# PayPal Management Meeting

**June 8, 2023**

<table>
<thead>
<tr>
<th>Time</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>3:00 PM</td>
<td><strong>Welcome</strong></td>
</tr>
<tr>
<td></td>
<td>Ryan Wallace, Head of Investor Relations</td>
</tr>
<tr>
<td>3:05 PM</td>
<td><strong>Opening Remarks</strong></td>
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<tr>
<td></td>
<td>Dan Schulman, President &amp; CEO</td>
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<tr>
<td>3:10 PM</td>
<td><strong>Delivering PayPal's Value Proposition</strong></td>
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<tr>
<td></td>
<td>Peggy Alford, EVP, Global Sales &amp; Merchant Services</td>
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<tr>
<td>3:35 PM</td>
<td><strong>PayPal's Product Strategy</strong></td>
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<tr>
<td></td>
<td>John Kim, EVP, Chief Product Officer</td>
</tr>
<tr>
<td>4:00 PM</td>
<td><strong>Q&amp;A</strong></td>
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<tr>
<td></td>
<td>Dan Schulman, Gabrielle Rabinovitch, Peggy Alford, &amp; John Kim</td>
</tr>
</tbody>
</table>

**Speakers**

- **Dan Schulman**
  - President & CEO
- **Peggy Alford**
  - EVP, Global Sales & Merchant Services
- **John Kim**
  - EVP, Chief Product Officer
- **Gabrielle Rabinovitch**
  - SVP, Acting CFO
Welcome

Ryan Wallace
Head of Investor Relations
Forward-Looking Statements Disclaimer

We may make 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 may include, but are not limited to, statements regarding PayPal’s projected financial and operational results and future growth of PayPal’s business, the impact and timing of product launches, and capital allocation. Forward-looking statements are based upon various estimates and assumptions, as well as information known to PayPal as of June 8, 2023, and are inherently subject to numerous risks and uncertainties.

Our actual results could differ materially from those predicted or implied by forward-looking statements. Some factors that could cause or contribute to such differences can be found in PayPal’s First Quarter 2023 Earnings Release dated May 8, 2023 under the caption "Forward-Looking Statements." The forward-looking statements made during this event do not include the potential impact of any acquisitions or divestitures that may be announced and/or contemplated after June 8, 2023.

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 discussed in this event is as of June 8, 2023 and you should not place undue reliance on the forward-looking statements. PayPal assumes no obligation to update such forward-looking statements.

Use of Non-GAAP Financial Measures

We may discuss non-GAAP measures relating to our performance. These measures 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 from, 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 on our Investor Relations website.

Other Matters

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.
Opening Remarks

Dan Schulman
President & CEO
Delivering PayPal's Value Proposition

Peggy Alford
EVP, Global Sales & Merchant Services
PayPal has a global, two-sided network at scale and is one of the world’s most trusted brands

<table>
<thead>
<tr>
<th>Scale</th>
<th>Trust</th>
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</thead>
<tbody>
<tr>
<td>~400M</td>
<td></td>
</tr>
<tr>
<td>Active Consumer Accounts¹</td>
<td>Most Trusted Brands 2023</td>
</tr>
<tr>
<td>35M</td>
<td></td>
</tr>
<tr>
<td>Merchant Accounts¹</td>
<td></td>
</tr>
<tr>
<td>$1.4T</td>
<td></td>
</tr>
<tr>
<td>Total Payment Volume²</td>
<td></td>
</tr>
<tr>
<td>23B</td>
<td></td>
</tr>
<tr>
<td>Payment Transactions²</td>
<td></td>
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<table>
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<tr>
<th>Reach</th>
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<tbody>
<tr>
<td>200+</td>
</tr>
<tr>
<td>Global Markets</td>
</tr>
<tr>
<td>150</td>
</tr>
<tr>
<td>Send Currencies</td>
</tr>
<tr>
<td>25</td>
</tr>
<tr>
<td>Hold Currencies</td>
</tr>
</tbody>
</table>

1. As of Q1-23
2. Last twelve months TPV and transactions (Q2-22 to Q1-23)
PayPal has a diversified portfolio of assets that reinforce each other.
We have plans to bolster the PayPal value proposition

1. Advance our leadership in Branded Checkout
2. Expand PSP penetration with value-added services in attractive markets and segments
3. Leverage our data assets to create the next generation of checkout for consumers
Advancing our leadership in Branded Checkout

Streamlining the branded payments experience and offering services across the commerce journey
Making enhancements focused on removing friction

Enable passwordless authentication

Consumer App Login

- First time only

Sign In

- Do you want to sign into PayPal with your saved passkey? "ladyeye@comon.com"?

Sign In

- Do you want to sign into PayPal with your saved passkey? "ladyeye@comon.com"?

Sign In

- Do you want to sign into PayPal with your saved passkey? "ladyeye@comon.com"?

Sign In

- Do you want to sign into PayPal with your saved passkey? "ladyeye@comon.com"?

Login During Checkout

- Welcome, John Smith! We recognize you on this device, so you can skip login. Manage this setting in your profile.
Delivering consistent experiences across merchants and use cases

From

**Member**

- Mail toange RKO
- $189.99 USD
- Pay with
  - PayPal Credit
    - 0% APR for 6 months
  - PayPal Credit
    - 0% APR for 12 months
- Mobile Checkout

**Vault with Purchase**

- PayPal Credit
  - $189.99 USD
- Mobile Checkout

**Vault without Purchase**

- PayPal Credit
  - $189.99 USD
- Mobile Checkout

To

**Member**

- Mail toangle RKO
- Mobile Checkout

**Vault with Purchase**

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**Vault without Purchase**

- Mail toangle RKO
- $189.99 USD
- Pay with
  - PayPal Credit
    - 0% APR for 6 months
  - PayPal Credit
    - 0% APR for 12 months
- Mobile Checkout
Making incremental improvements to eliminate variations by year end

<table>
<thead>
<tr>
<th>Phase 0</th>
<th>Phase 1</th>
<th>Phase 2</th>
<th>Phase 3</th>
<th>Phase 4</th>
<th>Phase 5</th>
<th>Phase 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Styling</td>
<td>Tabs</td>
<td>Header, Footer</td>
<td>Shipping</td>
<td>Wallet</td>
<td>Offers, Rewards</td>
<td>Messaging</td>
</tr>
<tr>
<td>Implement a consistent design system across experiences</td>
<td>Implement tabs across member, remove coach tip, converge on content; remove split</td>
<td>Unify header and footer content across experiences</td>
<td>Simplify shipping component, move it to the bottom, right above the CTA</td>
<td>Implement a consistent wallet experience, including split tender, balance and add card</td>
<td>Implement a consistent experience for PayPal rewards and PayPal offers</td>
<td>Implement unified messaging in the header to address experience messaging, error messages, marketing messages, etc.</td>
</tr>
</tbody>
</table>

Adding functionality focused on increasing consumer selection and engagement
Providing select, customizable functionality throughout the commerce value chain
Seamlessly integrating experiences along the commerce journey

Consumer app as a hub for deal discovery through order tracking and confirmation

Offers in app
- Your daily deals
  - Nike: 5% cash back (10,000 people saved this)
  - Walmart: 5% cash back (1,000 people saved this)
  - CVS: 5% cash back (1,000 people saved this)
- See More Offers: Redeem points for cash and more! Check each deal for details. Terms & exclusions apply.
- Sephora: Ava 27

Package tracking and purchase recommendations
- Delivered Apr 10th, 6:41pm
- Order No. 6578713975565044
- Pottery Room
- Soup bowl set $55.10
- Other products you may like
  - Plate & bowl set $57.87
  - Serving bowls $27.87
- View All

Notifications that drive into the app
- Hi, Grace Hamilton!
  - You paid $161.50 to Nike
- Track your package
  - Get live updates with PayPal Package Tracking.
- Summary
  - Transaction ID: 3Y41950562383307
  - Ship to: Grace Hamilton
  - 5664 Clarke Address Dr, Memphis, TN 38115, United States
We have plans to bolster the PayPal value proposition

1. Advance our leadership in Branded Checkout

2. Expand PSP penetration with value-added services in attractive markets and segments

3. Leverage our data assets to create the next generation of checkout for consumers
Our PSP business is a strong strategic asset

- Fast-paced growth leading to gains in market share
- Margin profile with a path for acceleration
- Competitive platform offering with differentiated capabilities
We are taking share as a PSP

We have landed significant deals while bidding against competition
We are taking actions to further accelerate our PSP profitability

SMB
Sell processing down market to our SMB merchant base both directly and through channel partners

Geographic Expansion
Grow our PSP business outside of the US

Value-Added Services
Scale higher-margin value-added services through cross-selling
Braintree and PPCP allow us to meet different customer needs

**Braintree**

- **Braintree is best suited for customers who prefer / need...**
  - Sophistication and customization; often have their own payments team to implement and operate the solution
  - Enterprise-grade in-store capabilities
  - Orchestration with other vendors to create redundancy, enable differentiated use cases and/or tap into local processors across multiple geographies

**PPCP**

- **PPCP is best suited for customers who prefer / need...**
  - An out-of-the-box solution with simple enablement of a more curated solution
  - SMB-focused in-store capabilities
  - Ability to onboard thousands of sellers via their platform (Channel partners)
PPCP provides a best-in-class, full-suite solution, driving greater value for PayPal and its merchants

**Greater Consumer Choice**
- Additional global and local payment methods, including Apple Pay and Google Pay

**Improved Integration Experiences**
- Simplified, faster integration
- Improved developer resources and documentation

**Seamless Checkout Experience**
- Vault payment details for faster future purchases
- Multi-currency capabilities
PayPal has a global reach through the largest channel partners.
Highlight: WooCommerce

In-app / inbox notifications

Email promo

Download page

Banner ads / favorites

Landing page

40% Increase in conversions¹

10% Boost in Pay Later activations¹

1. Source: WooCommerce
And we have an opportunity to scale our value-added services

<table>
<thead>
<tr>
<th></th>
<th>Payouts</th>
<th>Invoicing</th>
<th>Merchant Lending</th>
<th>In Store</th>
<th>Risk as a Service</th>
<th>FX as a Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Penetration</td>
<td>LIVE</td>
<td>LIVE</td>
<td>LIVE</td>
<td>LIVE</td>
<td>LIVE</td>
<td>SMB: 2023</td>
</tr>
</tbody>
</table>
We have plans to bolster the PayPal value proposition

1. Advancing our leadership in Branded Checkout

2. Expand PSP penetration with value-added services in attractive markets and segments

3. Leverage our data assets to create the next generation of checkout for consumers
PayPal's Product Strategy

John Kim
EVP, Chief Product Officer
The ecommerce industry is undergoing tremendous pressure to evolve
The ecommerce industry is undergoing tremendous pressure to evolve.
We are bringing the data from our two-sided network together

Merchants

SCALE ~35M Active merchant accounts
TRUST ~5B Vaulted financial instruments
UNIQUE VALUE 200+PB Of data powering

Consumers

SCALE ~400M Active consumer accounts
TRUST 23B Payment transactions
UNIQUE VALUE $1.4T Payment volume

To power better commerce experiences for both consumers and merchants

Note: Active merchant accounts and active consumers accounts are as of the end of Q1-23
(1) Last twelve months transactions and TPV (Q2-22 to Q1-23)
Revolutionizing checkout
A network vault is a connected vault between participating merchants.

Vaulted instruments:
- ~25% of global payment cards (excludes China)
- ~5B

~35M Merchants

Source: Statista, Feb 2023
A first-time visitor completes a traditional guest checkout

Consumer creates a store account and saves their payment method for reuse on future purchases.
And the consumer is now enabled for one-click buying across the entire PayPal merchant network

Potentially changing nearly a billion of shoppers served into one-click buyers
Merchants vault payment credentials to streamline consumer buying
Imagine if merchants could access all the instruments in the PayPal vault
Every new merchant can access the entire network of payment instruments
Every new merchant can access the entire network of payment instruments.

- Merchant vault
- PayPal vault
- Issuer vault

Powered by AI
This is how we revolutionize checkout for both consumers and merchants

Whether using our branded checkout or using guest checkout....

- One click buying for all
- Across ~35M active merchants
- Changing the economics of checkout
We’ll create an easy path for consumers towards becoming a full PayPal account
Example: Package tracking

Improving the consumer experience and reducing costs for merchants

- Consumer can track package from order to delivery
- Deflecting unnecessary calls to customer support
- Reducing the cost of non-delivered chargebacks
Example: Smart receipts

Allows consumers to keep track of all their order items

- Enable storing of receipts
- Cross-sell additional products and services on PayPal
Taking Buy Now, Pay Later to the next level
Over 32M PayPal users have used PayPal Buy Now, Pay Later since launch two years ago

PayPal BNPL Cumulative Users
– Global, millions

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2020</th>
<th>2021 Q1</th>
<th>2021 Q2</th>
<th>2021 Q3</th>
<th>2021 Q4</th>
<th>2022 Q1</th>
<th>2022 Q2</th>
<th>2022 Q3</th>
<th>2022 Q4</th>
<th>2023 Q1</th>
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<tbody>
<tr>
<td>Q4 20</td>
<td>3.1</td>
<td>5.1</td>
<td>7.2</td>
<td>9.7</td>
<td>13.1</td>
<td>18.1</td>
<td>22.4</td>
<td>25.8</td>
<td>29.8</td>
<td>32.2</td>
</tr>
</tbody>
</table>

7 core countries\(^1\) have PayPal BNPL solutions across 9 product offerings

$32.7B in TPV since launch and 198% YoY cumulative growth\(^2\)

300K+ merchants with Buy Now, Pay Later on shopping pages

2.7M merchants with PayPal BNPL transactions

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1. The seven countries include: AU, FR, DE, IT, ES, UK, and US.
2. PayPal cumulative BNPL TPV was 198% higher in Q1’23 vs. Q1’22.
Consumers love our BNPL products

81.6 Global Pay Later Net Promoter Score¹

PayPal is the most preferred BNPL provider

We had an even higher share at 50% of the $125k+ income cohort.*

<table>
<thead>
<tr>
<th>Preferred BNPL Provider</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>PayPal</td>
<td>43%</td>
</tr>
<tr>
<td>Afterpay</td>
<td>18%</td>
</tr>
<tr>
<td>Klarna</td>
<td>13%</td>
</tr>
<tr>
<td>Affirm</td>
<td>12%</td>
</tr>
</tbody>
</table>

*J.P. Morgan, Online Checkout Survey, January 2022. Based on 1,053 responses out of 1,113 surveyed in January 2022. Note: 358 responses out of 1,113 surveyed in 2022 (those who have never used BNPL were excluded); of this subset 14% were aged 18-25, 31% aged 26-35, 26% aged 36-45, 15% aged 46-55, 13% aged 55+. 
Privacy, Transparency, and Security of Buy Now, Pay Later Products

PAYPAL COMES OUT ON TOP

TOP SCORE IN 5 OF 12 CRITERIA

NO OTHER COMPANY RECEIVED TOP SCORE IN MORE THAN ONE CATEGORY

To take BNPL to the next level, we plan to address three major issues...

1. Application process causes friction
2. Consumers don't know if they will be approved
3. Amount approved may not match what's in the cart
We are proactively communicating to 110M users globally that they are pre-approved along with their spending limits.

Future Feature Considerations:
- Apply to be pre-qualified (non-preapproved users)
- Add to upstream messaging

110 million
Pre-approved for Buy Now, Pay Later

<table>
<thead>
<tr>
<th>Month</th>
<th>5M</th>
<th>30M</th>
<th>60M</th>
<th>110M</th>
</tr>
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<tbody>
<tr>
<td>April (US)</td>
<td>5M</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>May (US)</td>
<td>30M</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>June (US)</td>
<td></td>
<td>60M</td>
<td></td>
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<tr>
<td>H2 (Global)</td>
<td></td>
<td></td>
<td>110M</td>
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</table>

Future Feature Considerations:
- Apply to be pre-qualified (non-preapproved users)
- Add to upstream messaging
We will communicate this in the new feed in the PayPal app – designed to drive consumer engagement and rapid experimentation.
Our rate of innovation on PayPal surfaces is compounding

Number of Experiments Launched in 2023

<table>
<thead>
<tr>
<th>Month</th>
<th>Experiments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td>24</td>
</tr>
<tr>
<td>Feb</td>
<td>26</td>
</tr>
<tr>
<td>Mar</td>
<td>33</td>
</tr>
<tr>
<td>Apr</td>
<td>51</td>
</tr>
<tr>
<td>May</td>
<td>54</td>
</tr>
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</table>

New Cohorts
May YTD 2023 vs. May YTD 2022

- +9% 1st month TPA (Transactions per active account)
- +28% ARPA (Average revenue per account)

Note: Activations includes Consumer activated on send/receive/withdrawal/deposit transactions. TPA (transactions per active account) and ARPA (average revenue per account) includes only official send transactions within the activation month.
Small changes to the product, at PayPal scale, can have massive impact.

Google Smart Lock on Android

~12%
Lift in sign up conversion in 27 markets
As a future example, the PayPal feed will highlight merchants where BNPL & cashback rewards are both available.
Rest of the year
Scaling this summer...
GoAL

Be the industry best consumer wallet

- Simplify
- Add Value
- Iterate

Passkey/Device Biometrics
More to come this summer and fall...

Passkey/Device Biometrics

Early Fraud Detection
More to come this summer and fall...

- **Passkey/Device Biometrics**
- **Early Fraud Detection**
- **Venmo Commerce**
More to come this summer and fall...

- Early Fraud Detection
- Passkey/Device Biometrics
- Gen AI Partnership
- Venmo Commerce
Key roadmap themes

Connected experiences

Organized commerce data

Innovation at a global scale

Compound growth by design