



| Investor Day 2021

02.11.2021

Non-GAAP Financial Measures; Forward-Looking Statements

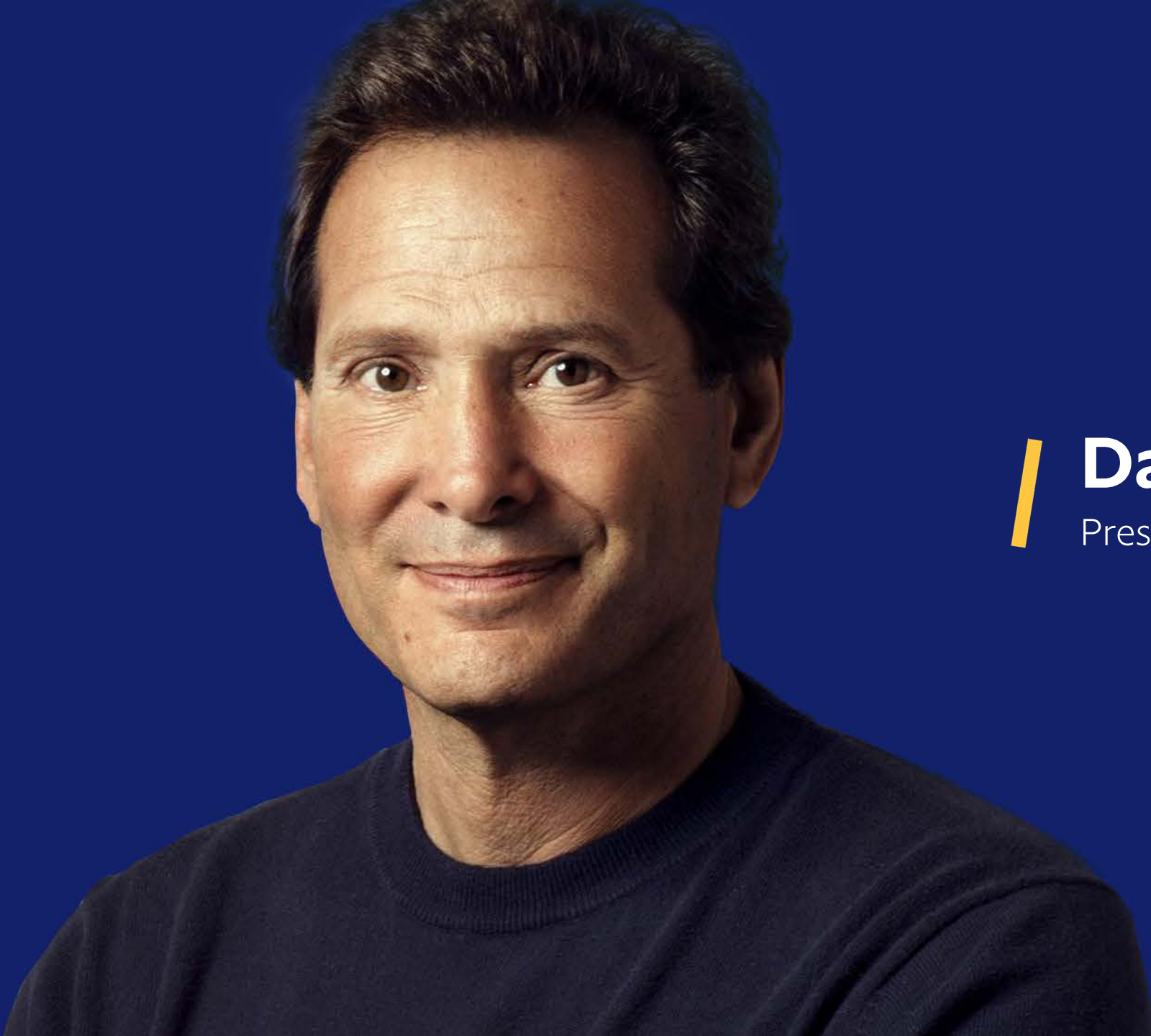
This presentation contains non-GAAP measures relating to our performance. These measures may include adjustments attributable to the reclassification of the U.S. consumer credit receivable portfolio as held for sale from November 2017 and may exclude certain expenses, gains and losses that may not be 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.

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 PayPal's projected financial and operational results, medium-term outlook and future growth of PayPal's business, the impact and timing of products launches and acquisitions, and capital allocation. Forward-looking statements may include, but are not limited to, statements regarding PayPal's projected financial and operational results, medium-term outlook and future growth of PayPal's business, the impact and timing of products launches and acquisitions, and capital allocation. 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 impact of the COVID-19 pandemic, natural disasters or other business interruptions on our business and financial condition, as well as our customers, suppliers, vendors and other business partners; the effect of global and regional political, economic, market, trade and related conditions that affect payments or commerce growth; our ability to compete in markets that are highly competitive and subject to rapid technological change, and to develop new or enhanced products and services on a timely basis; cyberattacks and security vulnerabilities in our products and services and associated impacts; the stability, security and performance of our Payments Platform and Honey Platform; regulatory, antitrust, payment card association-related and other risks specific to our business, products and services; our ability to detect and prevent fraud; the impact of complex and changing laws and regulations worldwide, which expose us to potential liabilities, increased costs, and other adverse effects on our business, our ability to manage regulatory and litigation risks, and the outcome of legal and regulatory proceedings; 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 upgrade and develop our technology systems, infrastructure and customer service capabilities; our ability to successfully identify, manage, and integrate any existing and potential acquisitions; and our ability to attract, hire, and retain highly qualified personnel. 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.paypal.com> or the SEC's website at www.sec.gov. All information in this presentation is as of February 11, 2021. 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.



 **Dan Schulman**
President and CEO

We've built a world-class senior leadership team



Dan Schulman

President and CEO



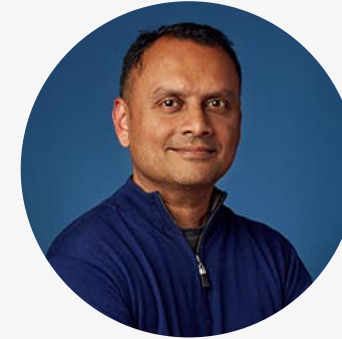
Peggy Alford

EVP, Global Sales



Jonathan Auerbach

EVP, Chief Strategy,
Growth and Data Officer



Mark Britto

EVP, Chief Product Officer



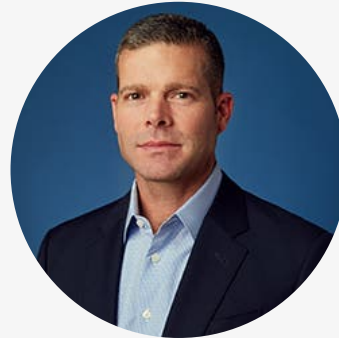
Aaron Karczmer

Chief Risk Officer and EVP,
Risk and Platforms



Louise Pentland

EVP, Chief Business Affairs
and Legal Officer



John Rainey

CFO and EVP,
Global Customer Operations



Sri Shivananda

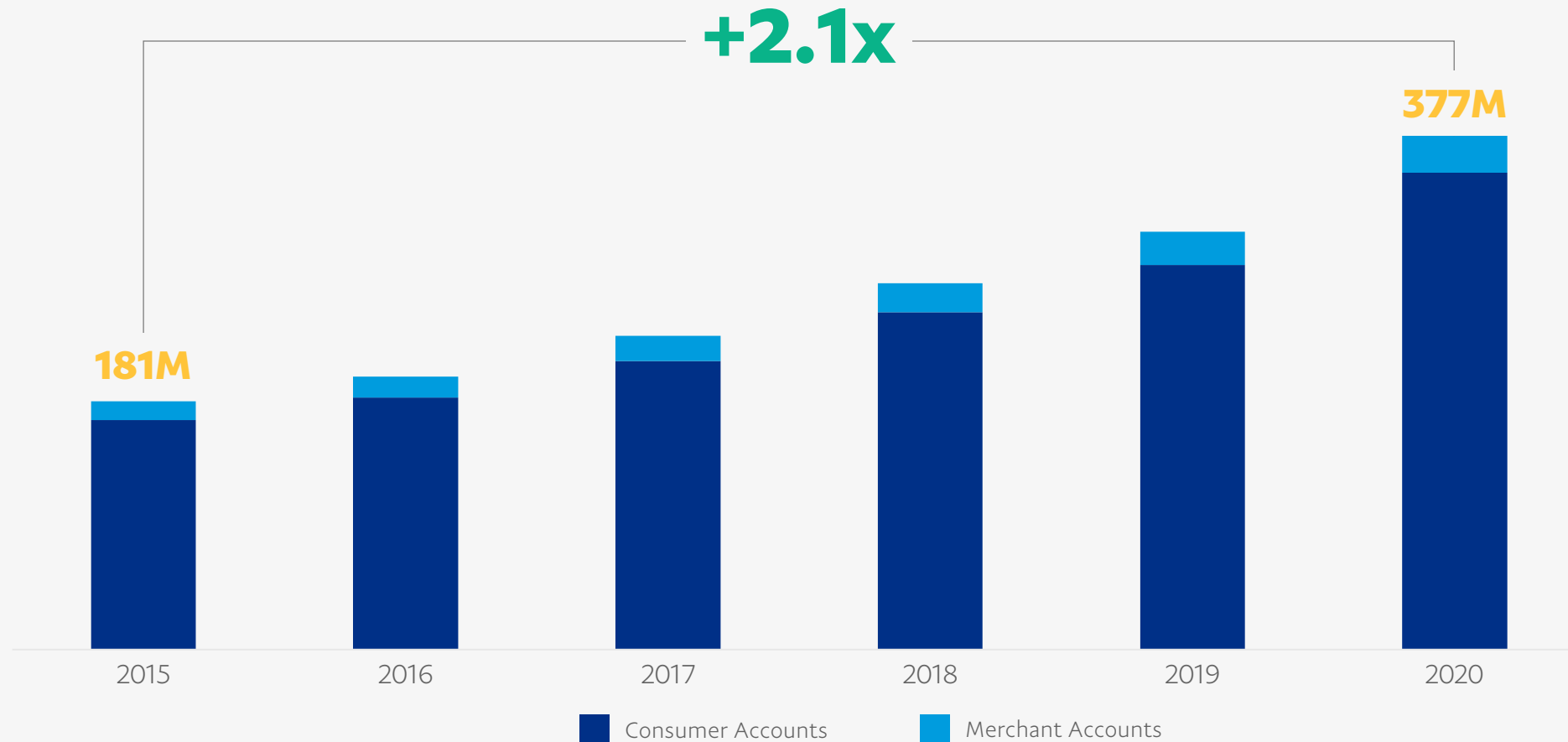
EVP, Chief Technology Officer

Driving
value
for all stakeholders

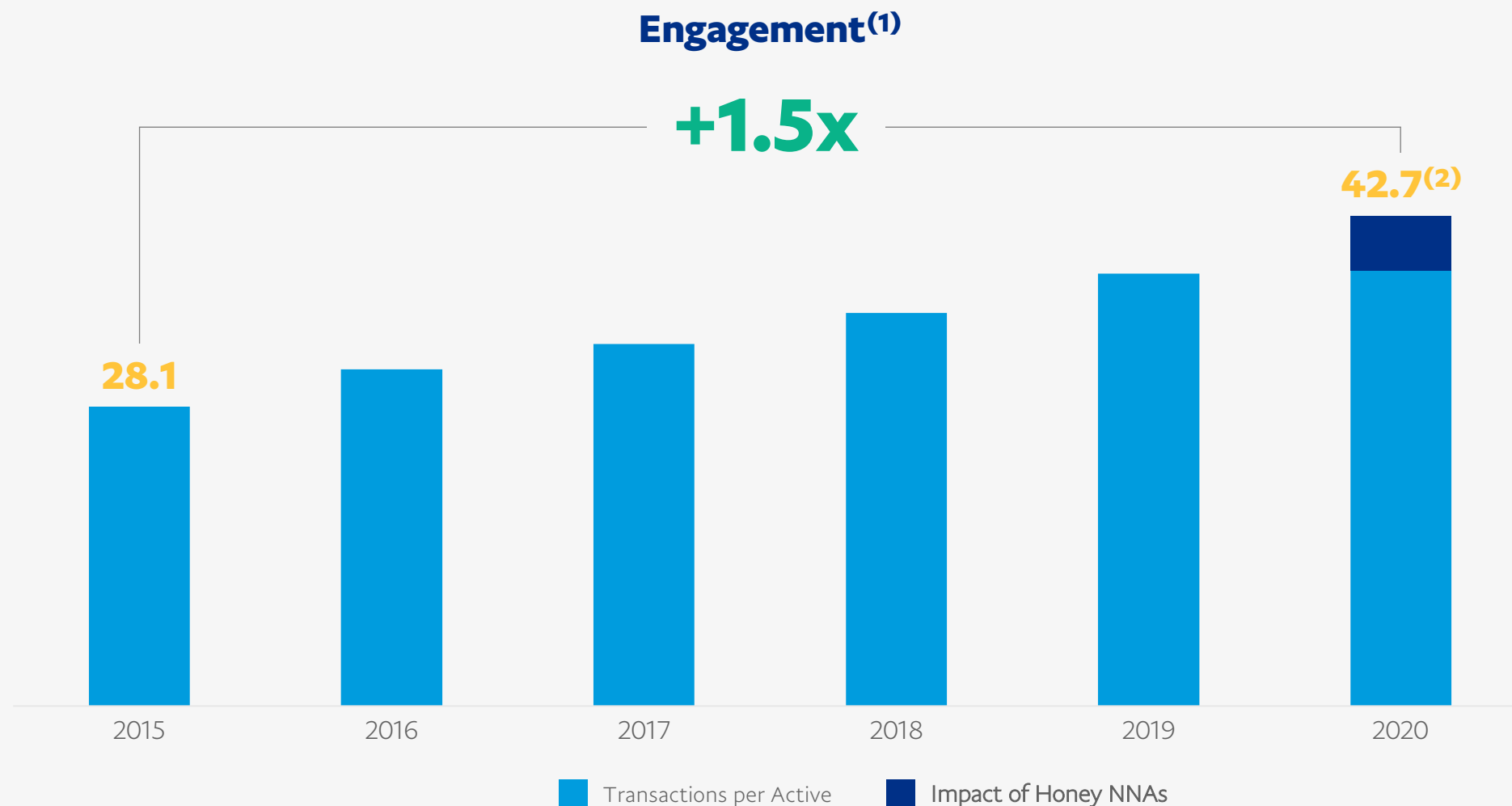


We've driven massive growth in active accounts

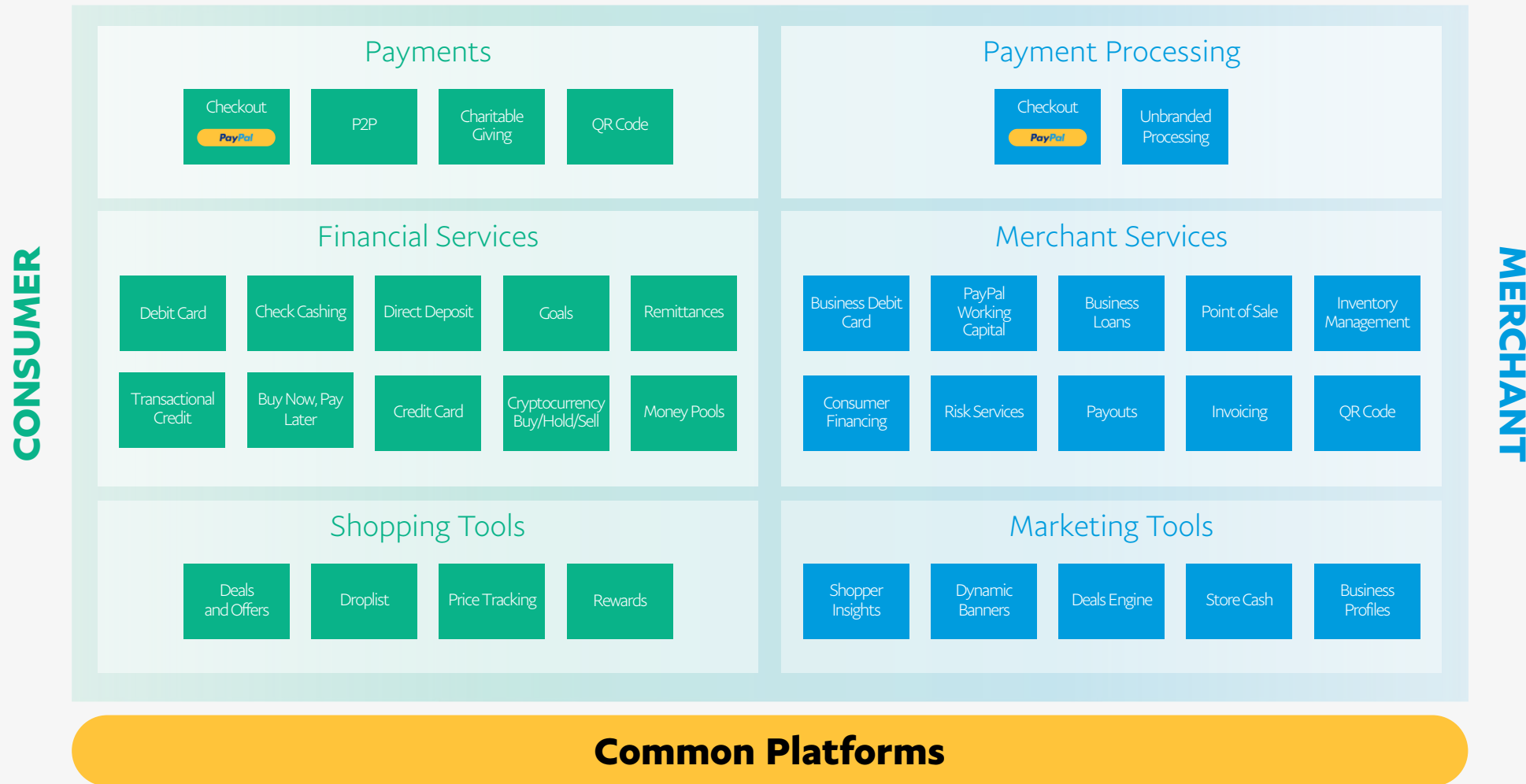
Total Active Accounts



Our customers are using PayPal more than ever



We're building a comprehensive platform to power the global digital economy



We've invested to build a world-class regulatory compliance and risk management function



PayPal teams up with U.S. group to combat human trafficking

FINANCIAL TIMES

PayPal is first foreign company to win Chinese payments licence



The power of partnership: joining forces to fight financial crime

THE WALL STREET JOURNAL.

Payment Companies Increase Efforts to Combat Coronavirus-Related Frauds

PYMNTS.com

PayPal On Bringing Data Firepower To Bust Illegal Gun Trafficking

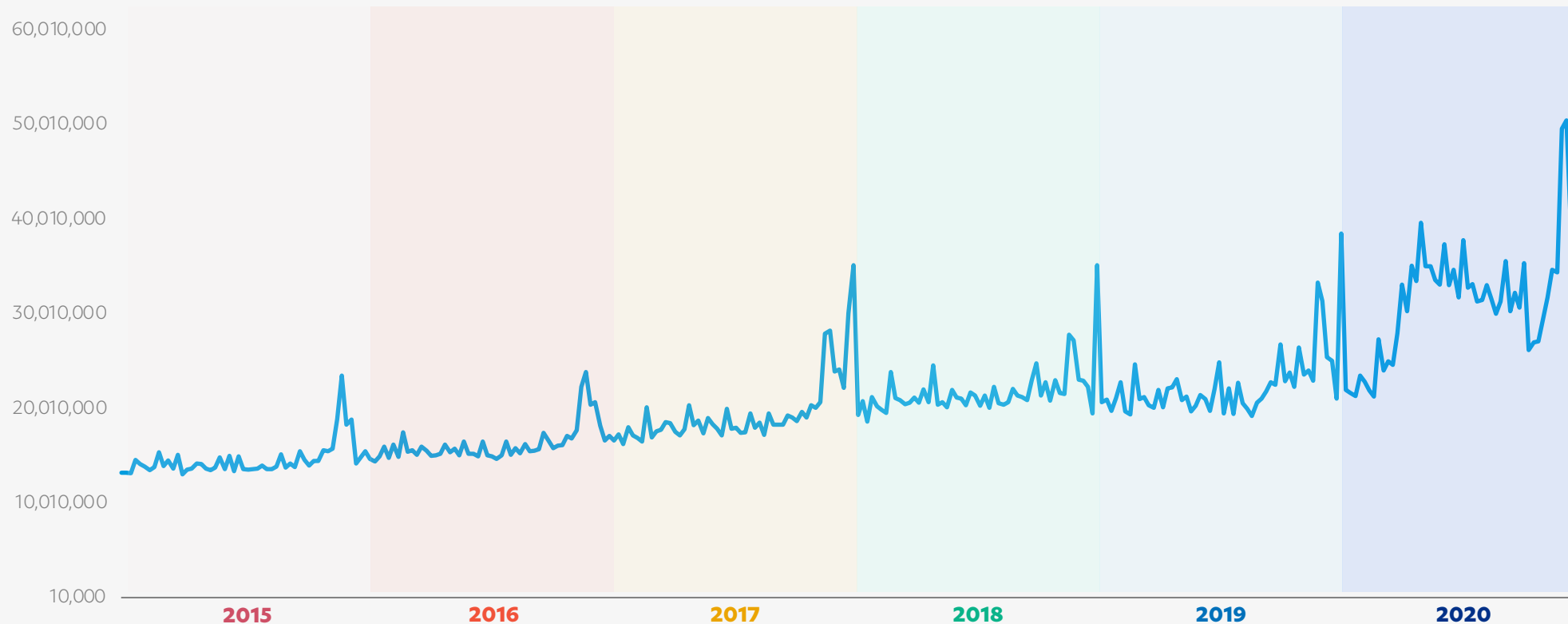


Department of Financial Services

SUPERINTENDENT LINDA A. LACEWELL
ANNOUNCES PAYPAL TO BE THE FIRST APPROVED
ENTITY FOR DFS CONDITIONAL BITLICENSE

We've fundamentally rearchitected our technology infrastructure

PayPal Core Weekly Peak Payment Transactions Per Minute



We've aggressively expanded internationally



We're one of the world's most recognized and trusted brands



MOST
TRUSTED
BRANDS
2020

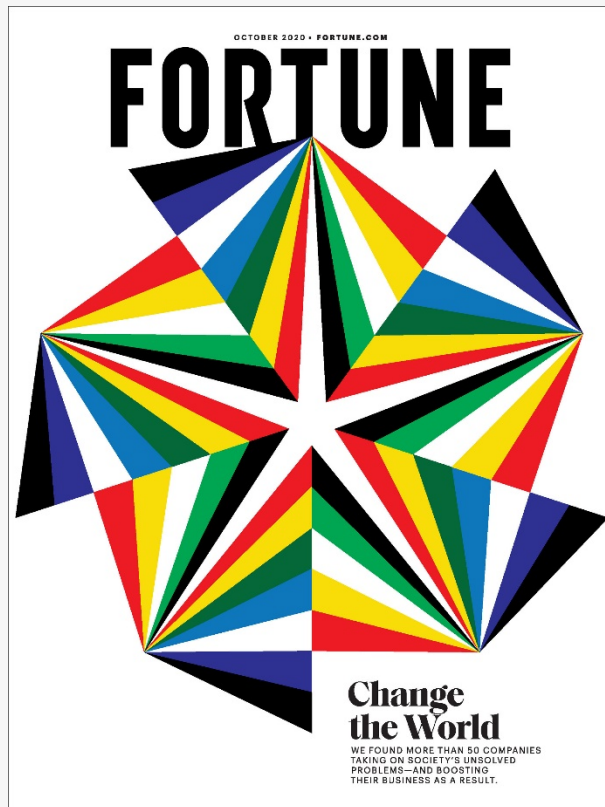
Interbrand
Best
Global
Brands
2020



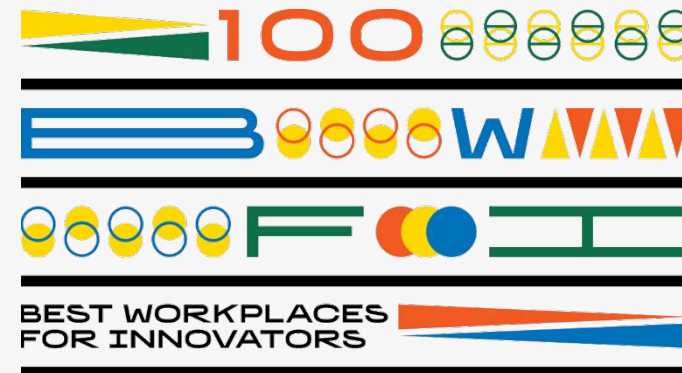
People are **54% more willing to buy** when a business accepts PayPal⁽¹⁾

59% of PayPal users have abandoned a transaction because PayPal wasn't at checkout⁽¹⁾

We're delivering for our communities and employees



glassdoor



We've delivered for our shareholders

2015–2020

2x+

Revenues

400bps

Non-GAAP
Operating Margin Expansion⁽¹⁾

3x

Non-GAAP EPS⁽¹⁾

~3x

Free Cash Flow⁽¹⁾

~7x

Market Cap

The new

digital

paradigm



Digital first

Retailing

redefined

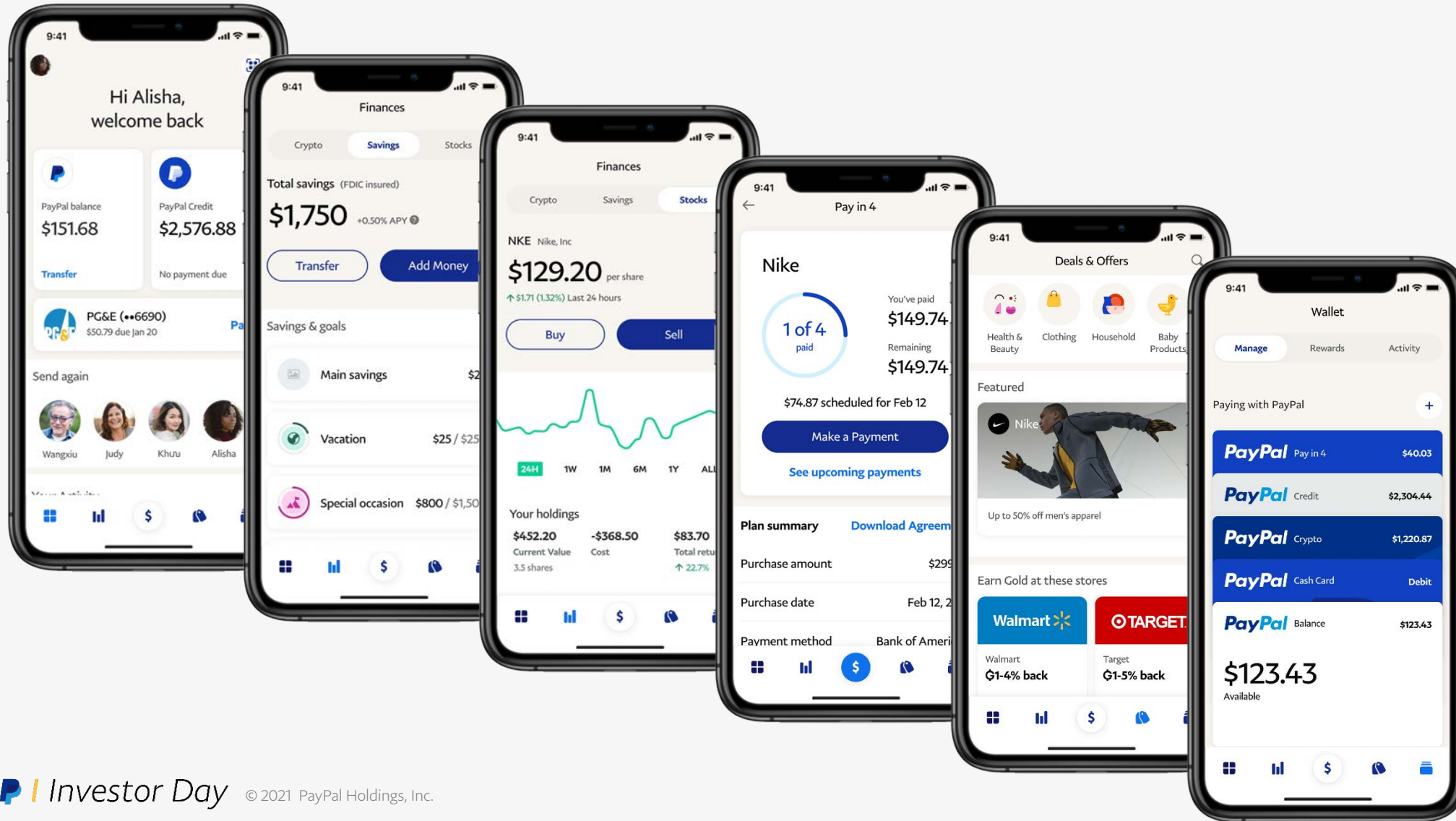
Super apps



Contextual commerce

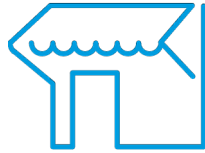
New financial system

The next generation of the PayPal digital wallet



The next generation of the PayPal Commerce Platform

Merchants integrate once with PayPal to manage their business



Checkout



Payments
Processing



Payouts



Point
of Sale



Risk
Services



Marketing
Tools



Business
Services



Connect to
377 Million Active Accounts



PayPal's vision to support an inclusive digital currency ecosystem



Access

- Secure, curated access to digital currencies
- Education, user experience, convenience, availability
- PayPal, Venmo, international markets



Utility

- Increased utility of digital currencies as funding instrument
- Ubiquity: anywhere PayPal is accepted
- Simplicity for merchants



Regulation

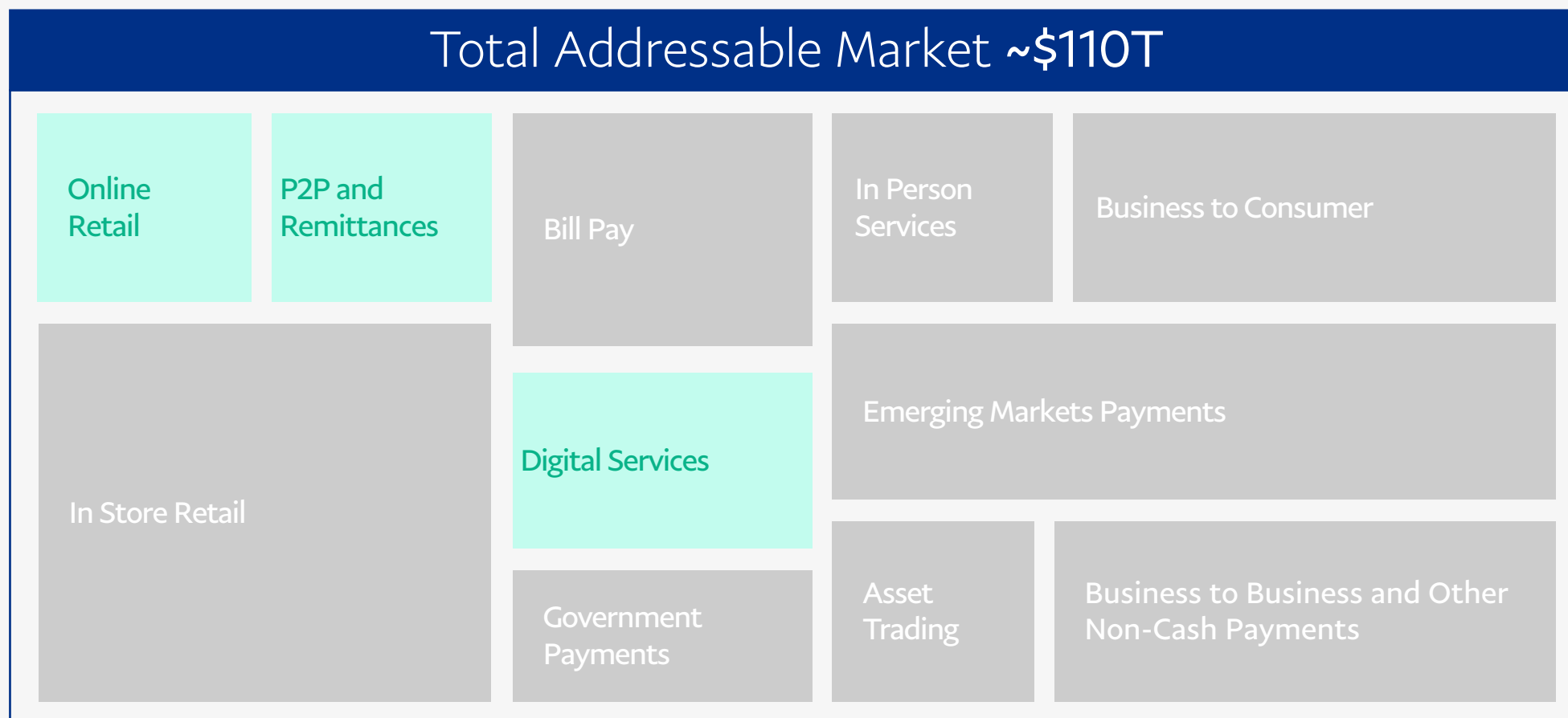
- Compliant with regulations
- Embracing technology and reducing friction
- Supporting and distributing central bank innovation and central bank digital currencies

- Investing in the next generation of financial services
- Building the platform to interact with digital representations of value for commerce and payments
- Working hand in hand with governments, regulators and central banks

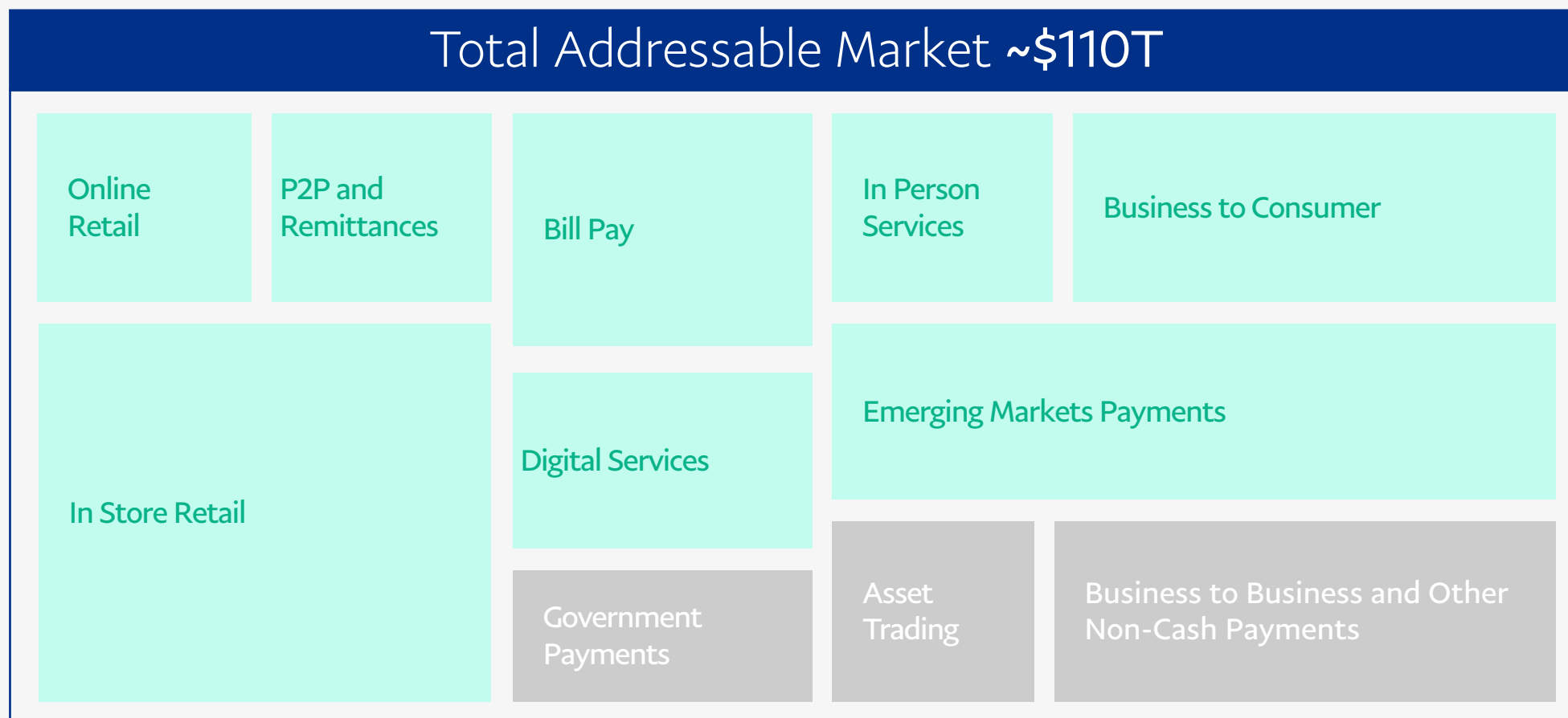
Defining
our
opportunity



Our opportunity is massive



Our opportunity is massive



Entering the
next
chapter of growth





John Rainey
CFO and EVP, Global Customer Operations

The road to
\$50B+
in 2025 revenue



Yesterday
and
today



5 years ago

181M

Actives

\$9.2B

Revenue

\$1.8B

Free cash flow⁽¹⁾

Post-separation questions

Ability to partner
with payments
ecosystem?

Can we thrive in
a world of
increased
competition?

Capability to
grow post-
separation from
eBay?

Can we optimize
our capital
structure?

Sustainably
expand operating
margin and
generate strong
FCF?

Expanding our partnerships

VISA



CHASE



DISCOVER



Paymentus

facebook



AliExpress

Uber

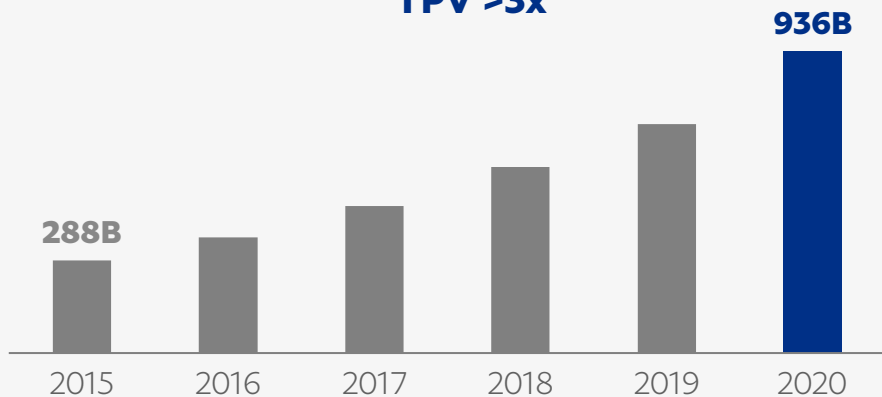
Google

ShinhanCard

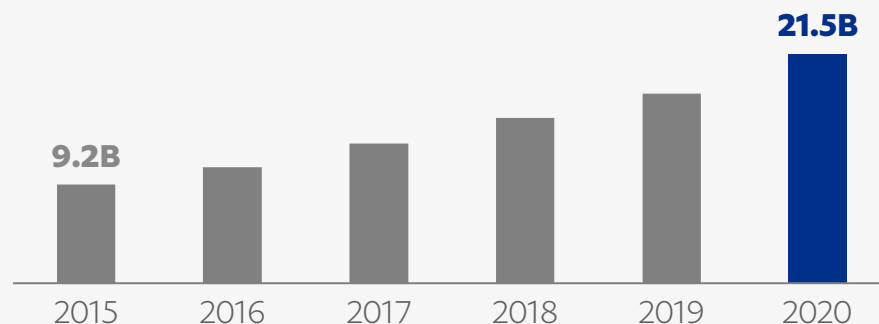


Our results: 2015-2020

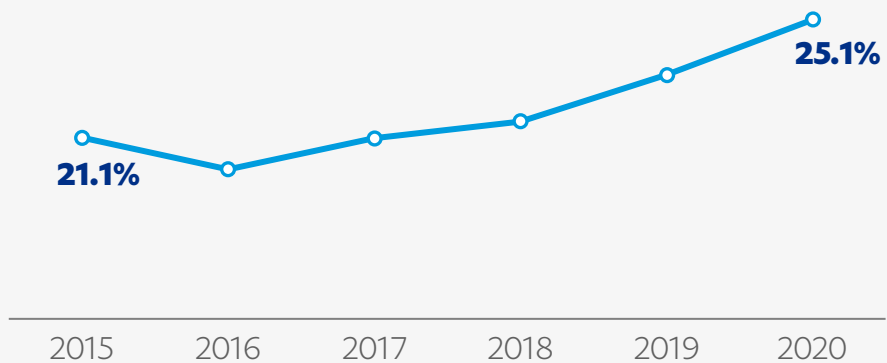
TPV >3x



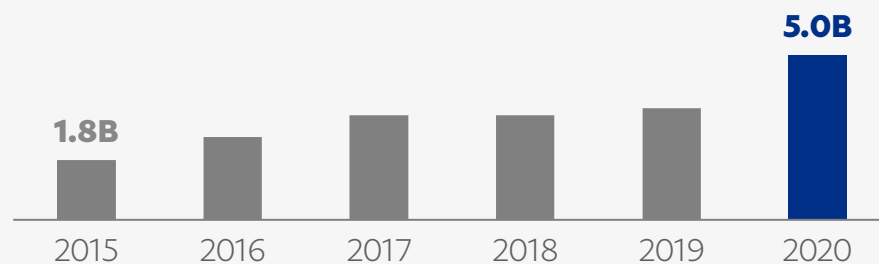
Revenue >2x



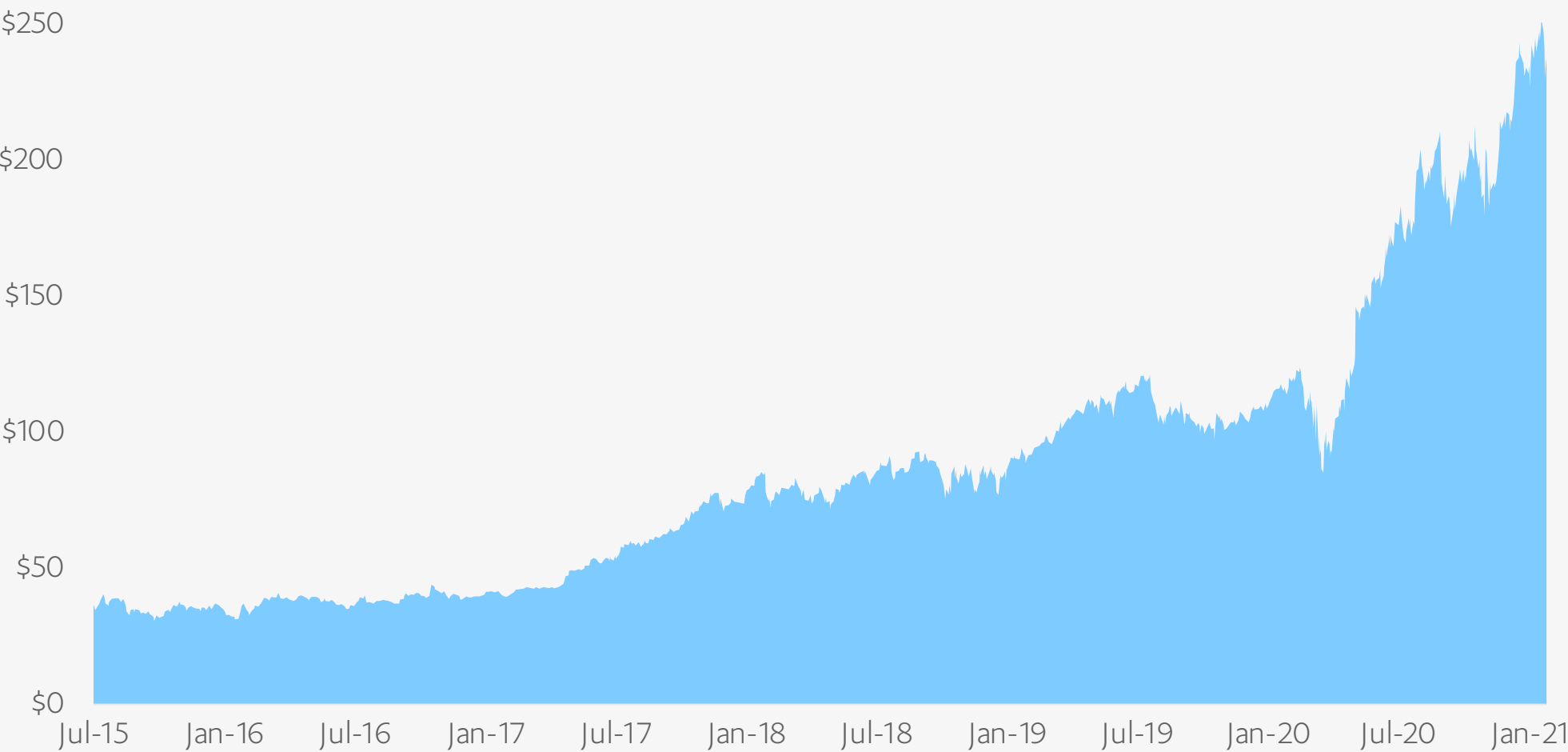
Non-GAAP operating margin⁽¹⁾ +400bps



Free cash flow⁽¹⁾ >2.7x

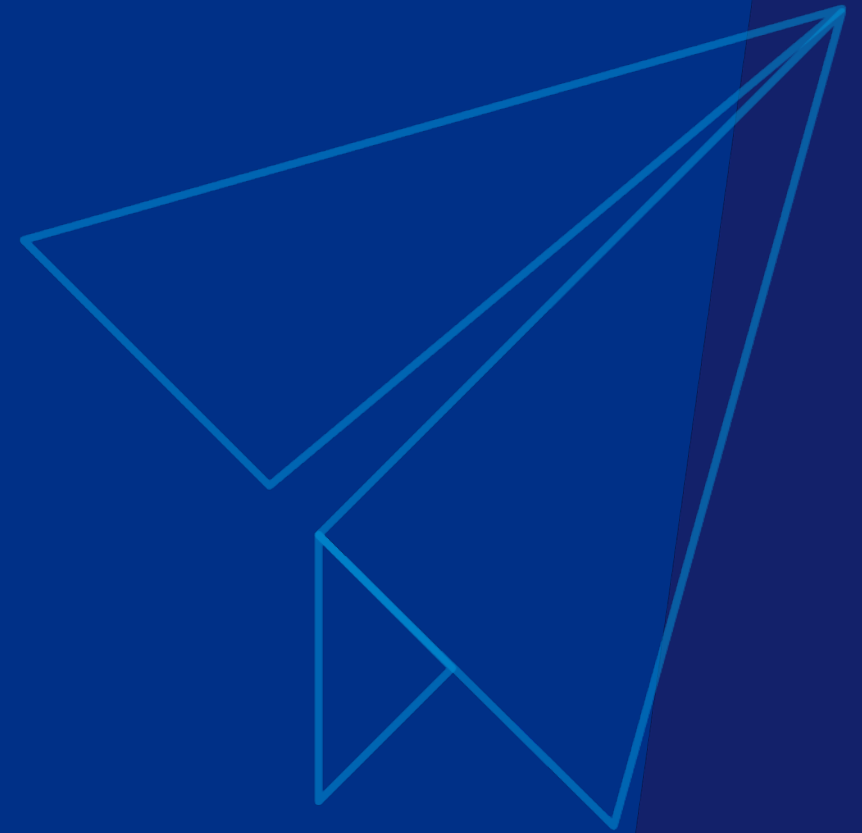


Stock performance since separation → +500%⁽¹⁾



(1) Based on closing price from July 20, 2015 to February 3, 2021

Defining
our
opportunity





How the digital surge will reshape finance

Thanks to covid-19, more people than ever are banking and making payments online

FORTUNE

The post-pandemic customer experience will be cashless

Bloomberg

Coronavirus Hastens the Rise of the Cashless Economy

PYMNTS.COM

Contactless Payments Are Going Mainstream



The coronavirus pandemic has caused a surge in demand for contactless payments, accelerating the shift from cash to digital options

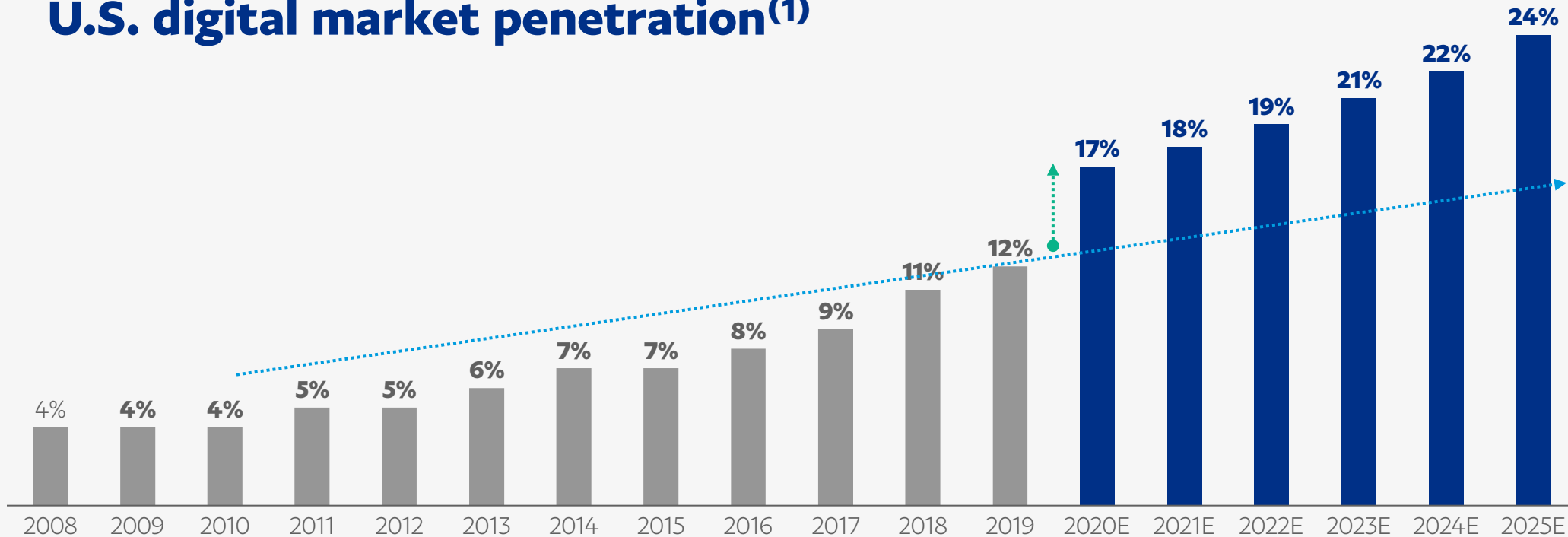
THE WALL STREET JOURNAL.

Pandemic Speeds Americans' Embrace of Digital Commerce

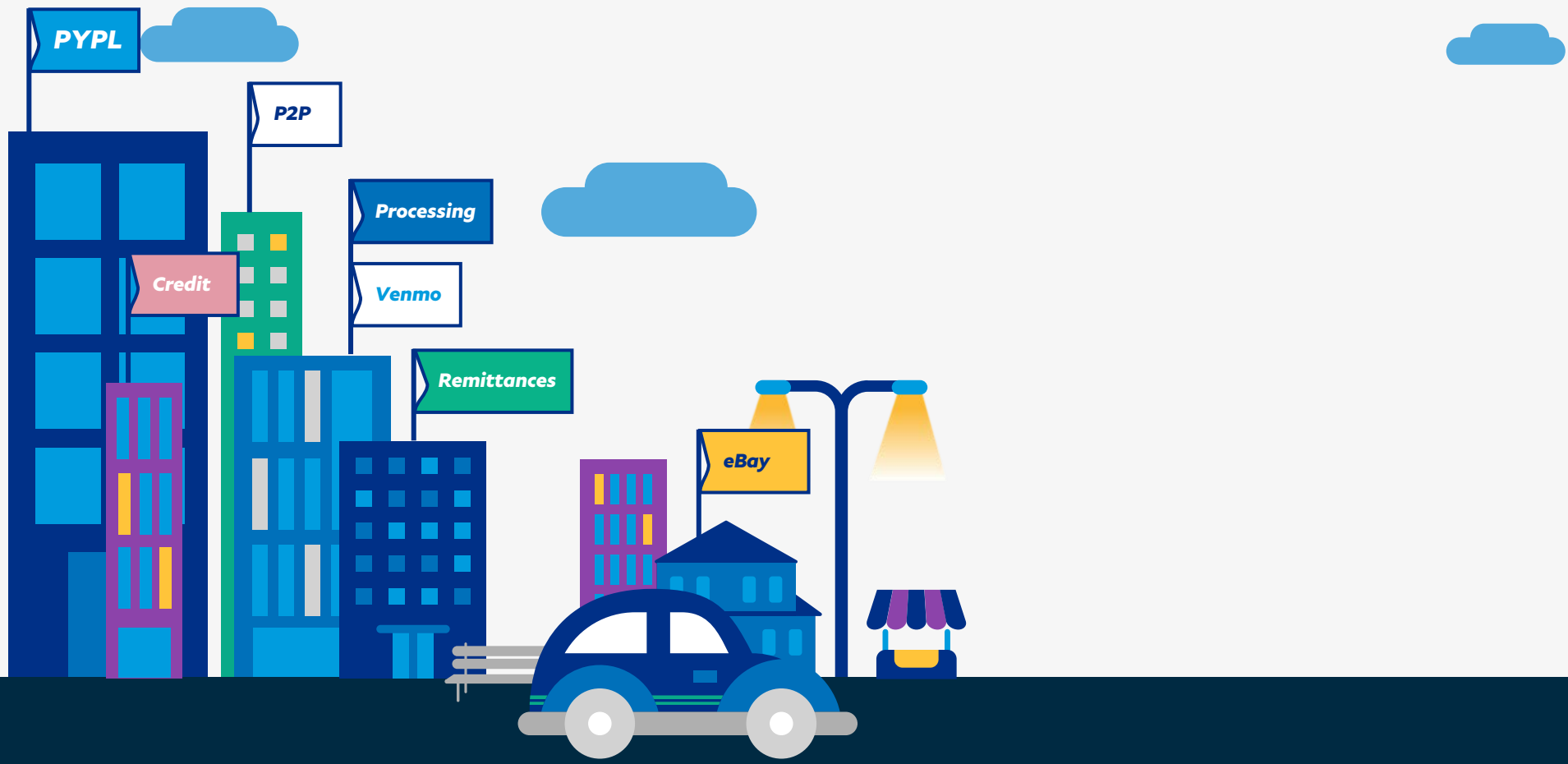
Consumers try new ways to get health care, buy vehicles, eat and work out as the pandemic shakes up habits

Secular tailwinds accelerated in 2020 by 3-5 years

U.S. digital market penetration⁽¹⁾



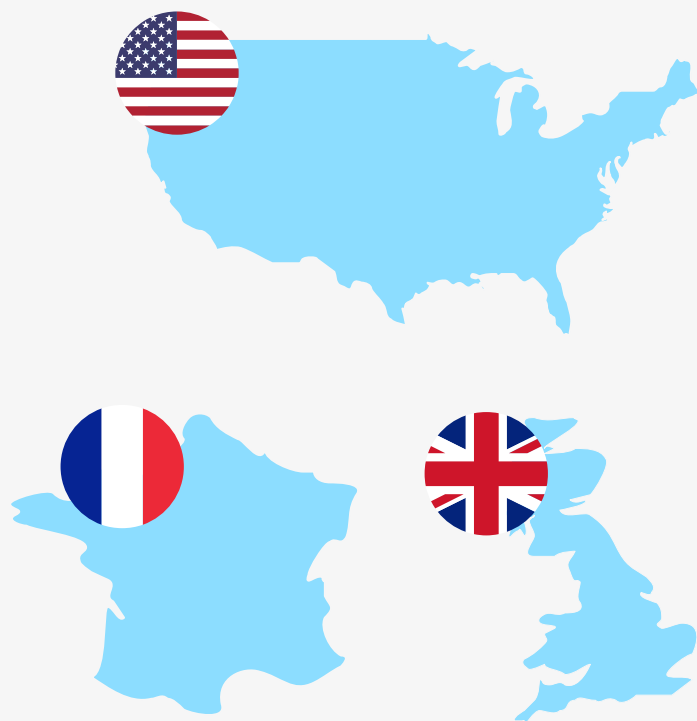






Buy Now, Pay Later

2020: Where we launched



Q4 2020 results⁽¹⁾

\$750M+

volume

~3M

unique consumers

~250K

unique merchants

~14K

merchants with upstream
presentment

Buy Now, Pay Later

Select upstream merchants



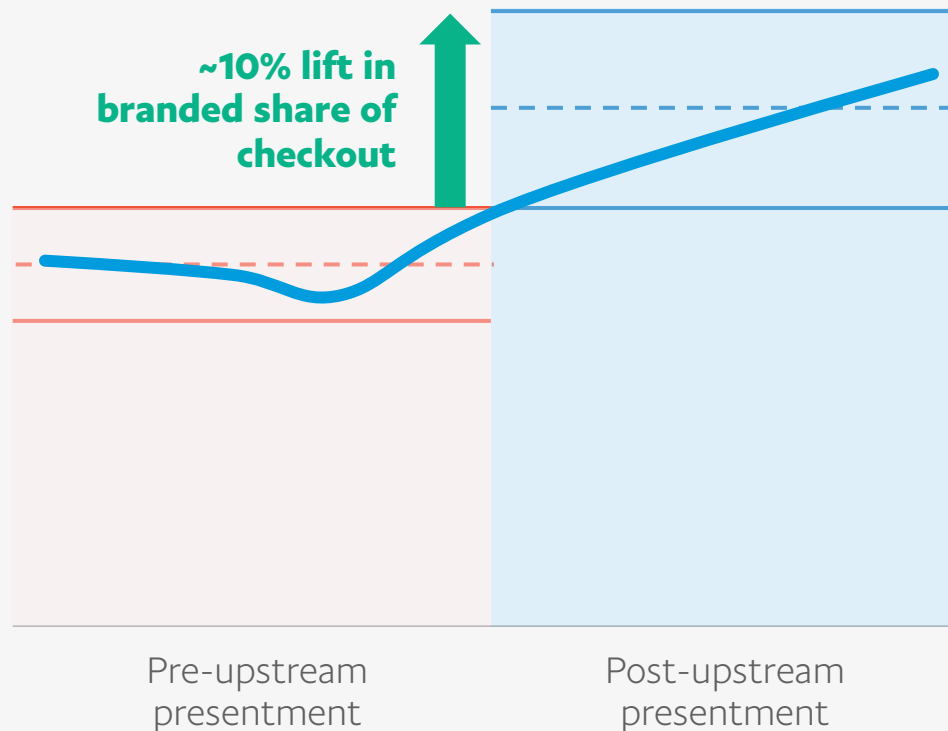
FOSSIL



MERCARI Sams^onite

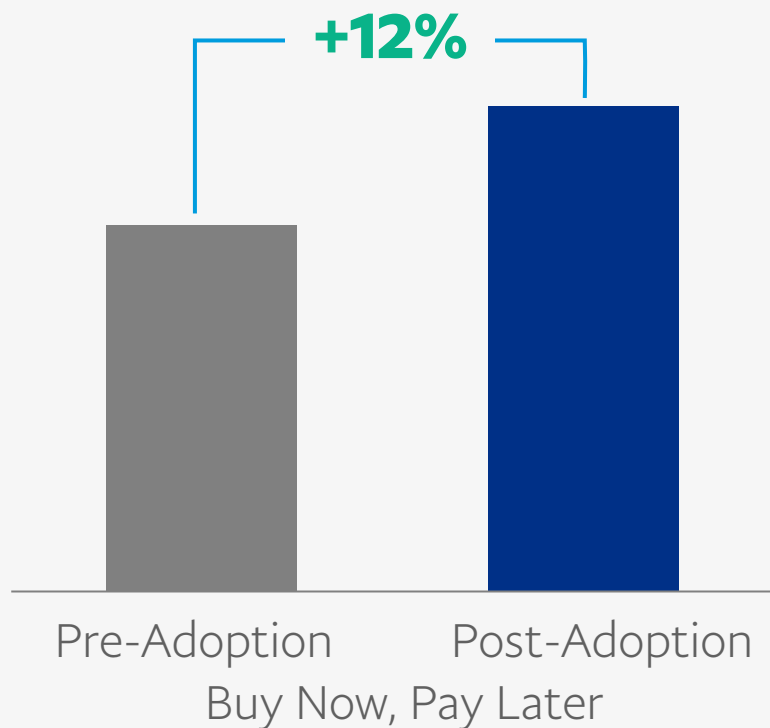


Upstream presentment increases our branded share of checkout⁽¹⁾



Buy Now, Pay Later

Increase in weekly TPV and transactions⁽¹⁾



>40%

U.S. customers returning to complete 2+ transactions with Pay Later⁽²⁾

~80%

Rate of debit card usage to repay installments⁽³⁾

(1) Analysis based on sample set of ~59k U.S. Buy Now, Pay Later customers from Oct 2020 through Jan 2021

(2) Since Oct 2020 launch through Jan 2021

(3) Based on Dec 2020 repayment results. Upon launch only credit and debit were available repayment options.

Buy Now, Pay Later

Positioned to win:

- ✓ Easy integration
- ✓ Included in existing take rate; no additional fees for merchants
- ✓ No credit risk to merchants
- ✓ Ability to rapidly scale across two-sided network

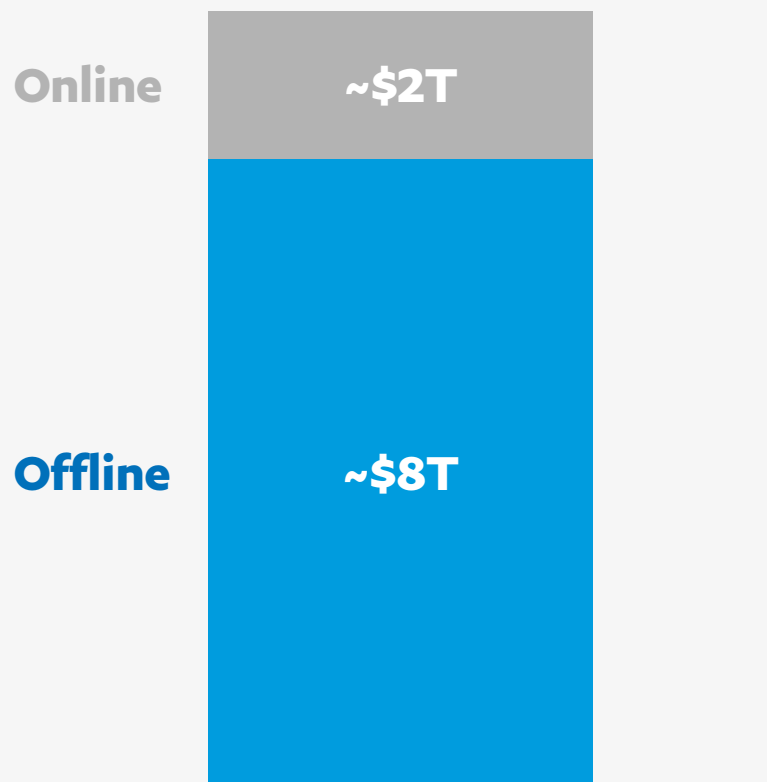
In-person strategy



- Strengthening consumer value proposition
- Increasing ubiquity
- Multi-form factors
- Driving customer engagement

In-person strategy

2025 Retail addressable market⁽¹⁾



TPV from QR code payments

+19%

incremental annualized TPV lift for QR code users⁽²⁾

FY'20 In-person payment TPV⁽³⁾

\$20B+

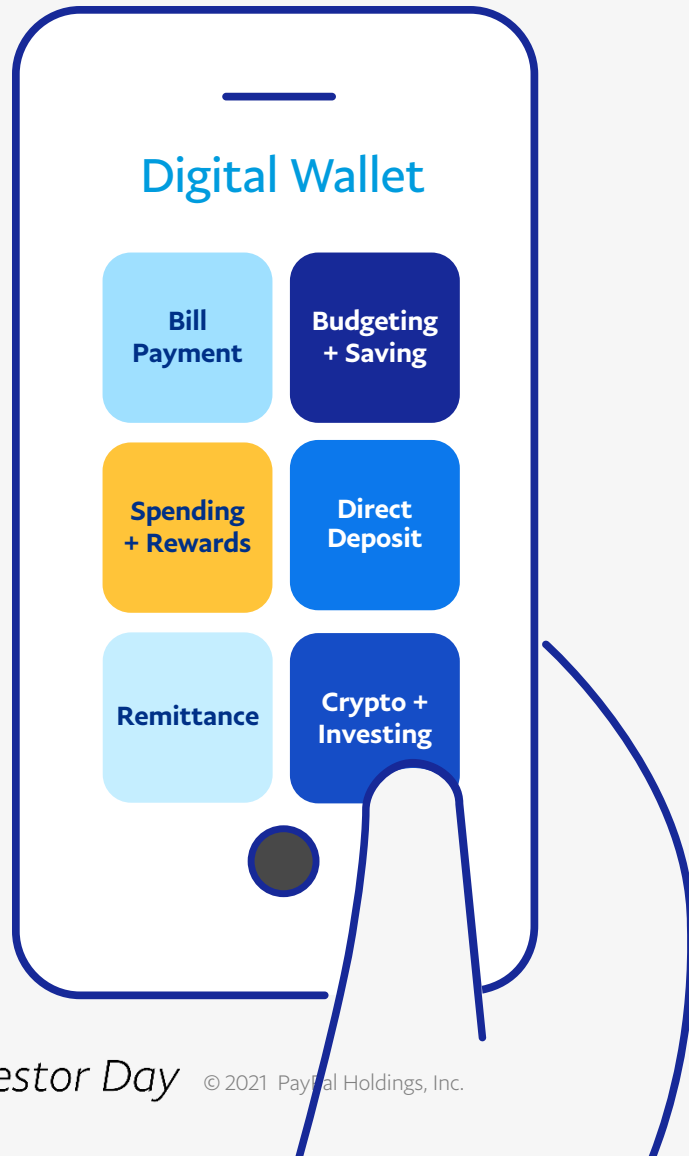
When consumers adopt NFC payments

50+

incremental TPA⁽⁴⁾

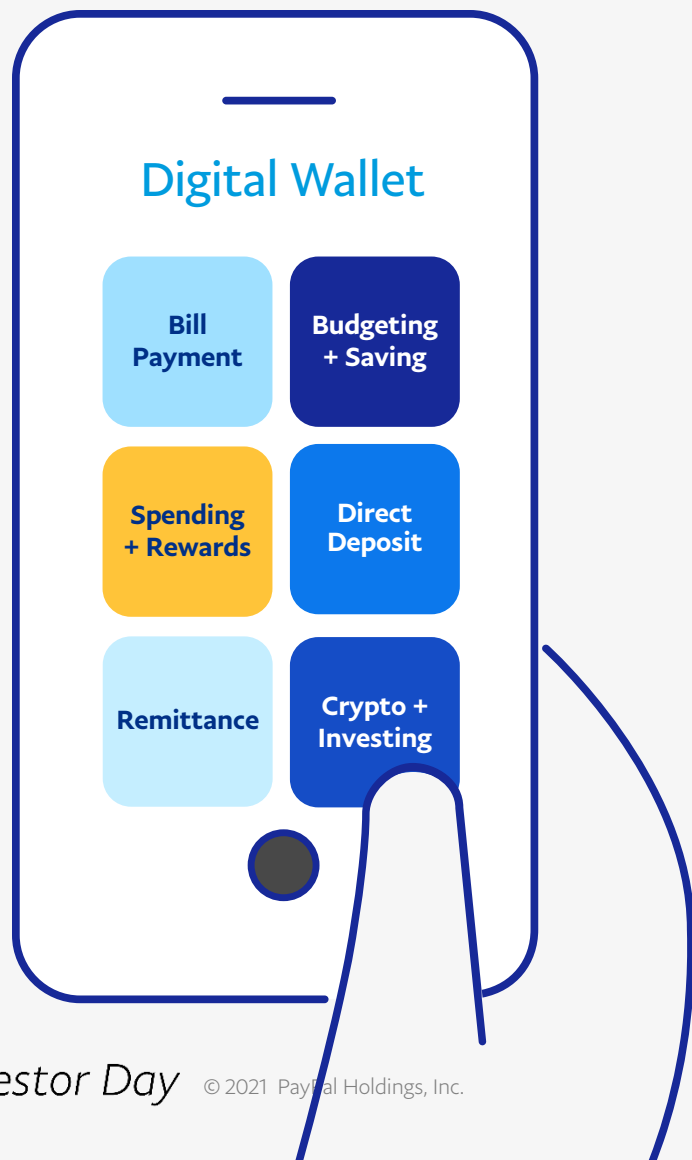
(1) Composed of top 7 markets: US, UK, DE, FR, IT, ES, AU; Source: eMarketer, Forrester
(2) Vs non-QR code users measured over a 6-month period post 1st QR code transaction
(3) Includes: QR, Mobile Tap & Pay, PayPal & Venmo co-branded payment cards
(4) Based on Google Pay users paying with PayPal in DE during 12-month period ending Dec 20

Consumer financial services



- ✓ Scale
- ✓ Open platform
- ✓ Broad functionality
- ✓ Intuitive user interface

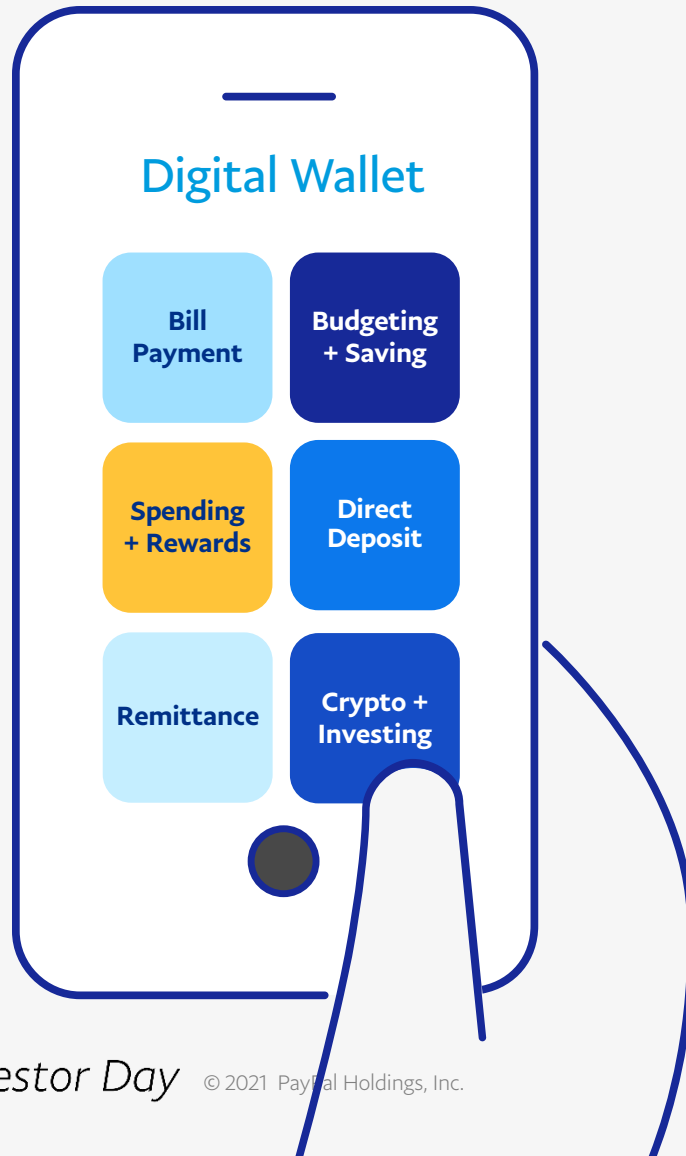
Consumer financial services



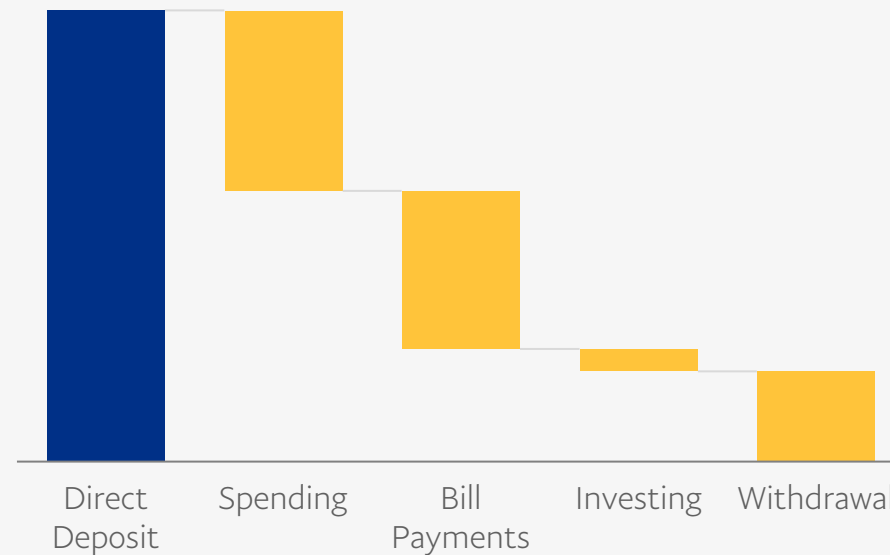
50%+

of our cryptocurrency holders
login to PayPal each day

Consumer financial services



Annually, direct deposit consumers generate 56% greater customer value⁽¹⁾



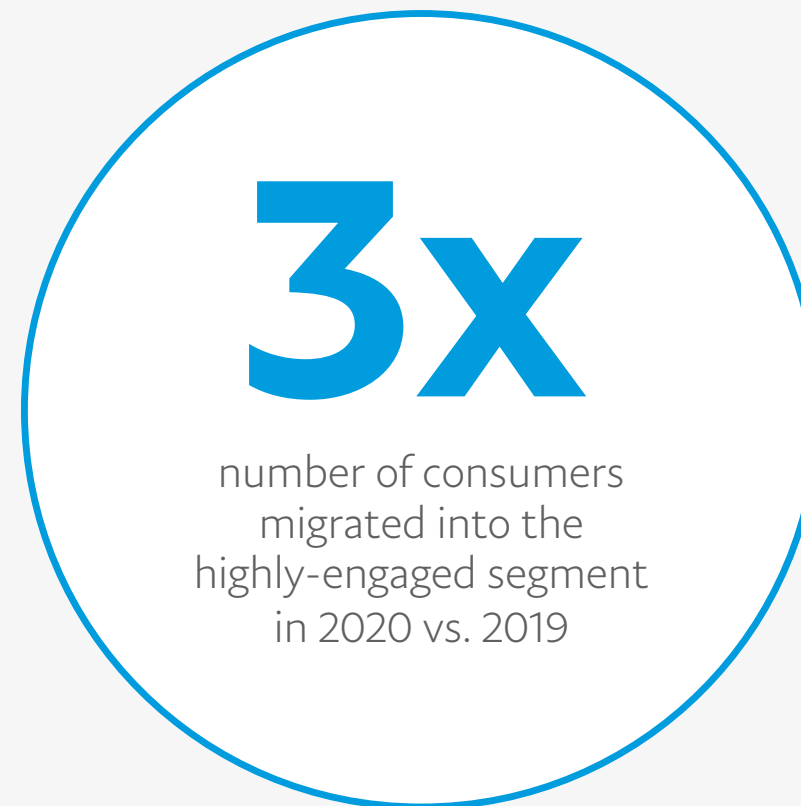
(1) Vs average PayPal U.S. consumers over the 12-month period ending Jun 2020

Our mix of highly-engaged users is increasing, but there is still more opportunity...

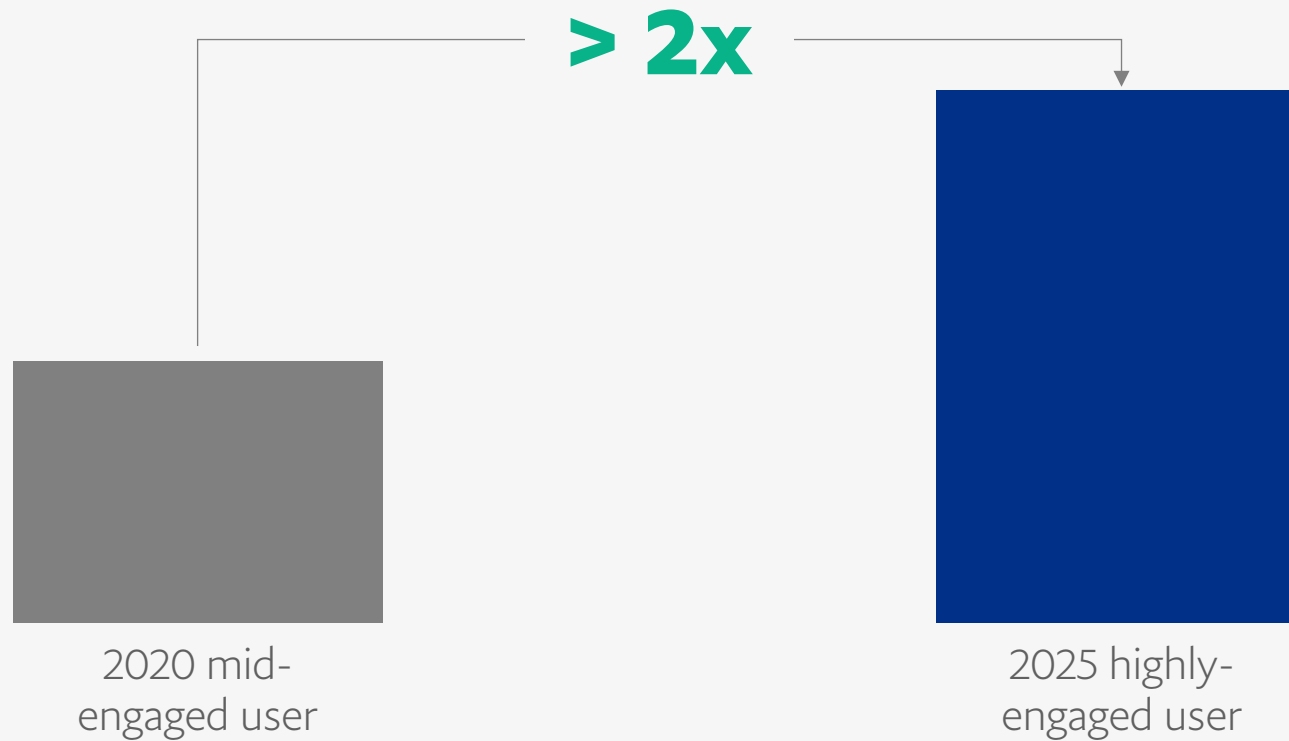
Consumer scoring criteria:

Low, medium, high-engaged consumers

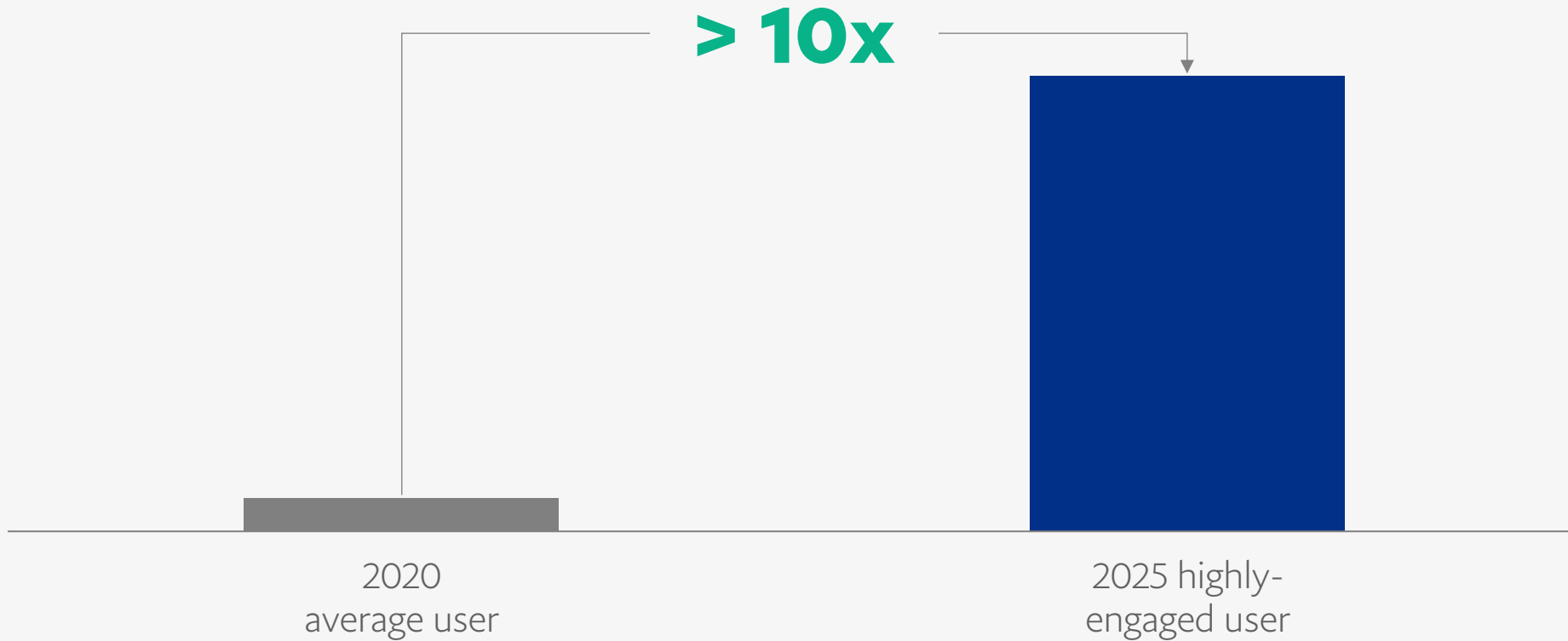
Recency	Days since last transaction
Frequency	No. of transactions ⁽¹⁾
Monetary	Margin in last 12 months
Breadth	Merchants transacted ⁽²⁾
Consistency	No. of months active ⁽³⁾



We believe we can more than double the revenue across a key consumer segment



And with Venmo there is an even greater opportunity to accelerate revenue for highly-engaged customers



Medium-

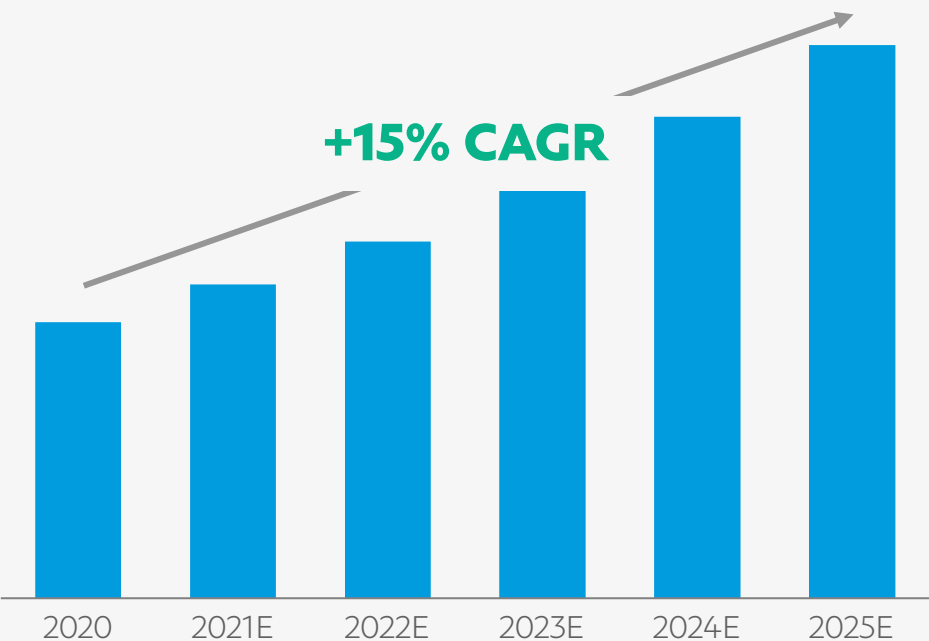
term

outlook

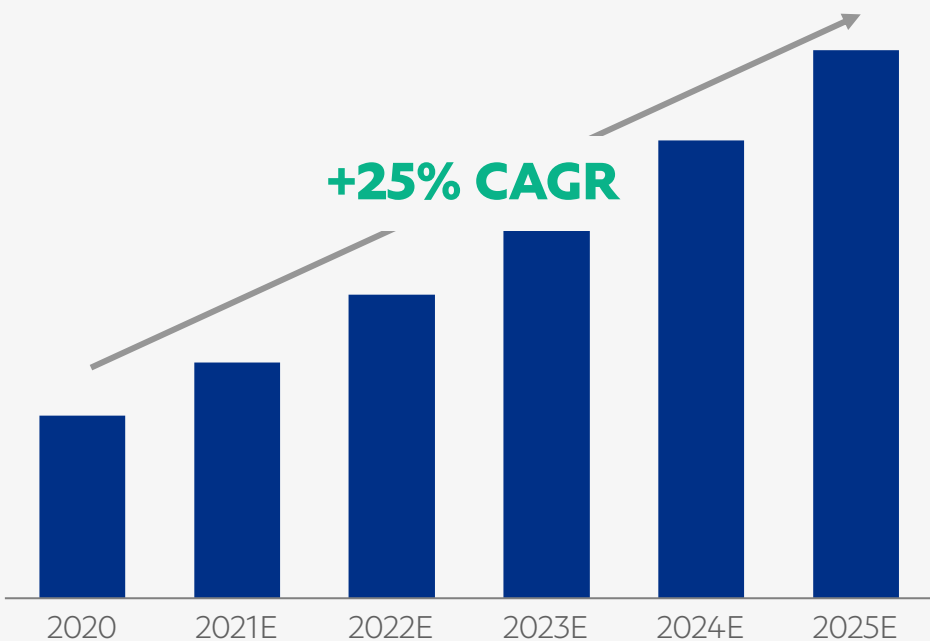


2x actives... and 3x payment volume

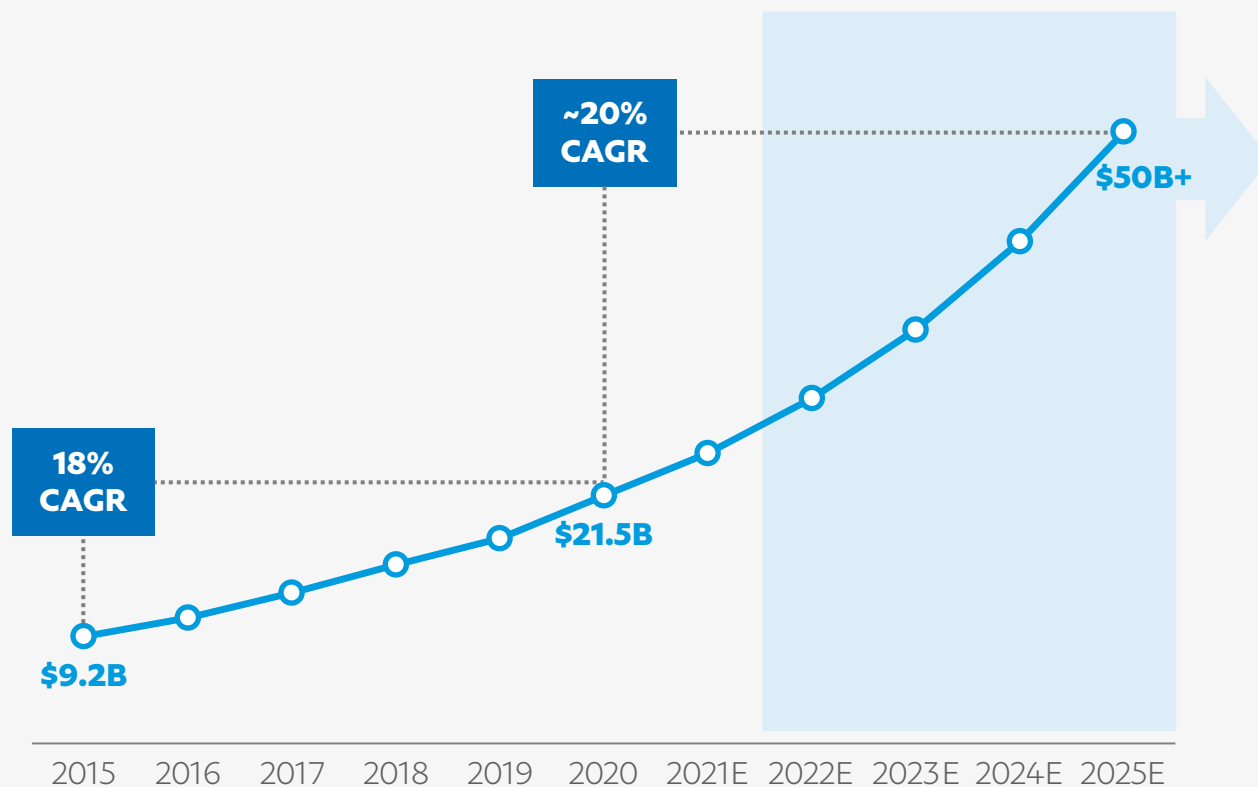
750M
Active Accounts



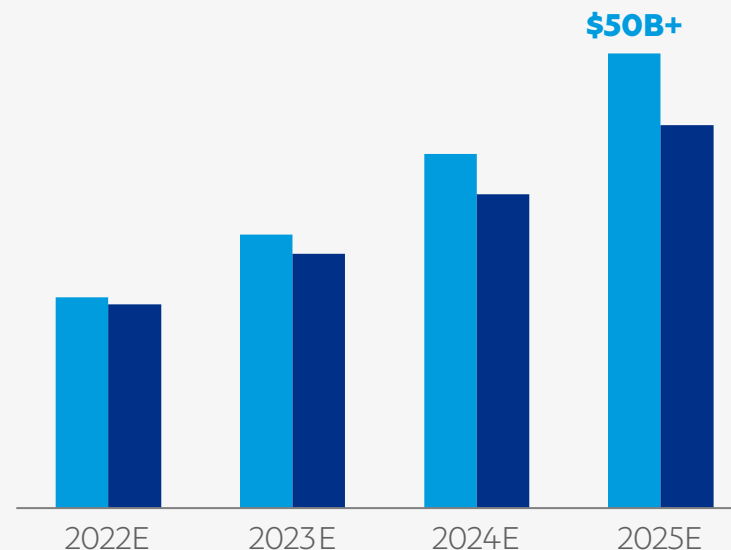
\$2.8T
TPV



\$50B+ revenue opportunity in 2025

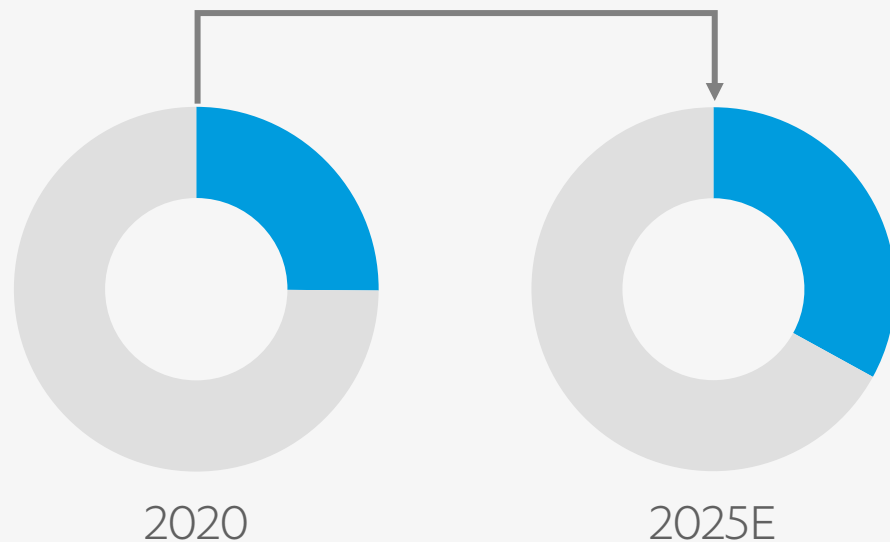


v. 2018 medium term outlook⁽¹⁾
\$14B+ in incremental revenue⁽²⁾

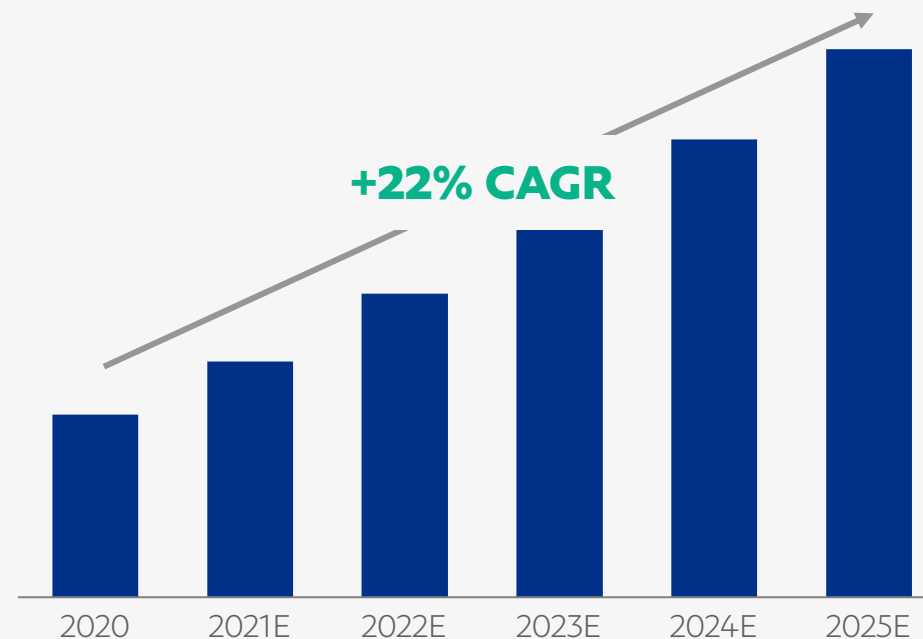


Expanding operating margin and sustainably growing EPS

Operating margin



Earnings per share



Capital allocation

PayPal expects to generate

\$40B+

in free cash flow⁽¹⁾
over the next 5 years

Organic Growth Investments

- Invest in platform and product priorities
- Balance investment with margin expansion
- Fund credit growth

Balanced Capital Returns

- Continue share buyback program
- Target 30-40% of free cash flow over the medium term

Disciplined Acquisition Strategy

- Focus on high quality assets that can accelerate growth, expand reach and capabilities and increase network effect

Our 2025 outlook...

750M

Actives

\$50B+

Revenue

\$10B+

Free cash flow⁽¹⁾

Thank you.

Supplemental Information.

Reconciliation of GAAP Operating Income to Non-GAAP Operating Income and GAAP Operating Margin to Non-GAAP Operating Margin and Non-GAAP Pro Forma Operating Margin

(In Millions, Except Percentages)	Year Ended December 31,					
	2020	2019	2018	2017	2016	2015
GAAP net revenues	\$ 21,454	\$ 17,772	\$ 15,451	\$ 13,094	\$ 10,842	\$ 9,248
GAAP operating income	3,289	2,719	2,194	2,127	1,586	1,461
Stock-based compensation expense and related employer payroll taxes	1,472	1,104	920	761	455	356
Acquisition related transaction expense	20	3	24	—	—	10
Separation	—	—	—	—	—	15
Restructuring	109	78	25	40	—	48
Amortization of acquired intangible assets	450	211	146	129	133	85
Other	48	16	40	(302)	—	—
Total non-GAAP operating income adjustments	2,099	1,412	1,155	628	588	514
Non-GAAP operating income	\$ 5,388	\$ 4,131	\$ 3,349	\$ 2,755	\$ 2,174	\$ 1,975
GAAP operating margin	15.3 %	15.3 %	14.2 %	16.2 %	14.6 %	15.8 %
Non-GAAP operating margin	25.1 %	23.2 %	21.7 %	21.1 %	20.1 %	21.4 %
Pro forma adjustments:						
Net revenues ^(a)	\$ —	\$ —	\$ —	\$ —	\$ —	(7)
Transaction and credit losses ^(b)	—	—	—	—	—	(22)
Customer support and operations ^{(b), (c), (d)}	—	—	—	—	—	(8)
Sales and marketing ^(e)	—	—	—	—	—	25
General and administrative ^(b)	—	—	—	—	—	(3)
Depreciation and amortization ^(f)	—	—	—	—	—	(8)
Total non-GAAP pro forma operating income adjustments	—	—	—	—	—	(23)
Non-GAAP pro forma operating income	\$ 5,388	\$ 4,131	\$ 3,349	\$ 2,755	\$ 2,174	\$ 1,952
Non-GAAP pro forma operating margin	25.1 %	23.2 %	21.7 %	21.1 %	20.1 %	21.1 %

(a) Reflects the impact of lower transaction revenues from payment services provided by PayPal to eBay as the result of the terms of certain commercial agreements negotiated between the parties that stipulate lower transaction fees than those historically charged to eBay.

(b) Reflects the effect of the Protection program losses and service costs that were historically reimbursed to PayPal by eBay for the administration of eBay's customer protection programs. Following the distribution, this program is no longer being administered by PayPal, and therefore these costs will not be reimbursed by eBay. PayPal's customer protection programs have been extended to its customers' purchases on eBay, and therefore PayPal expects to incur incremental costs associated with its customer protection programs.

(c) Reflects the impact of additional costs for shared data centers and information technology facilities, except for the facilities in Phoenix, Arizona, and Denver, Colorado, that will continue to be managed by eBay after the separation pursuant to the colocation services agreements.

(d) Reflects the reversal of historically allocated amounts from eBay to PayPal related to data center facilities in Phoenix, Arizona, and Denver, Colorado, pursuant to the colocation services agreements.

(e) Reflects the net reduction of costs charged to PayPal by eBay for referral services and user penetration.

(f) Reflects depreciation expense related to data center facilities in Phoenix, Arizona, and Denver, Colorado, pursuant to the colocation services agreements.

Reconciliation of GAAP Net Income to Non-GAAP Net Income and GAAP Diluted EPS to Non-GAAP Diluted EPS

(In Millions, Except Percentages and Per Share Amount/Unaudited)	Year Ended December 31,					
	2020	2019	2018	2017	2016	2015
GAAP income before income taxes	\$ 5,065	\$ 2,998	\$ 2,376	\$ 2,200	\$ 1,631	\$ 1,488
GAAP income tax expense	863	539	319	405	230	260
GAAP net income	4,202	2,459	2,057	1,795	1,401	1,228
Non-GAAP adjustments to net income:						
Non-GAAP operating income adjustments (see table above)	2,099	1,412	1,155	628	588	514
Separation (other income (expense), net)	—	—	—	—	—	(12)
(Gains) losses on strategic investments	(1,914)	(208)	(87)	—	—	—
Other certain significant gains, losses, or charges	242	230	43	224	—	—
Tax effect of non-GAAP adjustments	(24)	(371)	(322)	(329)	(164)	(142)
Non-GAAP net income	\$ 4,605	\$ 3,522	\$ 2,846	\$ 2,318	\$ 1,825	\$ 1,588
Shares used in diluted share calculation	1,187	1,188	1,203	1,221	1,218	1,229
Net income per diluted share:						
GAAP	\$ 3.54	\$ 2.07	\$ 1.71	\$ 1.47	\$ 1.15	\$ 1.00
Non-GAAP	\$ 3.88	\$ 2.96	\$ 2.37	\$ 1.90	\$ 1.50	\$ 1.29

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

(In Millions/Unaudited)

Net cash provided by operating activities⁽¹⁾

Less: Purchases of property and equipment

Free cash flow

Impact of held for sale accounting presentation related to our U.S. consumer credit receivables portfolio on cash flow from operating activities

Adjusted free cash flow

Year Ended December 31,					
2020	2019	2018	2017	2016	2015
\$ 5,854	\$ 4,071	\$ 5,480	\$ 2,531	\$ 3,158	\$ 2,546
(866)	(704)	(823)	(667)	(669)	(722)
4,988	3,367	4,657	1,864	2,489	1,824
—	—	(1,508)	1,299	—	—
\$ 4,988	\$ 3,367	\$ 3,149	\$ 3,163	\$ 2,489	\$ 1,824

⁽¹⁾ Reflects the impact of reclassification as described in our Form 8-K filed with the SEC on February 3, 2021.

Medium-term outlook

Certain non-GAAP measures included in this outlook were not reconciled to the comparable GAAP financial measures because the GAAP measures are not accessible on a forward-looking basis. We are unable to reconcile these forward-looking non-GAAP financial measures to the most directly comparable GAAP measures without unreasonable efforts because we are currently unable to predict with a reasonable degree of certainty the type and extent of certain items that would be expected to impact GAAP measures for these periods but would not impact the non-GAAP measures. Such items may include acquisitions, divestitures, restructuring and other items. The unavailable information could have a significant impact on our GAAP financial results.

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 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 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

