.25T

Total Payment Volume (TPV) (\$B)



Consistent growth: TPV excluding eBay (\$B)



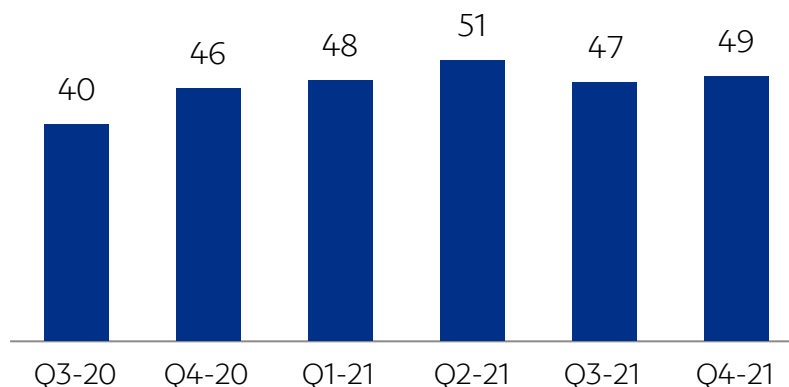
- \$340 billion of TPV increased 23% on a spot and FXN basis; 2-year CAGR of 30% at spot⁽¹⁾
- Excluding eBay, TPV increased 27% on a spot basis and 28% FXN; ex-eBay 2-year CAGR of 34% at spot⁽²⁾
- P2P volume, which includes PayPal, Venmo, and Xoom, increased 19% to \$93B and represented 27% of TPV
- Q4-21 Venmo volume increased 29% to \$61B; FY-21 Venmo volume increased 44% to \$230B

(1) 2-year CAGR from Q4-19 TPV (\$199B) to Q4-21 TPV (\$340B) = ~30% (2) 2-year CAGR from Q4-19 TPV ex-eBay (\$183B) to Q4-21 TPV ex-eBay (\$330B) = ~34%

Q4-21 TPV: Cross-Border Trade (CBT)

CBT TPV of \$49B, 7% FX-neutral growth

Cross-Border Trade TPV⁽¹⁾ (\$B)



Y/Y Growth	27%	35%	51%	38%	19%	5%
FXN Y/Y Growth	24%	31%	44%	30%	17%	7%
Share of Total TPV	16%	17%	17%	16%	15%	14%
ex-eBay FXN Y/Y Growth	25%	29%	41%	28%	19%	14%

FY-21 Fastest Growing CBT Categories



Travel & Events: ~75% y/y



Cosmetics: 2-year CAGR of >35%



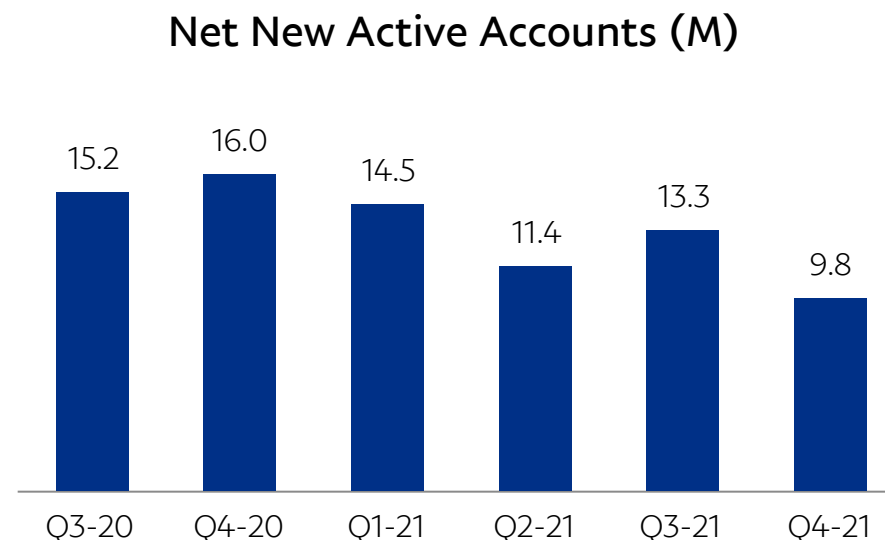
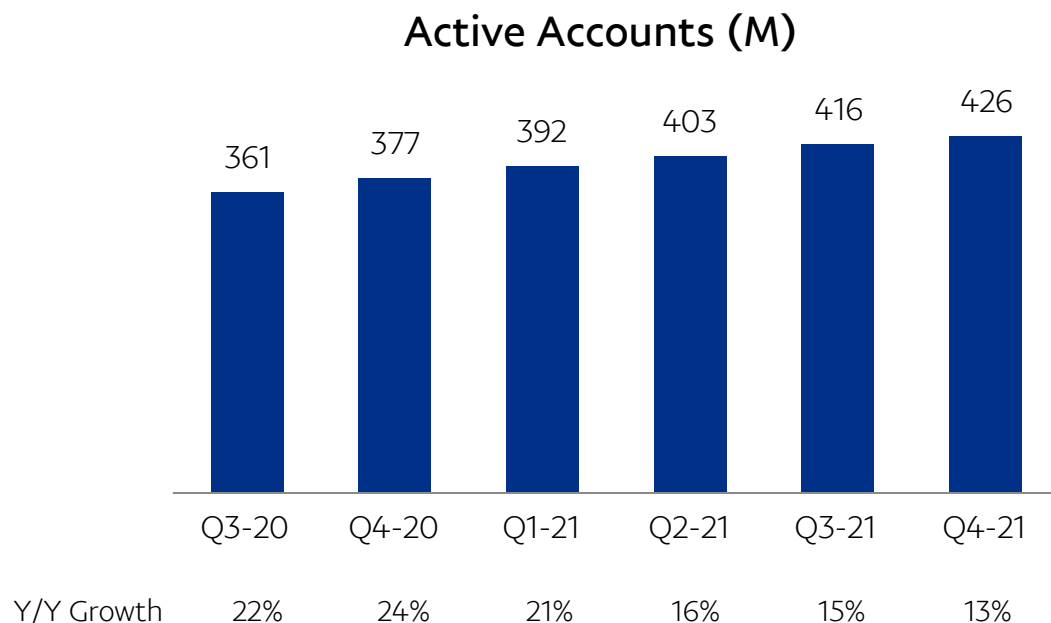
Fashion: 2-year CAGR of ~25%

- CBT TPV was \$49 billion in Q4-21, up 7% on an FX-neutral basis. In FY-21, CBT TPV was \$195 billion, up 23% FXN
 - Excluding eBay, cross-border TPV increased 14% FXN, compared to 29% growth in Q4-20
 - Key corridors in Q4-21 include intra-European corridors and U.K. to EU and Canada
 - CBT TPV represented 14% of TPV in Q4-21, compared to 17% in Q4-20

(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.

Q4-21 Active Accounts

Ended the year with more than 426M active accounts; added 4.9M merchant accounts in FY-21

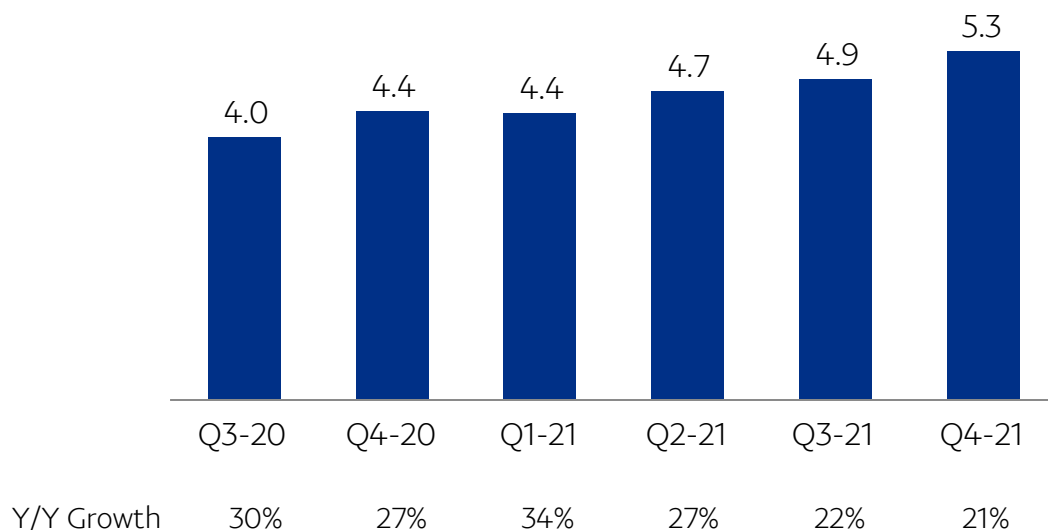


- Ended the quarter with **426 million active accounts**, up 13%, including **34 million merchant accounts**
- Added 48.9 million active accounts in FY-21, including 9.8 million active accounts in Q4-21
 - Includes a one-time addition of 3.2 million accounts in October 2021 from the acquisition of Paidy
 - Added 4.9 million merchant accounts in FY-21, including 0.7 million merchant accounts in Q4-21
 - Q4-21 NNAs affected by ~4.5 million adjustment, including ~2.7 million from prior periods, to exclude illegitimate accounts

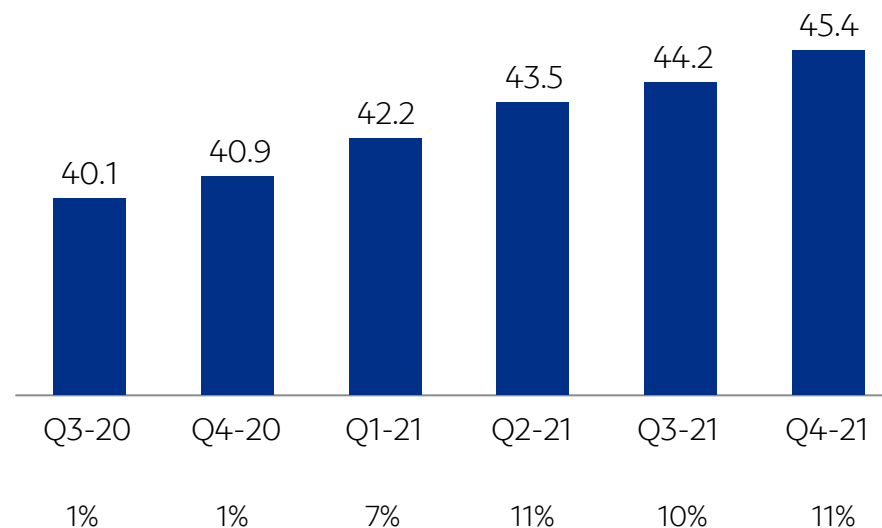
Q4-21 Customer Engagement⁽¹⁾

Transactions per active account reached 45.4, growing 11%

Number of Payment Transactions (B)



Customer Engagement (TPA)



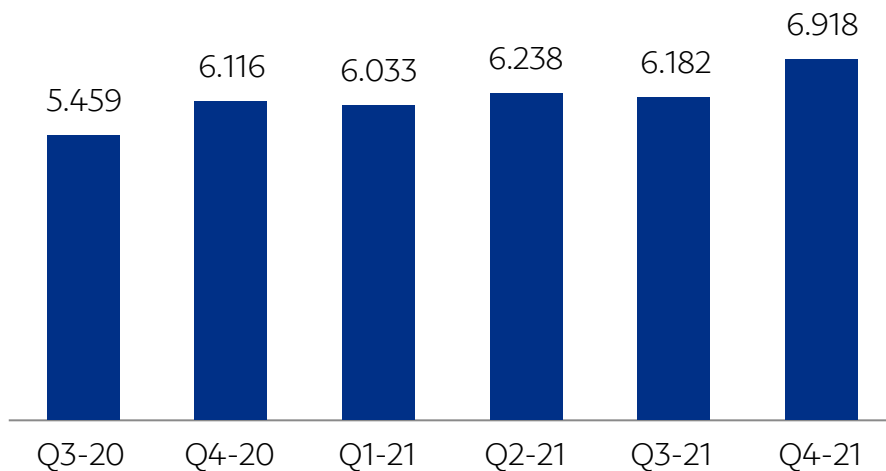
- Processed **~5.3 billion payment transactions** during Q4-21, up 21%, despite 54% decline in eBay transactions
- In Q4-21, 11% growth in TPA was driven by consistent transaction growth from Braintree and PayPal Core excluding eBay
- PayPal Core daily active accounts increased ~2% in Q4-21, on top of 29% growth in Q4-20, indicating ongoing high levels of engagement

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

Q4-21 Revenue

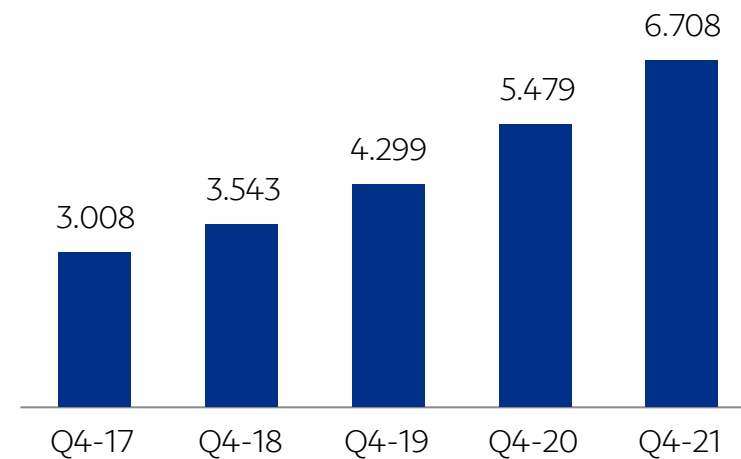
2-year CAGR of 18% at spot and 25% excluding eBay

Total Revenue (\$B)



Spot Y/Y Growth 25% 23% 31% 19% 13% 13%

Consistent growth: Revenue excluding eBay (\$B)

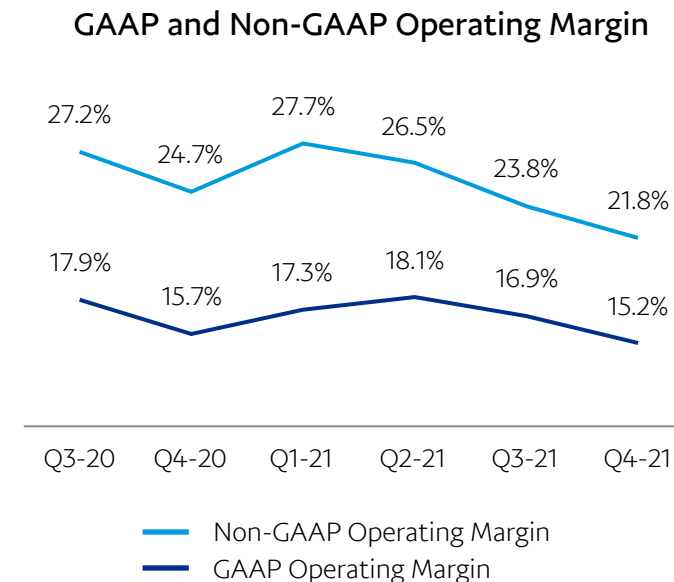
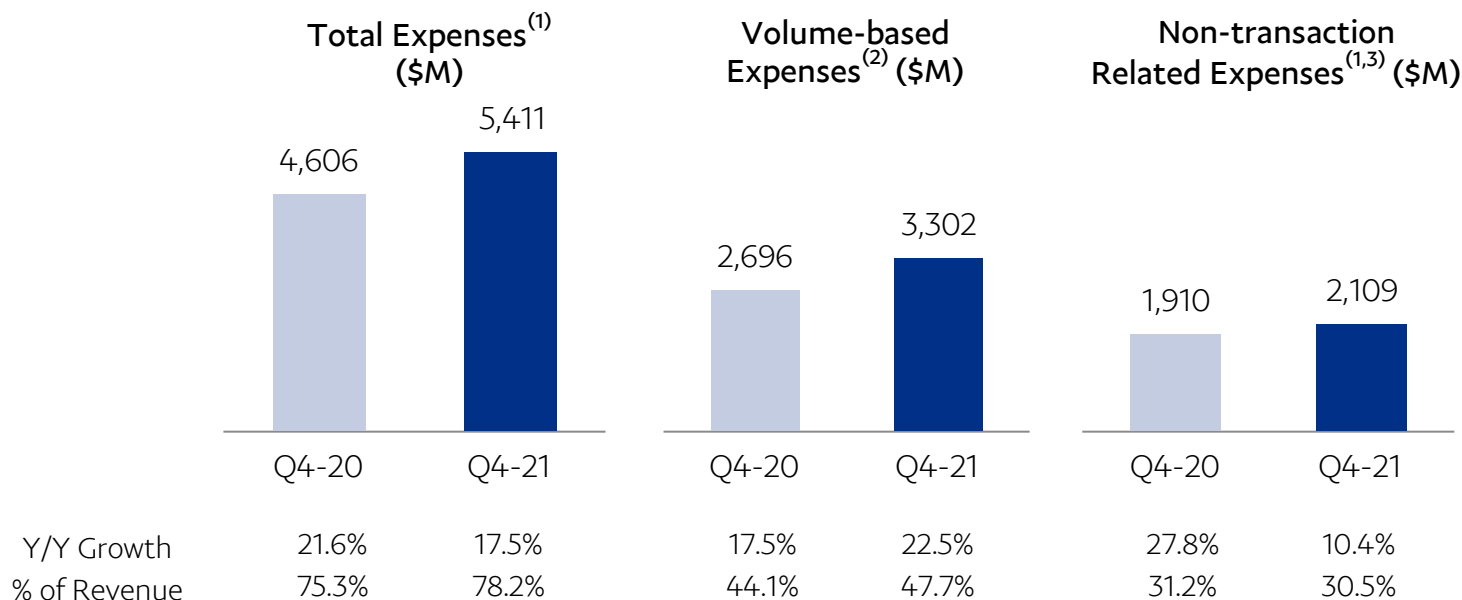


28% 18% 21% 27% 22%

- Total revenue grew 13% at spot and 18% on a two-year basis
 - Excluding eBay, revenue grew 22%, and 25% on a 2-year CAGR basis
 - Transaction revenue grew 12%, driven by Braintree and Venmo. Excluding eBay, transaction revenue grew 22%
 - Other Value Added Services (OVAS) revenue increased 25%
- Hedging gains, recognized in international transaction revenue, were \$2 million in Q4-21 versus hedging losses of \$38 million in Q4-20
- Exiting Q4, at exchange rates as of December 31, 2021, we estimate that our derivative positions will result in the recognition of \$177 million of hedging gains in international transaction revenue over the next 12 months

Q4-21 Non-GAAP Expense Detail

Non-GAAP operating margin of 21.8%



- Volume-based expenses grew 22.5% and non-transaction related expenses grew 10.4%
 - Sales and marketing expenses increased 9.6% and technology and development increased 19.1%
- Non-GAAP operating margin of 21.8%, contracting ~290bps
 - Lapping strong non-GAAP operating margin performance in Q4-20 of 24.7%
 - The release of \$9M in principal reserves benefited GAAP and non-GAAP EPS⁽⁴⁾

(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.

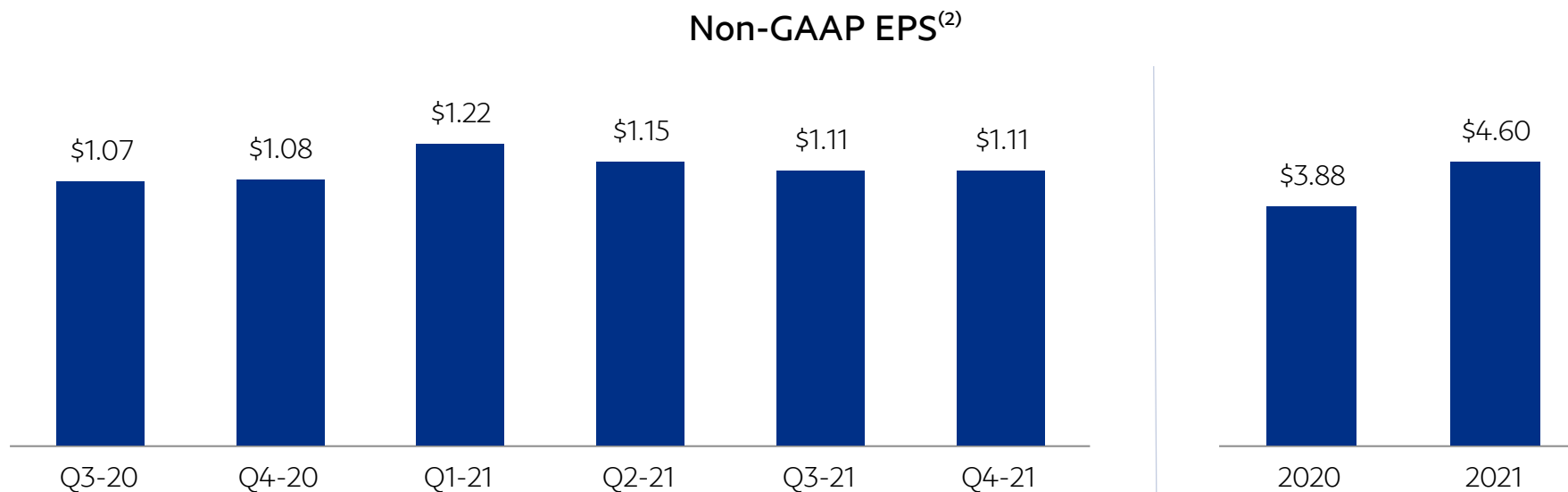
(2) Volume-based expenses include transaction expense and transaction and credit losses.

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

(4) Please see Hedging Impacts and Credit Reserve Builds and Releases for a reconciliation of quarterly credit reserve charges.

Q4-21 EPS

Non-GAAP EPS of \$1.11, 4% y/y growth and 2-year CAGR of 16%⁽¹⁾



- FY-21 non-GAAP EPS of \$4.60, growing 19% y/y and 25% on a 2-year CAGR basis⁽³⁾
- Q4-21 GAAP EPS of \$0.68, including \$0.18 of impact from net losses related to strategic investments
- Q4-21 non-GAAP effective tax rate decreased to 9.2% from 12.6% in Q4-20

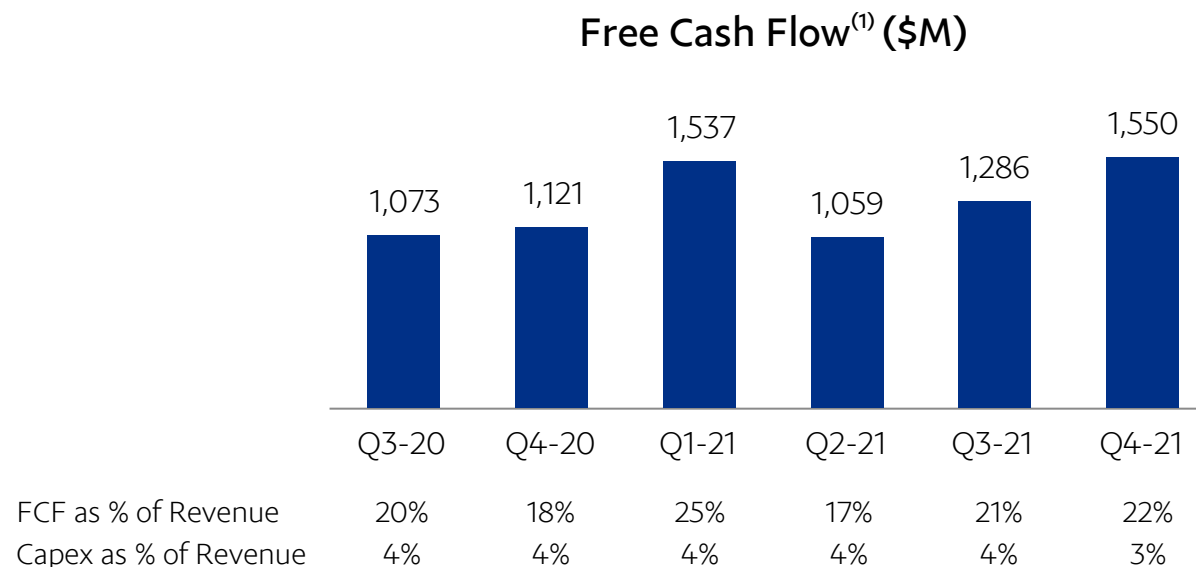
(1) 2-year CAGR from Q4-19 EPS (\$0.83) to Q4-21 EPS (\$1.11) = ~16%

(2) 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

(3) 2-year CAGR from FY-19 EPS (\$2.96) to FY-21 EPS (\$4.60) = ~25%

Q4-21 Free Cash Flow

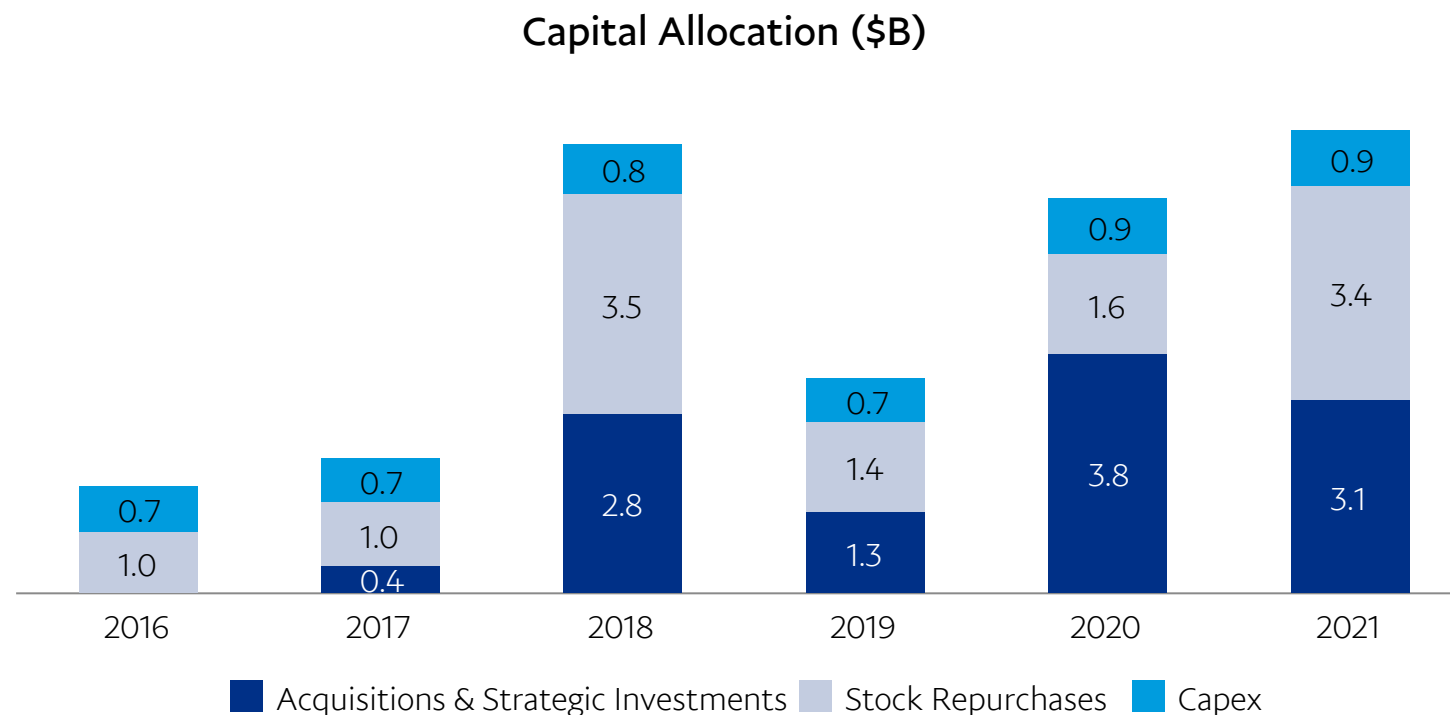
FCF of \$1.55 billion, 38% increase



- Free Cash Flow (FCF) of **\$1.55 billion in Q4-21, increasing 38%**, which includes a benefit from favorable changes in working capital
- In the fourth quarter of 2021, **for every \$1 of revenue, PayPal generated 22 cents of FCF**
- \$16.3 billion in cash and cash equivalents (\$5.2B), short-term (\$4.3B) and long-term investments (\$6.8B)
- Long-term debt of ~\$8.0 billion and short-term debt of ~\$1.0 billion as of December 31, 2021

(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.

Q4-21 Capital Allocation



- Generated ~\$24 billion in FCF since becoming an independent company in July 2015
- In Q4-21, returned \$1.5 billion in capital to stockholders by repurchasing ~8 million shares at an average price of \$187.36 per share
- Since separation, repurchased ~132 million shares of common stock, returning \$11.9 billion in capital to stockholders at an average price of \$90.49 per share

FY-22 Guidance

Excluding eBay, revenue expected to grow ~19%-21%, on top of ~29% in 2021

Net Revenue Growth (Spot)	~15%-17%
Non-GAAP EPS	~\$4.60-\$4.75
Free Cash Flow (\$B)	~\$6.0

Percentages shown are year-on-year growth rates

- Non-GAAP effective tax rate of ~16%-18%
- Capex of ~3% of revenue
- GAAP EPS of ~\$2.97-\$3.15. In 2021, GAAP EPS included a net gain of ~\$0.06 on PayPal's strategic investment portfolio

- **NNAs:** Expect to add ~15-20 million NNAs in FY-22, on top of the record ~120 million added since 2019
 - Focus on sustainable, high quality growth to drive engagement and increased revenue per active account
 - Pull back on incentive-driven campaigns with low ROI; let minimally engaged users naturally roll off
- **TPV:** Expect TPV growth to be in the range of ~19%-22% on a spot and ~21%-23% FXN basis
 - Excluding eBay, TPV expected to grow ~21%-24%
- **Revenue:** Expect revenue growth of ~15%-17% at spot and FXN, which includes an eBay revenue decline of ~\$600M (concentrated in H1-22)
 - Excluding eBay, revenue expected to grow ~19%-21%
- **Non-GAAP Operating Margin:** Expect op margin of ~23%
 - Year-over-year pressure due to lapping ~125bps credit reserve release benefit, provision build from more normalized credit growth, and volume mix effect, partially offset by opex leverage
- **EPS:** Expect non-GAAP EPS to be in the range of ~\$4.60-\$4.75
 - EPS growth expected to be ~flat-3%, which includes a 12-point headwind from reserve releases and taxes

Non-GAAP EPS, non-GAAP operating margin 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.

Q1-22 Guidance

Excluding eBay, revenue expected to grow 14% on top of 38% in Q1'21

Net Revenue	~\$6.4B
Net Revenue Growth (Spot)	~6%
Non-GAAP EPS	~\$0.87

Percentages shown are year-on-year growth rates

- **Revenue:** Expect revenue growth of ~6% at spot and FXN to ~\$6.4B
 - On an ex-eBay basis, revenue expected to grow ~14%, on top of 38% growth in Q1'21
- **EPS:** Expect GAAP EPS of ~\$0.50, compared to \$0.92 in the prior year period, and non-GAAP EPS of ~\$0.87, compared to \$1.22 in the prior year period
 - In the first quarter of 2021, GAAP EPS included a net loss of ~\$0.09 relating to PayPal's strategic investment portfolio
 - In the first quarter of 2021, GAAP and non-GAAP EPS included ~\$0.06 benefit from credit loss reserve releases
 - GAAP EPS guidance does not include any expectation of net realized and unrealized gains and losses on PayPal's strategic investment portfolio

Non-GAAP EPS, non-GAAP operating margin 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.

Supplemental Information

Q4-21 PayPal Metrics⁽¹⁾

(in millions, except %)

	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21
Active Accounts	361	377	392	403	416	426
Y/Y Growth	22%	24%	21%	16%	15%	13%
Net New Active Accounts	15.2	16.0	14.5	11.4	13.3	9.8
Number of Payment Transactions	4,013	4,408	4,371	4,735	4,900	5,343
Y/Y Growth	30%	27%	34%	27%	22%	21%
Total Payment Volume	\$246,691	\$277,072	\$285,447	\$310,992	\$309,910	\$339,530
Y/Y Growth	38%	39%	50%	40%	26%	23%
FXN Y/Y Growth	36%	36%	46%	36%	24%	23%
US TPV	\$149,618	\$162,931	\$171,124	\$188,506	\$192,428	\$211,323
Y/Y Growth	40%	37%	46%	42%	29%	30%
International TPV	\$97,074	\$114,141	\$114,323	\$122,486	\$117,482	\$128,207
Y/Y Growth	35%	41%	56%	38%	21%	12%
FXN Y/Y Growth	30%	35%	45%	26%	18%	14%
Total Take Rate	2.21%	2.21%	2.11%	2.01%	1.99%	2.04%
Transaction Take Rate	2.06%	2.05%	1.97%	1.86%	1.81%	1.88%
Transaction Expense Rate	0.82%	0.84%	0.80%	0.81%	0.83%	0.87%
Transaction and Credit Loss Rate	0.14%	0.13%	0.10%	0.05%	0.09%	0.10%
Transaction Margin	56.7%	55.9%	57.8%	56.8%	54.2%	52.3%

- TPV growth of 23% on a spot basis, decelerating ~16pts on a y/y basis and ~3pts on a sequential basis
- Transaction growth of 21%, decelerating ~6pts on y/y basis and ~1pt on a sequential basis. Transaction growth primarily attributable to Braintree and PayPal Core excluding eBay
- Cross-border trade (CBT) was 14% of TPV in the quarter, growing 7% on an FX-neutral basis
- 45% of active accounts were outside the U.S. as of December 31, 2021
- Average Payment Volume (APV) was \$64, up 1% y/y
- Transaction take rate down 17 bps year over year. Decline driven by lower eBay volumes, FX fees, and higher share from bill pay partners and large merchants

(1) Definitions included in Supplemental Information.

Q4-21 Financial Detail

(in millions, except %)

	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21
Transaction Revenue	\$5,076	\$5,682	\$5,621	\$5,797	\$5,607	\$6,377
Y/Y Growth	28%	25%	33%	17%	10%	12%
Other Value Added Services (OVAS)	\$383	\$434	\$412	\$441	\$575	\$541
Y/Y Growth	(9%)	2%	2%	40%	50%	25%
Total Revenue	\$5,459	\$6,116	\$6,033	\$6,238	\$6,182	\$6,918
Y/Y Growth	25%	23%	31%	19%	13%	13%
FXN Y/Y Growth	25%	23%	29%	17%	13%	13%
US Revenue Y/Y Growth	21%	18%	24%	23%	23%	27%
International Revenue FXN Y/Y Growth	30%	29%	35%	10%	2%	(1%)
% International	48%	50%	49%	48%	44%	44%
Volume-based expenses	\$2,366	\$2,696	\$2,548	\$2,693	\$2,832	\$3,302
Non-transaction related expenses	\$1,608	\$1,910	\$1,812	\$1,891	\$1,880	\$2,109
Total Operating Expenses⁽¹⁾	\$3,974	\$4,606	\$4,360	\$4,584	\$4,712	\$5,411
Y/Y Growth	19%	22%	18%	21%	19%	17%
Non-GAAP Op. Income⁽¹⁾	\$1,485	\$1,510	\$1,673	\$1,654	\$1,470	\$1,507
Non-GAAP Op. Margin %⁽¹⁾	27%	25%	28%	27%	24%	22%
Non-GAAP EPS⁽¹⁾	\$1.07	\$1.08	\$1.22	\$1.15	\$1.11	\$1.11
Y/Y Growth	41%	29%	84%	8%	4%	4%
CAPEX	\$241	\$226	\$221	\$247	\$227	\$213
Free Cash Flow⁽¹⁾	\$1,073	\$1,121	\$1,537	\$1,059	\$1,286	\$1,550

(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.

Q4-21 Hedging impacts and credit reserve builds and releases

(in millions, except %)

Hedging Impacts⁽¹⁾

	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21
Favorable (unfavorable) impact to net revenues (exclusive of hedging impact)	\$ 73	\$ 117	\$ 190	\$ 237	\$ 61	\$ (48)
Hedging impact	(17)	(38)	(59)	(89)	(44)	2
Favorable (unfavorable) impact to net revenues	56	79	131	148	17	(46)
Favorable (unfavorable) impact to operating expense	(21)	(50)	(73)	(101)	(29)	22
Net favorable (unfavorable) impact to operating income	\$ 35	\$ 29	\$ 58	\$ 47	\$ (12)	\$ (24)

Credit net charge-offs, reserve builds (releases) and credit losses

Net charge-offs ⁽²⁾	\$ 79	\$ 78	\$ 76	\$ 52	\$ 38	\$ 53
Reserve build (release) ⁽³⁾	(64)	—	(84)	(156)	(63)	(9)
Credit Losses	\$ 15	\$ 78	\$ (8)	\$ (104)	\$ (25)	\$ 44

(1) Foreign currency movements relative to the US dollar. We calculate the year-over-year impact of foreign currency movements on our business using prior period foreign currency exchange rates applied to current period transactional currency amounts.

(2) Net charge-offs includes the principal charge-offs partially offset by recoveries for consumer and merchant receivables.

(3) Reserve build (release) represents change in allowance for principal receivables excluding foreign currency remeasurement.

Reconciliation of GAAP Operating Expenses to Non-GAAP Operating Expenses

(In Millions/Unaudited)	Note	Three Months Ended								Year Ended December 31,							
		December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	2021	2020	2019			
GAAP operating expenses:																	
Transaction expense		\$ 2,952	\$ 2,564	\$ 2,524	\$ 2,275	\$ 2,330	\$ 2,022	\$ 1,843	\$ 1,739	\$ 1,913	\$ 1,701	\$ 10,315	\$ 7,934	\$ 6,790	(a)	Stock-based compensation expense.	
Transaction and credit losses		350	268	169	273	366	344	440	591	381	340	1,060	1,741	1,380			
Customer support and operations		532	504	521	518	507	449	423	399	438	390	2,075	1,778	1,615	(b)	Employer payroll taxes on stock-based compensation.	
Sales and marketing		666	549	628	602	605	471	414	371	400	316	2,445	1,861	1,401			
Technology and development		796	755	746	741	732	674	631	605	558	533	3,038	2,642	2,085			
General administrative		570	498	522	524	569	503	512	486	472	401	2,114	2,070	1,711	(c)	Amortization and impairment of acquired intangible assets.	
Restructuring and other changes		2	1	1	58	44	19	47	29	—	—	62	139	71			
Total operating expenses		\$ 5,868	\$ 5,139	\$ 5,111	\$ 4,991	\$ 5,153	\$ 4,482	\$ 4,310	\$ 4,220	\$ 4,162	\$ 3,681	\$ 21,109	\$ 18,165	\$ 15,053	(d)	Restructuring.	
Non-GAAP operating expense adjustments:																	
Customer support and operations	(a)	(58)	(56)	(77)	(72)	(71)	(63)	(64)	(52)	(54)	(51)	(263)	(250)	(198)	(e)	Acquisition related transaction expense.	
	(b)	(2)	(1)	(3)	(16)	(1)	—	(1)	(7)	(1)	(1)	(22)	(9)	(9)	(f)	Net gain related to the sale of our U.S. Consumer Credit receivables portfolio.	
Sales and marketing	(a)	(41)	(38)	(48)	(48)	(41)	(45)	(47)	(39)	(32)	(31)	(175)	(172)	(127)			
	(b)	(1)	(2)	(5)	(13)	(1)	(1)	(3)	(7)	(1)	(1)	(21)	(12)	(12)			
	(c)	(51)	(39)	(39)	(38)	(40)	(43)	(44)	(43)	(32)	(34)	(167)	(170)	(135)	(g)	Award for a legal proceeding and expenses related to pre-acquisition contingencies of an acquired company.	
Technology and development	(a)	(112)	(117)	(147)	(139)	(145)	(138)	(133)	(113)	(128)	(119)	(515)	(529)	(420)			
	(b)	(2)	—	(5)	(34)	(2)	(1)	(1)	(17)	(1)	(1)	(41)	(21)	(17)			
	(c)	(58)	(64)	(63)	(61)	(61)	(63)	(64)	(64)	(18)	(18)	(246)	(252)	(75)			
General administrative	(a)	(120)	(100)	(129)	(119)	(130)	(127)	(116)	(87)	(79)	(72)	(468)	(460)	(305)	(h)	Asset impairment charges for right-of-use lease assets and related leasehold improvements in conjunction with exiting certain leased properties, charges associated with early lease termination, and a charge associated with exiting a leased property.	
	(b)	(3)	(2)	(3)	(26)	(4)	(1)	—	(14)	(1)	(1)	(34)	(19)	(16)			
	(c)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(1)	—	(28)	(28)	(1)			
	(e)	—	—	—	—	—	—	—	(20)	(3)	—	—	(20)	(3)			
	(g)	—	—	—	—	—	—	(7)	(11)	(23)	—	—	(18)	(23)			
Restructuring and other charges	(d)	—	—	5	(32)	(35)	(19)	(26)	(29)	—	—	(27)	(109)	(78)			
	(f)	—	—	—	—	—	—	—	—	—	—	—	—	7			
	(h)	(2)	(1)	(6)	(26)	(9)	—	(21)	—	—	—	(35)	(30)	—			
Total operating expenses		\$ (457)	\$ (427)	\$ (527)	\$ (631)	\$ (547)	\$ (508)	\$ (534)	\$ (510)	\$ (374)	\$ (329)	\$ (2,042)	\$ (2,099)	\$ (1,412)			
Non-GAAP operating expenses:																	
Transaction expense		2,952	2,564	2,524	2,275	2,330	2,022	1,843	1,739	1,913	1,701	\$ 10,315	\$ 7,934	\$ 6,790			
Transaction and credit losses		350	268	169	273	366	344	440	591	381	340	1,060	1,741	1,380			
Customer support and operations		472	447	441	430	435	386	358	340	383	338	1,790	1,519	1,408			
Sales and marketing		573	470	536	503	523	382	320	282	335	250	2,082	1,507	1,127			
Technology and development		624	574	531	507	524	472	433	411	411	395	2,236	1,840	1,573			
General and administrative		440	389	383	372	428	368	382	347	365	328	1,584	1,525	1,363			
Total operating expenses		\$ 5,411	\$ 4,712	\$ 4,584	\$ 4,360	\$ 4,606	\$ 3,974	\$ 3,776	\$ 3,710	\$ 3,788	\$ 3,352	\$ 19,067	\$ 16,066	\$ 13,641			

Reconciliation of GAAP Operating Margin to Non-GAAP Operating Margin

(In Millions, Except Percentages/Unaudited)	Three Months Ended										Year Ended December 31,		
	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	2021	2020	2019
GAAP net revenues	\$ 6,918	\$ 6,182	\$ 6,238	\$ 6,033	\$ 6,116	\$ 5,459	\$ 5,261	\$ 4,618	\$ 4,961	\$ 4,378	\$25,371	\$21,454	\$17,772
GAAP operating income	1,050	1,043	1,127	1,042	963	977	951	398	799	697	4,262	3,289	2,719
Stock-based compensation expense and related employer payroll taxes	339	316	417	467	395	376	365	336	297	277	1,539	1,472	1,104
Amortization of acquired intangible assets	116	110	109	106	108	113	115	114	51	52	441	450	211
Restructuring	—	—	(5)	32	35	19	26	29	—	—	27	109	78
Other	2	1	6	26	9	—	28	11	23	—	35	48	16
Acquisition related transaction expense	—	—	—	—	—	—	—	20	3	—	—	20	3
Total non-GAAP operating income adjustments	457	427	527	631	547	508	534	510	374	329	2,042	2,099	1,412
Non-GAAP operating income	\$ 1,507	\$ 1,470	\$ 1,654	\$ 1,673	\$ 1,510	\$ 1,485	\$ 1,485	\$ 908	\$ 1,173	\$ 1,026	\$6,304	\$5,388	\$ 4,131
GAAP operating margin	15.2 %	16.9 %	18.1 %	17.3 %	15.7 %	17.9 %	18.1 %	8.6 %	16.1 %	15.9 %	16.8 %	15.3 %	15.3 %
Non-GAAP operating margin	21.8 %	23.8 %	26.5 %	27.7 %	24.7 %	27.2 %	28.2 %	19.7 %	23.6 %	23.4 %	24.8 %	25.1 %	23.2 %

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,		
	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	2021	2020	2019
GAAP income before income taxes	\$ 706	\$ 1,165	\$ 1,356	\$ 872	\$ 1,859	\$ 1,144	\$ 1,799	\$ 263	\$ 854	\$ 484	\$4,099	\$5,065	\$2,998
GAAP income tax expense (benefit)	(95)	78	172	(225)	292	123	269	179	347	22	(70)	863	539
GAAP net income	801	1,087	1,184	1,097	1,567	1,021	1,530	84	507	462	4,169	4,202	2,459
Non-GAAP adjustments to net income:													
Non-GAAP operating income adjustments (see table above)	457	427	527	631	547	508	534	510	374	329	2,042	2,099	1,412
(Gains) losses on strategic investments	290	(173)	(283)	120	(941)	(209)	(888)	124	(38)	228	(46)	(1,914)	(208)
Other certain significant gains, losses, or charges	—	43	(7)	—	—	—	(17)	259	230	—	36	242	230
Tax effect of non-GAAP adjustments	(229)	(65)	(59)	(393)	108	(45)	104	(191)	(85)	(119)	(746)	(24)	(371)
Non-GAAP net income	\$ 1,319	\$ 1,319	\$ 1,362	\$ 1,455	\$ 1,281	\$ 1,275	\$ 1,263	\$ 786	\$ 988	\$ 900	\$5,455	\$4,605	\$3,522
Shares used in diluted share calculation	1,183	1,187	1,186	1,190	1,191	1,190	1,184	1,185	1,187	1,188	1,186	1,187	1,188
Net income per diluted share:													
GAAP	\$ 0.68	\$ 0.92	\$ 1.00	\$ 0.92	\$ 1.32	\$ 0.86	\$ 1.29	\$ 0.07	\$ 0.43	\$ 0.39	\$ 3.52	\$ 3.54	\$ 2.07
Non-GAAP	\$ 1.11	\$ 1.11	\$ 1.15	\$ 1.22	\$ 1.08	\$ 1.07	\$ 1.07	\$ 0.66	\$ 0.83	\$ 0.76	\$ 4.60	\$ 3.88	\$ 2.96
GAAP effective tax rate	(13)%	7 %	13 %	(26)%	16 %	11 %	15 %	68 %	41 %	5 %	(2)%	17 %	18 %
Tax effect of non-GAAP adjustments to net income	22 %	— %	2 %	36 %	(3)%	1 %	(2)%	(56)%	(24)%	9 %	13 %	(5)%	(2)%
Non-GAAP effective tax rate	9 %	7 %	15 %	10 %	13 %	12 %	13 %	12 %	17 %	14 %	11 %	12 %	16 %

Reconciliation of Operating Cash Flow to Free Cash Flow

(In Millions/Unaudited)	Three Months Ended										Year Ended December 31,		
	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	2021	2020	2019
Net cash provided by operating activities	\$ 1,763	\$ 1,513	\$ 1,306	\$ 1,758	\$ 1,347	\$ 1,314	\$ 1,772	\$ 1,421	\$ 922	\$ 1,253	\$ 6,340	\$ 5,854	\$ 4,071
Less: Purchases of property and equipment	(213)	(227)	(247)	(221)	(226)	(241)	(193)	(206)	(174)	(173)	(908)	(866)	(704)
Free cash flow	1,550	1,286	1,059	1,537	1,121	1,073	1,579	1,215	748	1,080	5,432	4,988	3,367

Q1-22 and FY-22 GAAP and Non-GAAP Guidance

	Three Months Ending March 31, 2022	
	GAAP	Non-GAAP^(a)
Revenue Growth Rate (Spot)	~6%	~6%
Revenue Growth Rate (FXN)	~6%	~6%
Diluted EPS \$	~\$0.50	~\$0.87

	Twelve Months Ending December 31, 2022	
	GAAP	Non-GAAP^(b)
Revenue Growth Rate (Spot)	~15-17%	~15-17%
Revenue Growth Rate (FXN)	~15-17%	~15-17%
Diluted EPS \$	~\$2.97-\$3.15	~\$4.60-\$4.75

- (a) Estimated non-GAAP amounts for the three months ended March 31, 2022, reflect adjustments of approximately \$590 million, primarily representing estimated stock-based compensation expense and related payroll taxes of approximately \$470 million.
- (b) Estimated non-GAAP amounts for the twelve months ended December 31, 2022, reflect adjustments of approximately \$2.4 billion, primarily representing estimated stock-based compensation expense and related payroll taxes of approximately \$1.9 billion.

Definitions

Our key metrics are calculated using internal company data based on the activity we measure on our platform and may be compiled from multiple systems, including systems that are organically developed or acquired through business combinations. While the measurement of our key metrics is based on what we believe to be reasonable methodologies and estimates, there are inherent challenges and limitations in measuring our key metrics globally at our scale. The methodologies used to calculate our key metrics require judgment.

We regularly review our processes for calculating these key metrics, and from time to time we may make adjustments to improve their accuracy or relevance. For example, we continuously apply models, processes and practices designed to detect and prevent fraudulent account creation on our platforms, and work to improve and enhance those capabilities. When we detect a significant volume of illegitimate activity, we generally remove the activity identified from our key metrics. Although such adjustments may impact key metrics reported in prior periods, we generally do not update previously reported key metrics to reflect these subsequent adjustments unless the retrospective impact of process improvements or enhancements is determined by management to be material.

Active Accounts: An active account is an account registered directly with PayPal or a platform access partner that has completed a transaction on our 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: Number of 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 or “TPA” 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 transaction expense divided by TPV.

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

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

