

Q3-23

Investor Update

November 1, 2023



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, certain cash flows related to customer balances were reclassified from cash flows from operating activities to cash flows from investing activities or financing activities within the consolidated statements of cash flows, and beginning with the fourth quarter of 2022, certain cash flows related to collateral security arrangements for derivative instruments were reclassified 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 ("PayPal") that reflect current projections and forecasts. Forward-looking statements can be identified by words such as "may," "will," "would," "should," "could," "expect," "anticipate," "believe," "estimate," "intend," "continue," "strategy," "future," "opportunity," "plan," "project," "forecast" and other similar expressions. Forward-looking statements may include, but are not limited to, statements regarding our guidance and projected financial results for fourth quarter and full year 2023; our capital return program; 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 including military conflicts, supply chain issues and related events that affect payments or commerce activity, including inflation and rising interest rates; the impact of catastrophic events, such as global pandemics, that may disrupt our business, as well as our customers, suppliers, vendors and other business partners; 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, data protection, and cybersecurity; the impact of payment card, bank, or other network rules or practices; risks related to our credit products, including customer default rates and the ability to realize benefits from our agreements with third parties, such as our agreement to sell our European loan receivables; 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 reliance on third parties in many aspects of our business; 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 November 1, 2023. 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.

Solid Q3 performance with ongoing disciplined execution of cost initiatives and capital allocation strategy

Q3-23: Revenue outperformed FXN outlook, with continued double-digit TPV growth and 20% non-GAAP EPS growth

- Revenue of \$7.4B, growing 8% at spot and 9% FXN¹, ~1 pt above FXN guidance
- Ongoing operating discipline, with non-transaction related expenses declining 12% y/y
- Non-GAAP EPS of \$1.30, growing 20%, \$0.07 above the midpoint of guidance range
- Total payment volume (TPV) of \$388B, growing 15% at spot and 13% FXN
 - Branded checkout TPV growing ~6% FXN, compared to ~5% in Q2-23 and ~6.5% in Q1-23
 - PSP² TPV (unbranded processing) accelerated sequentially, growing ~32% FXN, compared to ~28% in Q2-23 and ~30% in Q1-23

Executing a disciplined capital allocation strategy

- Returned \$1.4B to stockholders through share repurchases in Q3-23 and \$5.4B on a trailing 12-month basis, reducing weighted average shares by 5% y/y
- Closed on first tranche of back book credit receivables sale to KKR in October, receiving ~\$1.4B in proceeds
- Announced divestiture of Happy Returns for \$465M in cash proceeds, enabling greater focus on the core business and strategic priorities

FY-23: Ongoing operating discipline driving earnings growth

- FY-23 non-GAAP EPS now expected to grow ~21% to ~\$4.98
- FY-23 share repurchases expected to reach ~\$5B, with ~\$4.6B of free cash flow (FCF)
- Q4-23 revenue expected to grow ~7%-8% FXN; Q4-23 non-GAAP EPS expected to grow ~10% to ~\$1.36



Third quarter 2023 summary

FXN revenue growth and non-GAAP EPS above guidance

Transactions

6.3B

11% transaction growth

56.6

13% transactions per active account (TPA) growth, driven primarily by Braintree transaction growth

Total payment volume

\$388B

15% spot and 13% FXN growth, driven by Braintree, PayPal branded checkout and Venmo

Revenue

\$7.4B

8% spot and 9% FXN growth

In line with spot guidance and above FXN guidance

Non-GAAP operating income¹

\$1.6B

8% increase

22.2%

Operating margin contraction of ~20bps

Non-GAAP EPS¹

\$1.30

20% increase

\$0.07 above the midpoint of guidance

YTD non-GAAP EPS growth of 25%

Free cash flow¹

\$1.1B

Includes a \$0.8B negative impact from European BNPL loans originated as held for sale (HFS)

\$5.2B FCF on a trailing 12-month basis excluding the impact of HFS in Q2-23 and Q3-23

PayPal has a global, two-sided network at scale and is one of the world's most trusted brands

Scale

~430M

Active consumer and merchant accounts¹

\$1.5T

Total payment volume²

24B

Payment transactions²

Reach

200+

Global markets

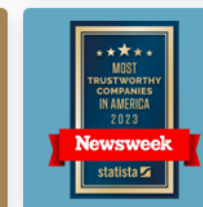
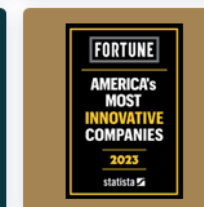
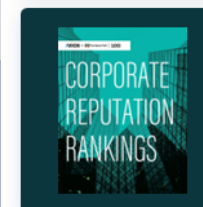
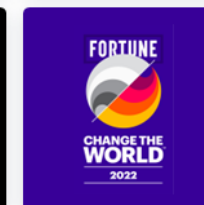
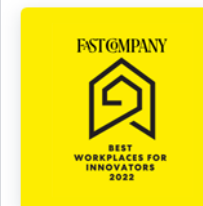
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Send currencies

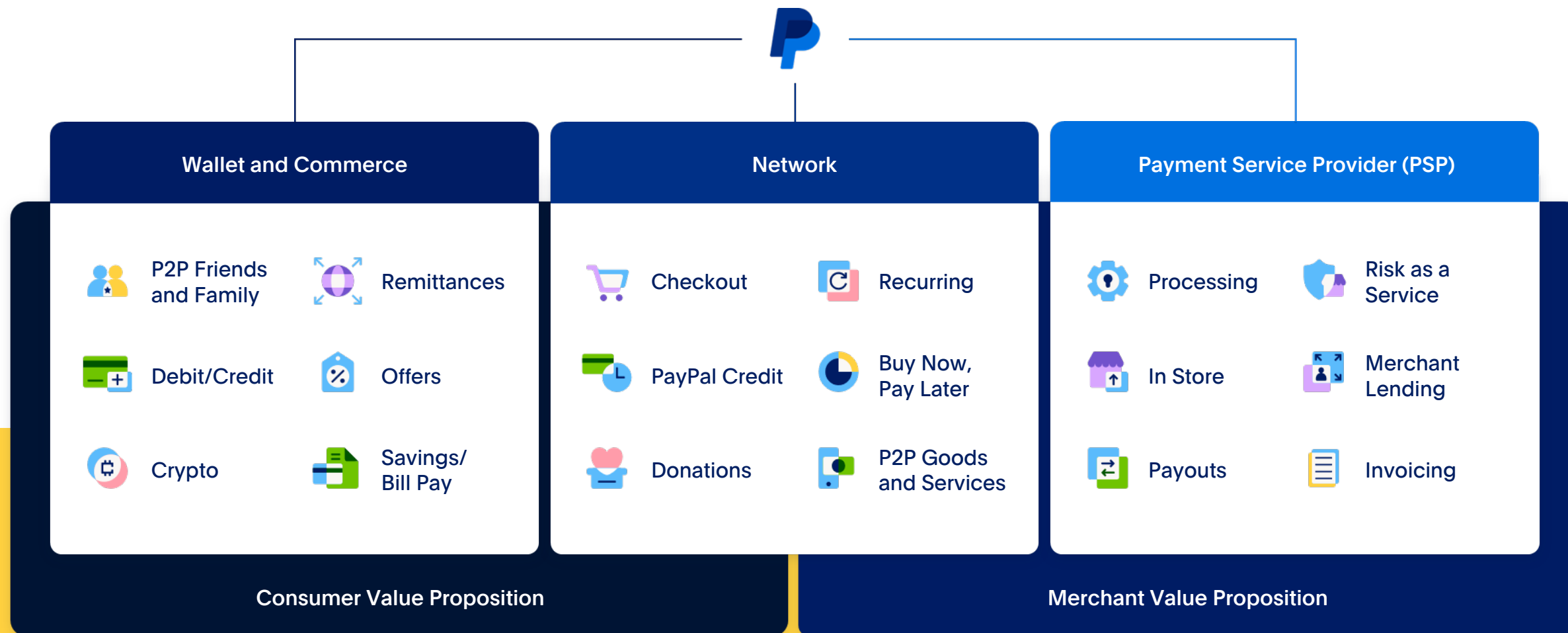
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Hold currencies

Trust



PayPal has a diversified and complementary portfolio of assets



New ways to use PayPal's digital wallet

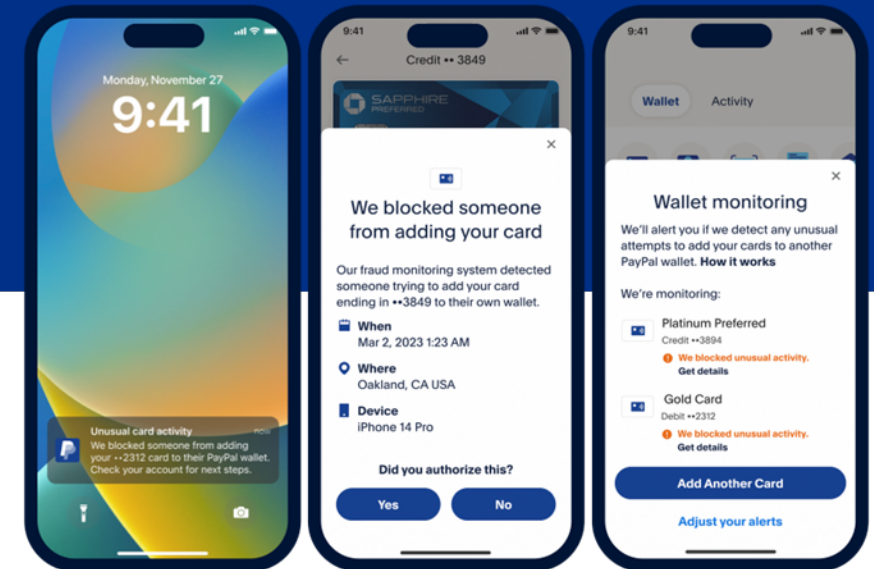


Early fraud alerts
offers free 24/7
early fraud
detection for
eligible cards in a
user's PayPal wallet

- Early fraud alerts lets users know when PayPal detects potential card fraud attempts with the eligible credit or debit card in a customer's PayPal wallet, often allowing a user to report fraud before significant financial damage is done.
- Through the end of this year, this feature will be enhanced to include additional early signs of fraud PayPal detects through branded and unbranded payment processing.

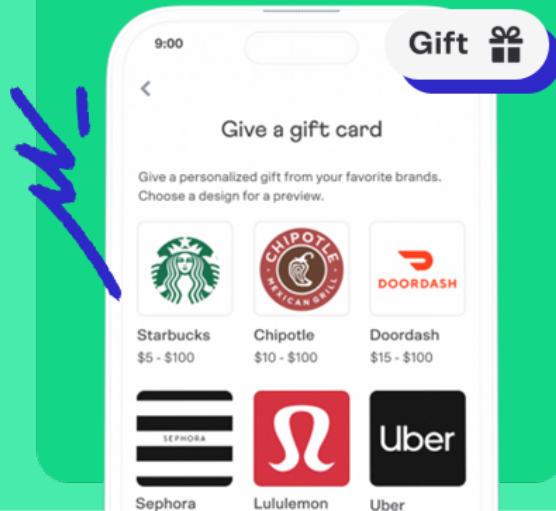
Customers can now
add their eligible
PayPal and Venmo
credit and debit cards
to Apple Wallet

- PayPal and Venmo credit and debit cardholders can make payments quickly and securely in-store, online, or in-app using Apple Pay across their Apple devices.
- When making payments with Apple Pay, customers can still earn the same cashback and rewards on eligible purchases.
- All eligible cards can be added through the Apple Wallet app; eligible PayPal credit and debit cards can also be added to Apple Wallet through the PayPal app.¹



Introducing more ways to gift with Venmo

Send and receive customizable gift cards from popular brands through the Venmo app



Eligible Venmo customers can send gift cards from popular brands, including Starbucks, Amazon, Sephora, DoorDash, Target, Chipotle and Uber, with an animated design and personal note.

Easily and securely gift money with Venmo in a physical Hallmark card



Hallmark + Venmo Cards are now available at thousands of retail locations including CVS, Walgreens and more.

PayPal launches U.S. dollar-denominated stablecoin, PayPal USD

Fully-backed, regulated stablecoin to seamlessly connect fiat and digital currencies

Eligible U.S. PayPal and Venmo customers can:

- Transfer PayPal USD between PayPal, Venmo and compatible external wallets
- Send wallet-to-wallet transfers with PayPal USD
- Fund purchases by selecting PayPal USD at checkout¹
- Convert any of PayPal's supported cryptocurrencies to and from PayPal USD



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(1) PayPal's Checkout with Crypto feature allows customers to convert cryptocurrency to fiat currency at checkout. Transactions are settled in fiat.



Distribution

Only stablecoin supported throughout PayPal's payment ecosystem



Fiat to Digital Connectivity

Buy and redeem in the PayPal and Venmo wallet, and explore Web3



Brand Trust

Supported by PayPal's trusted, mainstream brand



Security

Advanced, proactive fraud monitoring



Compliance

PayPal and the issuer Paxos are both regulated by New York State Department of Financial Services

Strengthening business relationships to drive growth



Since 2010, PayPal and Meta (then Facebook) have enjoyed collaborating across various business and product areas. Meta began offering PayPal as a payment option for Facebook Games to give their customers choice and flexibility in how they pay, and expanded PayPal as a payment option to their advertising business in 2014, followed by various customer use cases on both Facebook and Instagram.

When Meta introduced Instagram and Facebook Shops, they engaged with PayPal to power the end-to-end payments experience for a subset of sellers. Meta also uses PayPal Hyperwallet for some payouts to their creator community in several markets.

Recently, PayPal expanded their offerings to Meta by enabling Braintree as a card processor for Meta's advertising business. Meta also utilizes PayPal Giving Fund to support donations benefiting nonprofits in the US, UK, Canada, and Australia. By working together, PayPal and Meta are able to provide better experiences for their customers and support important causes through charitable giving.



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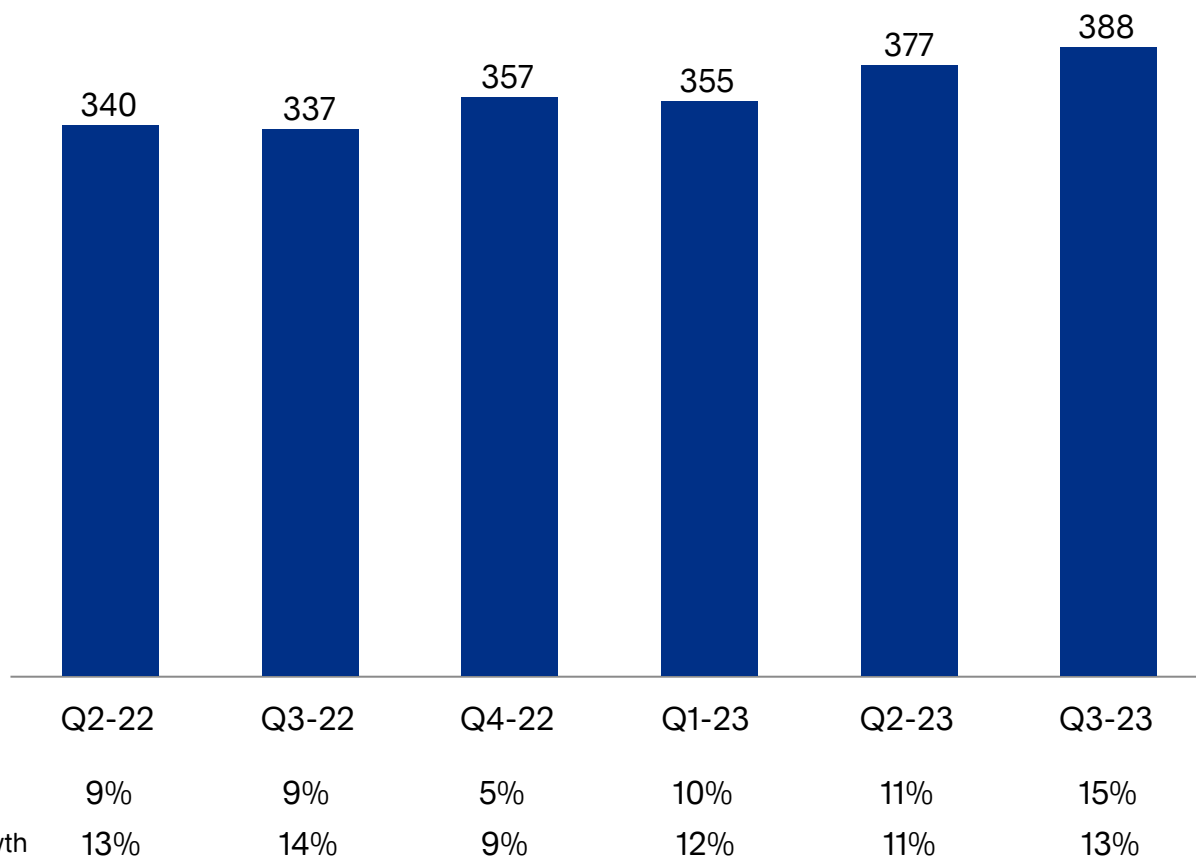
Business Update

Q3-23

Total payment volume (TPV)

TPV growth of 13% FXN

Total payment volume (\$B)



- TPV increased 15% on a spot basis and 13% FXN to \$388B
- P2P TPV (PayPal, Venmo, and Xoom) increased 4% to \$97B, and represented 25% of TPV
- Venmo TPV increased 7% to \$68B
- Branded checkout TPV¹ increased ~6% FXN, compared to ~5% in Q2-23 and ~6.5% in Q1-23
- PSP TPV² (unbranded processing) accelerated sequentially, growing ~32% FXN, compared to ~28% in Q2-23 and ~30% in Q1-23



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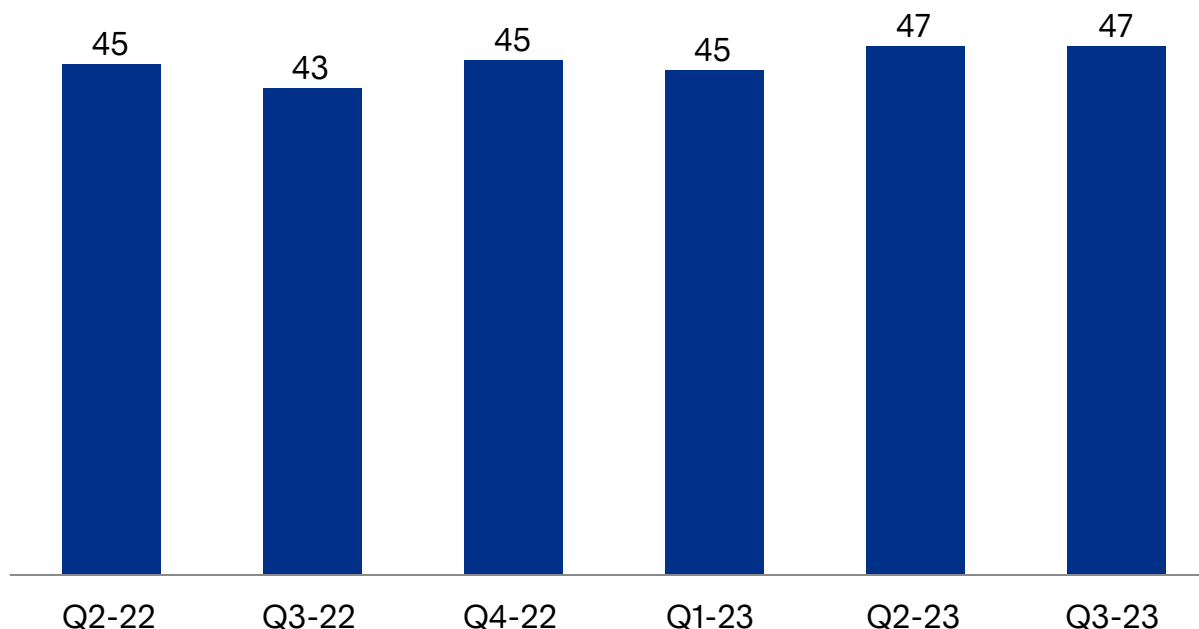
(1) PayPal branded checkout represented ~30% of TPV in FY-22.

(2) Primarily comprises Braintree full-stack volume and does not include gateway-exclusive volume. Also includes unbranded credit and debit card processing on the PayPal platform. PSP represented ~30% of TPV in FY-22.

Cross-border trade (CBT)

CBT volume growth improved, up 9% spot and 4% FXN

Cross-border trade TPV (\$B)



Y/Y Growth	(12%)	(9%)	(7%)	—%	3%	9%
FXN Y/Y Growth	(6%)	(1%)	—%	4%	3%	4%
Share of Total TPV	13%	13%	13%	13%	12%	12%

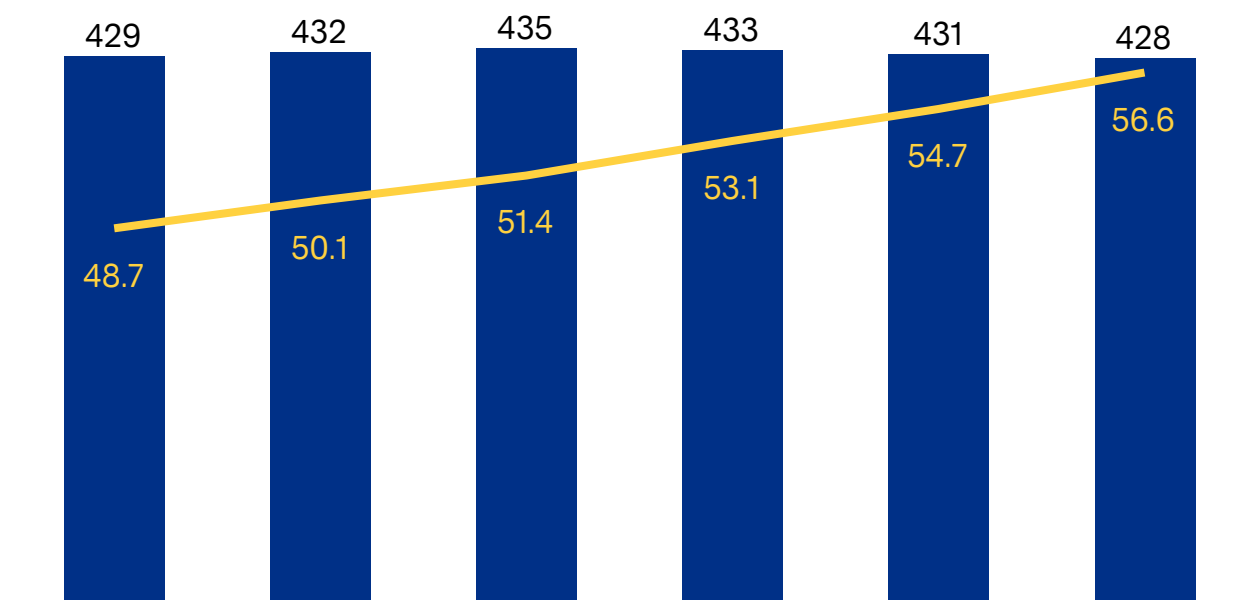
- CBT TPV was \$47B, growing 9% on a spot basis and 4% FXN, driven by intra-European corridors, partly offset by softness in EU-UK activity
 - CBT TPV represented 12% of TPV, compared to 13% in Q3-22
 - Cross-border trade primarily comprises e-commerce goods-related activity and has limited exposure to the recovery of travel

Note: 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.

Transactions and account activity

Transactions per active account (TPA) reached 56.6, growing 13%

Active accounts (M) and TPA



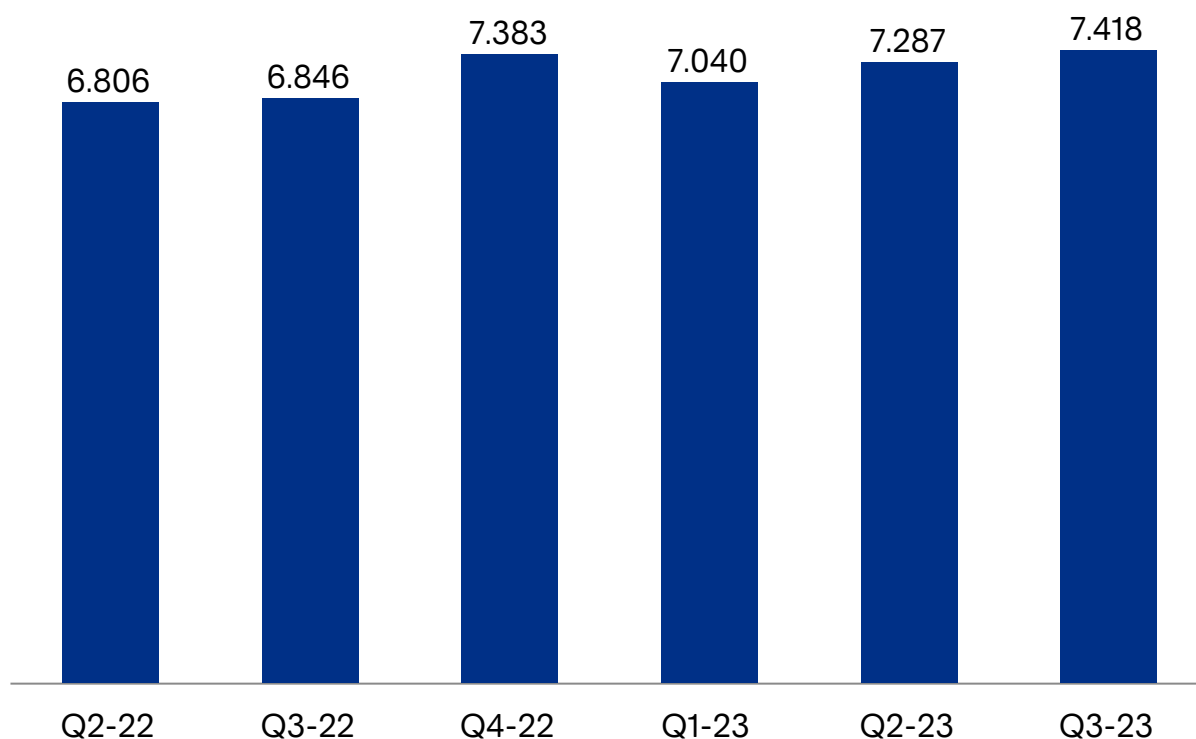
- Processed 6.3B payment transactions, up 11%
- 13% growth in TPA was predominantly driven by transaction growth from Braintree
- Ended the quarter with 428M active accounts, down 0.9%, including 35M merchant accounts
- Active accounts declined 0.6%, or by 2.8M, relative to Q2-23 reflecting churn of minimally engaged accounts and the strategic decision to focus on driving higher activity levels with existing active accounts

Y/Y Growth	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23
Active Accounts	6%	4%	2%	1%	—%	(1%)
TPA	12%	13%	13%	13%	12%	13%
Transactions	16%	15%	13%	13%	10%	11%

Revenue

FXN revenue growth exceeded guidance

Total revenue (\$B)



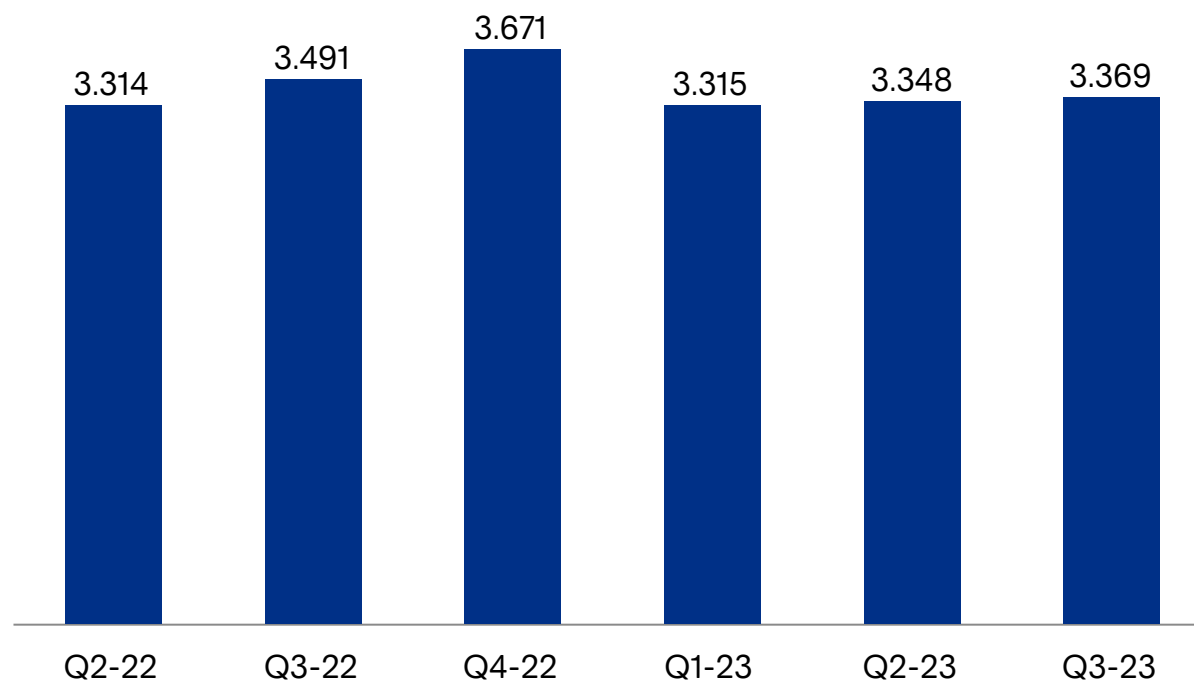
Y/Y Growth	9%	11%	7%	9%	7%	8%
FXN Y/Y Growth	10%	12%	9%	10%	8%	9%

- Total revenue grew 8% at spot and 9% FXN
 - Transaction revenue grew 7%
 - Other value added services (OVAS) revenue increased 25%, driven by interest on customer balances
- Hedging gains, recognized in international transaction revenue, were \$7M in Q3-23 vs. hedging gains of \$156M in Q3-22
- Exiting Q3, at exchange rates as of September 30, 2023, our derivative positions are estimated to result in the recognition of \$86M of hedging gains in international transaction revenue over the next 12 months

Transaction margin dollars

Transaction margin dollars pressured, with impact from lapping

Transaction margin (\$B)

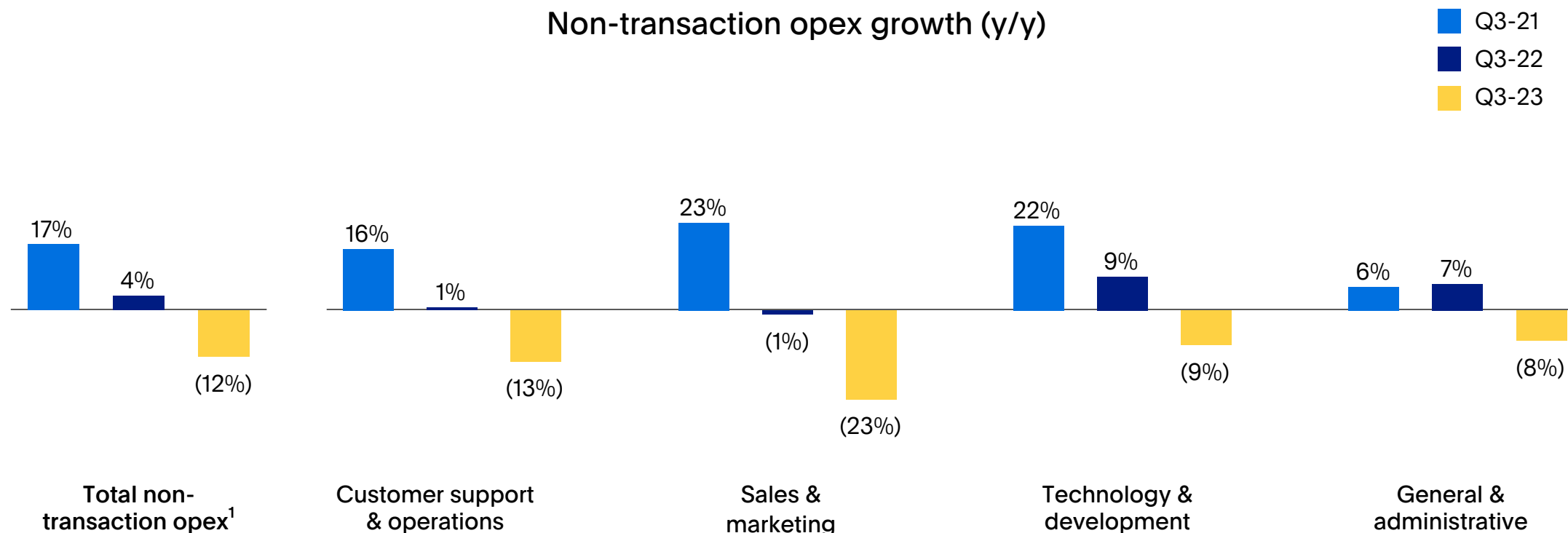


Y/Y Growth	(7%)	4%	2%	1%	1%	(3%)
Transaction margin	48.7%	51.0%	49.7%	47.1%	45.9%	45.4%
4-year CAGR	11%	15%	12%	10%	9%	10%

- Transaction margin dollars declined 3%
 - Negative lapping impact from lower gains on foreign currency hedges of \$149M and \$75M of merchant contractual compensation in Q3-22 that did not reoccur
 - Partially offset by interest on customer balances
- Transaction expense rate of 93bps increased ~4bps driven primarily by volume mix (e.g., higher PSP mix share)
- Transaction loss rate was 8bps, in line with Q3-22
- Credit loss rate was 3bps, in line with Q3-22
- Ended Q3 with \$5.1B in net credit receivables, a 15.6% decline, as a result of European BNPL receivables originations classified as HFS
 - Reserve coverage ratio of 10%

Non-transaction operating expenses declined 12%

Improved spend optimization and efficiency across all areas



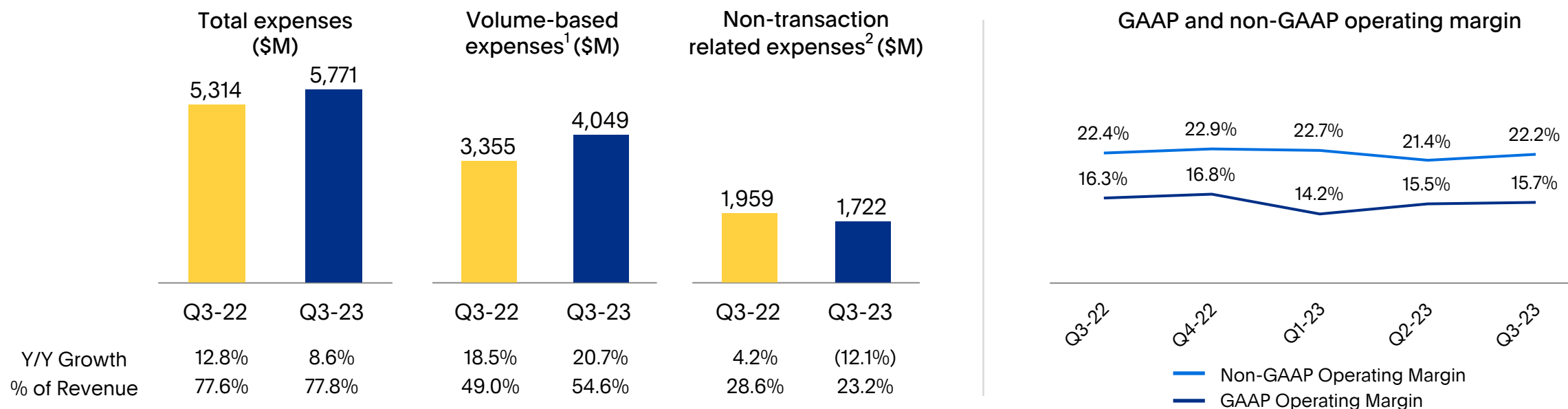
- Non-transaction related expenses declined 12% vs. Q3-22, driven by an increased focus on cost control with leverage across sales & marketing (-23%), customer support & operations (-13%), technology & development (-9%) and general & administrative (-8%)

Non-GAAP 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.

(1) Non-transaction related expenses include customer support & operations, sales & marketing, technology & development, general & administrative, and restructuring & other charges. In Q3-23, approximately \$17M of losses were recorded in restructuring & other charges, primarily comprising loans and interest receivable, held for sale, at the lower of cost or fair value.

Operating margin detail

Non-GAAP operating income growth of 8% driven by non-transaction expense discipline

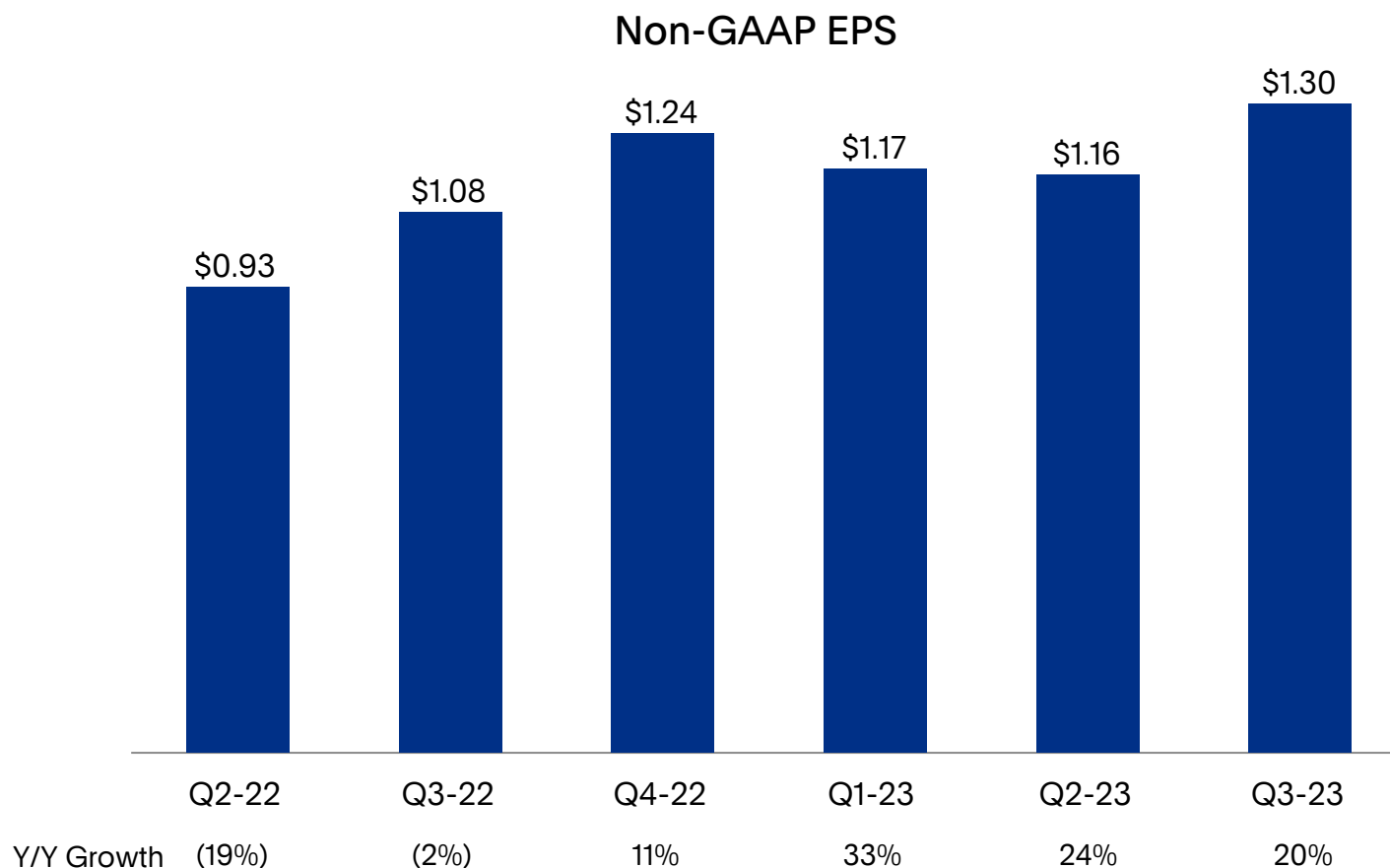


- Volume-based expenses grew 21%, driven by volume and funding mix (PSP processing growth)
- Non-transaction related expenses declined 12%, driven by cost and productivity initiatives
- Non-GAAP operating margin contracted ~20bps to 22.2%
- Non-GAAP operating income grew 8%, reaching \$1.6B



Earnings per share (EPS)

Non-GAAP EPS grew 20%; YTD EPS growth of 25%



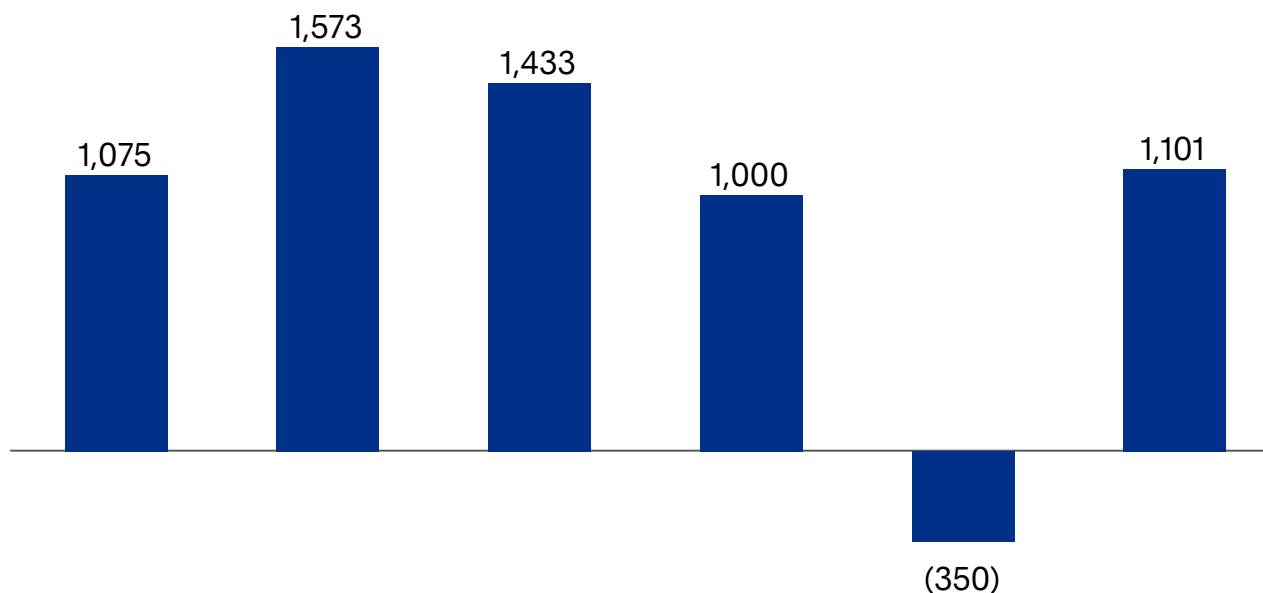
- Non-GAAP EPS increased 20%
- GAAP EPS of \$0.93 included a positive impact of ~\$0.02 related to strategic investments compared to a positive impact of ~\$0.34 in Q3-22

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

Free cash flow (FCF)

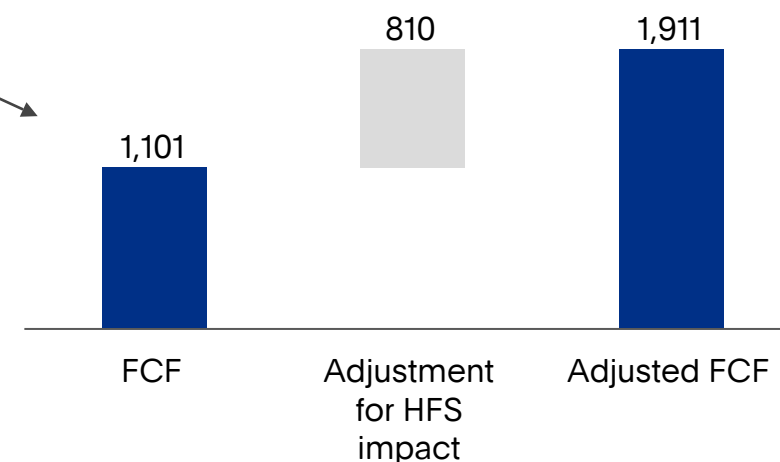
\$5.2B of FCF on a trailing 12-month basis excluding HFS impact

Free cash flow (\$M)



- FCF of \$1.1B, which includes a ~\$0.8B negative impact from European BNPL loans originated as held for sale

Q3-23 HFS impact (\$M)



% of Revenue	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23
FCF	16%	23%	19%	14%	**	15%
Adj. FCF	**	**	**	**	12%	26%
Capex	3%	3%	2%	2%	2%	2%

Free cash flow and adjusted 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 measure.

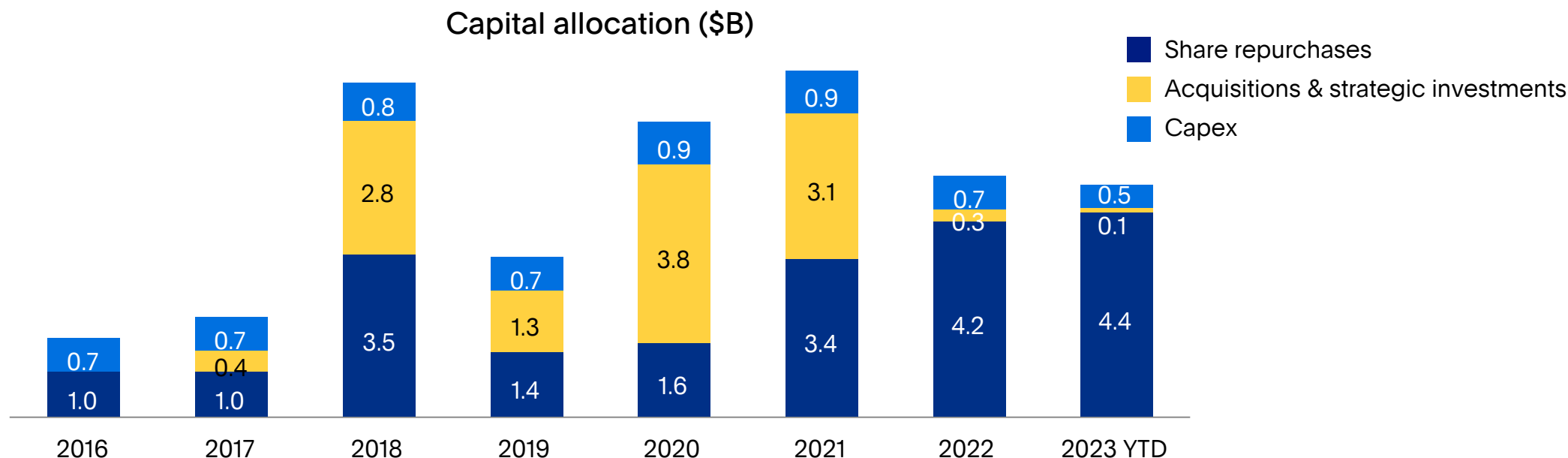
Reflects the impact of reclassification as described in our earnings press release dated February 9, 2023.

** Not meaningful or not applicable.



Capital allocation

Returned \$5.4B to stockholders through share repurchases on a trailing 12-month basis



- Generated ~\$31B in FCF since becoming an independent company in July 2015
- Since separation, allocated \$21B to share repurchases and \$13B to acquisitions and strategic investments
- In Q3-23, returned \$1.4B in capital to stockholders by repurchasing ~23M shares at an average price of \$63.02 per share
- On a trailing 12-month basis, returned \$5.4B to stockholders by repurchasing ~75M shares, reducing weighted average shares by 5% y/y
- Closed on first tranche of back book credit receivables sale to KKR in October, receiving ~\$1.4B in proceeds
- Announced divestiture of Happy Returns for \$465M in cash proceeds, enabling greater focus on the core business and strategic priorities

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.

FY-23 Guidance

Non-GAAP EPS expected to grow ~21% to ~\$4.98

Non-GAAP EPS growth	~21%
Non-GAAP EPS	~\$4.98
Non-GAAP operating margin expansion	~75bps
Free cash flow (\$B)	>\$4.6

- Revenue: Growth of ~7.5% at spot and ~8.5% FXN
- Non-GAAP EPS: ~\$4.98, growing ~21%
- Non-GAAP operating margin: ~75bps of expansion
- Free cash flow: At least \$4.6B
- Share repurchases: ~\$5B
- Non-GAAP effective tax rate: ~17%-18%
- Capex: ~3% of revenue

- GAAP EPS: ~\$3.75
 - Includes restructuring charge of \$117M in Q1-23

Non-GAAP EPS, non-GAAP operating margin, free cash flow, and non-GAAP effective tax rate 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.

Q4-23 Guidance

Ongoing benefit from cost initiatives driving earnings growth

Net revenue growth (FXN)	~7%-8%
Non-GAAP EPS growth	~10%
Non-GAAP EPS	~\$1.36

- Revenue: Growth of ~6%-7% at spot and ~7%-8% FXN
- Non-GAAP EPS: ~\$1.36, growing ~10%
- GAAP EPS: ~\$1.20, compared to \$0.81 in Q4-22
- Non-GAAP effective tax rate: ~16%-17%

Non-GAAP EPS and non-GAAP effective tax rate 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

PayPal metrics¹

(in millions, except %)

	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23
Active Accounts	429	432	435	433	431	428
Y/Y Growth	6%	4%	2%	1%	—%	(1%)
Number of Payment Transactions	5,513	5,643	6,032	5,835	6,074	6,275
Y/Y Growth	16%	15%	13%	13%	10%	11%
Total Payment Volume	\$339,791	\$336,973	\$357,378	\$354,508	\$376,538	\$387,701
Y/Y Growth	9%	9%	5%	10%	11%	15%
FXN Y/Y Growth	13%	14%	9%	12%	11%	13%
US TPV	\$219,307	\$221,198	\$232,553	\$231,975	\$238,893	\$242,718
Y/Y Growth	16%	15%	10%	12%	9%	10%
International TPV	\$120,484	\$115,774	\$124,825	\$122,533	\$137,645	\$144,983
Y/Y Growth	(2%)	(1%)	(3%)	6%	14%	25%
FXN Y/Y Growth	8%	11%	8%	12%	14%	19%
Total Take Rate	2.00%	2.03%	2.07%	1.99%	1.94%	1.91%
Transaction Take Rate	1.85%	1.85%	1.88%	1.80%	1.74%	1.72%
Transaction Expense Rate	0.90%	0.89%	0.93%	0.93%	0.94%	0.93%
Transaction and Credit Loss Rate	0.13%	0.11%	0.11%	0.12%	0.11%	0.12%
Transaction Margin	48.7%	51.0%	49.7%	47.1%	45.9%	45.4%

- 45% of active accounts were outside the U.S. as of September 30, 2023
- International FXN TPV growth accelerated 5 pts vs. Q2-23 primarily driven by strength in Europe and improvement in Asia
- Average Payment Volume (APV) was \$62, up 3%, driven by FX translation
- Transaction take rate was down ~13bps vs. Q3-22, with ~70% of the decline driven by lower gains from FX hedges, lower FX fees, and lapping elevated contractual compensation from merchants last year
- Total take rate was down ~12bps vs. Q3-22

(1) Definitions included in Supplemental Information.



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Financial detail

(in millions, except %)	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23
Transaction Revenue	\$6,272	\$6,234	\$6,702	\$6,364	\$6,556	\$6,654
Y/Y Growth	8%	11%	5%	6%	5%	7%
Other Value Added Services (OVAS)	\$534	\$612	\$681	\$676	\$731	\$764
Y/Y Growth	21%	6%	26%	39%	37%	25%
Total Revenue	\$6,806	\$6,846	\$7,383	\$7,040	\$7,287	\$7,418
Y/Y Growth	9%	11%	7%	9%	7%	8%
FXN Y/Y Growth	10%	12%	9%	10%	8%	9%
US Revenue Y/Y Growth	18%	14%	10%	13%	9%	7%
International Revenue FXN Y/Y Growth	1%	9%	6%	7%	7%	11%
% International	43%	42%	42%	41%	42%	43%
Transaction expense	\$3,044	\$2,988	\$3,324	\$3,283	\$3,541	\$3,603
Transaction and credit loss	\$448	\$367	\$388	\$442	\$398	\$446
Volume-based expenses	\$3,492	\$3,355	\$3,712	\$3,725	\$3,939	\$4,049
Transaction Margin \$	\$3,314	\$3,491	\$3,671	\$3,315	\$3,348	\$3,369
Customer support and operations	\$469	\$453	\$468	\$412	\$415	\$395
Sales and marketing	\$499	\$463	\$432	\$348	\$378	\$356
Technology and development	\$626	\$628	\$632	\$557	\$584	\$574
General and administrative	\$418	\$415	\$446	\$398	\$377	\$380
Restructuring and other charges	\$—	\$—	\$—	\$—	\$34	\$17
Non-transaction related expenses	\$2,012	\$1,959	\$1,978	\$1,715	\$1,788	\$1,722
Total Operating Expenses⁽¹⁾	\$5,504	\$5,314	\$5,690	\$5,440	\$5,727	\$5,771
Y/Y Growth	20%	13%	5%	6%	4%	9%
Non-GAAP Op. Income⁽¹⁾	\$1,302	\$1,532	\$1,693	\$1,600	\$1,560	\$1,647
Non-GAAP Op. Margin %⁽¹⁾	19%	22%	23%	23%	21%	22%
Non-GAAP EPS⁽¹⁾	\$0.93	\$1.08	\$1.24	\$1.17	\$1.16	\$1.30
Y/Y Growth	(19%)	(2%)	11%	33%	24%	20%
CAPEX	\$175	\$182	\$158	\$170	\$150	\$158
Free Cash Flow^(1,2,3)	\$1,075	\$1,573	\$1,433	\$1,000	(\$350)	\$1,101

(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.

(2) Reflects the impact of reclassification as described in our earnings press release dated February 9, 2023.

(3) Includes negative impacts of ~\$1.2 billion and ~\$0.8 billion in Q2-23 and Q3-23, respectively, from European BNPL loans originated as held for sale.

Hedging impacts and credit reserve builds and releases

(in millions, except %)

Hedging Impacts⁽¹⁾

Favorable (unfavorable) impact to net revenues (exclusive of hedging impact)

Hedging impact

Favorable (unfavorable) impact to net revenues

Favorable (unfavorable) impact to operating expense

Net favorable (unfavorable) impact to operating income

	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23
\$	(242)	\$ (307)	\$ (277)	\$ (139)	6	\$ 141
	107	156	152	76	34	7
	(135)	(151)	(125)	(63)	40	148
	131	162	142	78	7	(57)
\$	(4)	\$ 11	\$ 17	\$ 15	\$ 47	\$ 91

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

Net charge-offs⁽²⁾

Reserve build (release)^(3,4)

Credit Losses

\$	60	\$ 69	\$ 86	\$ 110	\$ 134	\$ 163
	8	44	88	32	(22)	(46)
\$	68	\$ 113	\$ 174	\$ 142	\$ 112	\$ 117

(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 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.

(4) Q2-23 includes the reversal of allowance associated with the reclassification of certain loans to held for sale.

Reconciliation of GAAP operating expenses to non-GAAP operating expenses

(In Millions/Unaudited)	Note	Three Months Ended								Year Ended December 31,					
		September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	2022	2021	2020	
GAAP operating expenses:															
Transaction expense		\$ 3,603	\$ 3,541	\$ 3,283	\$ 3,324	\$ 2,988	\$ 3,044	\$ 2,817	\$ 2,952	\$ 2,564	\$ 2,524	\$ 12,173	\$ 10,315	\$ 7,934	(a) Stock-based compensation expense.
Transaction and credit losses		446	398	442	388	367	448	369	350	268	169	1,572	1,060	1,741	
Customer support and operations		474	492	488	541	509	536	534	532	504	521	2,120	2,075	1,778	
Sales and marketing		442	465	436	524	544	595	594	666	549	628	2,257	2,445	1,861	(b) Employer payroll taxes on stock-based compensation.
Technology and development		739	743	721	822	801	815	815	796	755	746	3,253	3,038	2,642	
General administrative		507	491	507	515	463	514	607	570	498	522	2,099	2,114	2,070	(c) Amortization of acquired intangible assets.
Restructuring and other changes		39	24	164	25	56	90	36	2	1	1	207	62	139	
Total operating expenses		\$ 6,250	\$ 6,154	\$ 6,041	\$ 6,139	\$ 5,728	\$ 6,042	\$ 5,772	\$ 5,868	\$ 5,139	\$ 5,111	\$ 23,681	\$ 21,109	\$ 18,165	
Non-GAAP operating expense adjustments:															(d) Restructuring.
Customer support and operations	(a)	(79)	(76)	(72)	(73)	(56)	(67)	(73)	(58)	(56)	(77)	(269)	(263)	(250)	(e) Acquisition-related transaction expense.
	(b)	—	(1)	(4)	—	—	—	(6)	(2)	(1)	(3)	(6)	(22)	(9)	
Sales and marketing	(a)	(44)	(45)	(43)	(37)	(27)	(42)	(45)	(41)	(38)	(48)	(151)	(175)	(172)	(f) Award for a legal proceeding and expenses related to pre-acquisition contingencies of an acquired company.
	(b)	—	—	(4)	—	—	(1)	(5)	(1)	(2)	(5)	(6)	(21)	(12)	
	(c)	(42)	(42)	(41)	(55)	(54)	(53)	(53)	(51)	(39)	(39)	(215)	(167)	(170)	
Technology and development	(a)	(156)	(149)	(148)	(132)	(115)	(129)	(136)	(112)	(117)	(147)	(512)	(515)	(529)	(g) Right-of-use asset impairment and other charges associated with exiting certain leased properties as well as gains and losses associated with early lease terminations and owned property held for sale or sold.
	(b)	—	(1)	(7)	—	—	(1)	(12)	(2)	—	(5)	(13)	(41)	(21)	
	(c)	(9)	(9)	(9)	(58)	(58)	(59)	(57)	(58)	(64)	(63)	(232)	(246)	(252)	
General administrative	(a)	(115)	(106)	(94)	(66)	(41)	(88)	(188)	(120)	(100)	(129)	(383)	(468)	(460)	
	(b)	(1)	(1)	(8)	—	—	(1)	(14)	(3)	(2)	(3)	(15)	(34)	(19)	
	(c)	(7)	(7)	(7)	(3)	(7)	(7)	(7)	(7)	(7)	(7)	(24)	(28)	(28)	
	(e)	—	—	—	—	—	—	—	—	—	—	—	—	(20)	
	(f)	—	—	—	—	—	—	—	—	—	—	—	—	(18)	
	(h)	(4)	—	—	—	—	—	—	—	—	—	—	—	—	
Restructuring and other charges	(d)	(3)	—	(117)	(8)	(23)	(71)	(20)	—	—	5	(122)	(27)	(109)	(h) Fees related to credit externalization.
	(g)	(19)	10	(47)	(17)	(33)	(19)	(16)	(2)	(1)	(6)	(85)	(35)	(30)	
Total operating expenses		\$ (479)	\$ (427)	\$ (601)	\$ (449)	\$ (414)	\$ (538)	\$ (632)	\$ (457)	\$ (427)	\$ (527)	\$ (2,033)	\$ (2,042)	\$ (2,099)	
Non-GAAP operating expenses:															
Transaction expense		3,603	3,541	3,283	3,324	2,988	3,044	2,817	2,952	2,564	2,524	\$ 12,173	\$ 10,315	\$ 7,934	
Transaction and credit losses		446	398	442	388	367	448	369	350	268	169	1,572	1,060	1,741	
Customer support and operations		395	415	412	468	453	469	455	472	447	441	1,845	1,790	1,519	
Sales and marketing		356	378	348	432	463	499	491	573	470	536	1,885	2,082	1,507	
Technology and development		574	584	557	632	628	626	610	624	574	531	2,496	2,236	1,840	
General and administrative		380	377	398	446	415	418	398	440	389	383	1,677	1,584	1,525	
Restructuring and other charges		17	34	—	—	—	—	—	—	—	—	—	—	—	
Total operating expenses		\$ 5,771	\$ 5,727	\$ 5,440	\$ 5,690	\$ 5,314	\$ 5,504	\$ 5,140	\$ 5,411	\$ 4,712	\$ 4,584	\$ 21,648	\$ 19,067	\$ 16,066	

Reconciliation of GAAP operating income to non-GAAP operating income, and GAAP operating margin to non-GAAP operating margin

(In Millions, Except Percentages/Unaudited)	Three Months Ended										Year Ended December 31,		
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	2022	2021	2020
GAAP net revenues	\$ 7,418	\$ 7,287	\$ 7,040	\$ 7,383	\$ 6,846	\$ 6,806	\$ 6,483	\$ 6,918	\$ 6,182	\$ 6,238	\$ 27,518	\$ 25,371	\$ 21,454
GAAP operating income	1,168	1,133	999	1,244	1,118	764	711	1,050	1,043	1,127	3,837	4,262	3,289
Stock-based compensation expense and related employer payroll taxes	395	379	380	308	239	329	479	339	316	417	1,355	1,539	1,472
Amortization of acquired intangible assets	58	58	57	116	119	119	117	116	110	109	471	441	450
Restructuring	3	—	117	8	23	71	20	—	—	(5)	122	27	109
Other	23	(10)	47	17	33	19	16	2	1	6	85	35	48
Acquisition-related transaction expense	—	—	—	—	—	—	—	—	—	—	—	—	20
Total non-GAAP operating income adjustments	479	427	601	449	414	538	632	457	427	527	2,033	2,042	2,099
Non-GAAP operating income	\$ 1,647	\$ 1,560	\$ 1,600	\$ 1,693	\$ 1,532	\$ 1,302	\$ 1,343	\$ 1,507	\$ 1,470	\$ 1,654	\$ 5,870	\$ 6,304	\$ 5,388
GAAP operating margin	15.7 %	15.5 %	14.2 %	16.8 %	16.3 %	11.2 %	11.0 %	15.2 %	16.9 %	18.1 %	13.9 %	16.8 %	15.3 %
Non-GAAP operating margin	22.2 %	21.4 %	22.7 %	22.9 %	22.4 %	19.1 %	20.7 %	21.8 %	23.8 %	26.5 %	21.3 %	24.8 %	25.1 %

Reconciliation of GAAP net income (loss) to non-GAAP net income, GAAP diluted EPS to non-GAAP diluted EPS, and GAAP effective tax rate to non-GAAP effective tax rate

(In Millions, Except Percentages and Per Share Amount/Unaudited)	Three Months Ended								Year Ended December 31,				
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	2022	2021	2020
GAAP income before income taxes	\$ 1,241	\$ 1,303	\$ 1,074	\$ 1,110	\$ 1,578	\$ 49	\$ 629	\$ 706	\$ 1,165	\$ 1,356	\$ 3,366	\$ 4,099	\$ 5,065
GAAP income tax expense (benefit)	221	274	279	189	248	390	120	(95)	78	172	947	(70)	863
GAAP net income (loss)	1,020	1,029	795	921	1,330	(341)	509	801	1,087	1,184	2,419	4,169	4,202
Non-GAAP adjustments to net income:													
Non-GAAP operating income adjustments (see table above)	479	427	601	449	414	538	632	457	427	527	2,033	2,042	2,099
(Gains) losses on strategic investments	(24)	(133)	(48)	141	(495)	672	(14)	290	(173)	(283)	304	(46)	(1,914)
Other certain significant gains, losses, or charges	—	—	18	(21)	—	431	—	—	43	(7)	410	36	242
Tax effect of non-GAAP adjustments	(48)	(34)	(40)	(73)	5	(221)	(95)	(229)	(65)	(59)	(384)	(746)	(24)
Non-GAAP net income	\$ 1,427	\$ 1,289	\$ 1,326	\$ 1,417	\$ 1,254	\$ 1,079	\$ 1,032	\$ 1,319	\$ 1,319	\$ 1,362	\$ 4,782	\$ 5,455	\$ 4,605
Shares used in diluted share calculation:													
GAAP	1,098	1,114	1,134	1,144	1,157	1,158	1,172	1,183	1,187	1,186	1,158	1,186	1,187
Non-GAAP	1,098	1,114	1,134	1,144	1,157	1,160	1,172	1,183	1,187	1,186	1,158	1,186	1,187
Net income (loss) per diluted share:													
GAAP	\$ 0.93	\$ 0.92	\$ 0.70	\$ 0.81	\$ 1.15	\$ (0.29)	\$ 0.43	\$ 0.68	\$ 0.92	\$ 1.00	\$ 2.09	\$ 3.52	\$ 3.54
Non-GAAP	\$ 1.30	\$ 1.16	\$ 1.17	\$ 1.24	\$ 1.08	\$ 0.93	\$ 0.88	\$ 1.11	\$ 1.11	\$ 1.15	\$ 4.13	\$ 4.60	\$ 3.88
GAAP effective tax rate	18 %	21 %	26 %	17 %	16 %	796 %	19 %	(13)%	7 %	13 %	28 %	(2)%	17 %
Tax effect of non-GAAP adjustments to net income	(2)%	(2)%	(7)%	— %	— %	(782)%	(2)%	22 %	— %	2 %	(12)%	13 %	(5)%
Non-GAAP effective tax rate	16 %	19 %	19 %	17 %	16 %	14 %	17 %	9 %	7 %	15 %	16 %	11 %	12 %

Reconciliation of operating cash flow to free cash flow and adjusted free cash flow

(In Millions/Unaudited)	Three Months Ended										Year Ended December 31,		
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	2022	2021	2020
Net cash provided by operating activities ⁽¹⁾	\$ 1,259	\$ (200)	\$ 1,170	\$ 1,591	\$ 1,755	\$ 1,250	\$ 1,217	\$ 1,640	\$ 1,308	\$ 1,277	\$ 5,813	\$ 5,797	\$ 6,219
Less: Purchases of property and equipment	(158)	(150)	(170)	(158)	(182)	(175)	(191)	(213)	(227)	(247)	(706)	(908)	(866)
Free cash flow	1,101	(350)	1,000	1,433	1,573	1,075	1,026	1,427	1,081	1,030	5,107	4,889	5,353
Impact of net outflows for European BNPL receivables originated as HFS	810	1,219	—	—	—	—	—	—	—	—	—	—	—
Adjusted free cash flow	1,911	869	1,000	1,433	1,573	1,075	1,026	1,427	1,081	1,030	5,107	4,889	5,353

(1) Reflects the impact of reclassification as described in our earnings press release dated February 9, 2023.

Q4-23 and FY-23 GAAP and non-GAAP guidance

	Three Months Ending December 31, 2023	
	GAAP	Non-GAAP ^(a)
Revenue Growth Rate (Spot)	~6%-7%	~6%-7%
Revenue Growth Rate (FXN)	N/A	~7%-8%
Diluted EPS \$	~\$1.20	~\$1.36

	Twelve Months Ending December 31, 2023	
	GAAP	Non-GAAP ^(b)
Diluted EPS \$	~\$3.75	~\$4.98

- (a) Estimated non-GAAP amounts for the three months ended December 31, 2023, reflect adjustments of approximately \$150 million, primarily representing estimated stock-based compensation expense and related payroll taxes of approximately \$400 million and an estimated pre-tax gain of approximately \$329 million related to the sale of Happy Returns
- (b) Estimated non-GAAP amounts for the twelve months ended December 31, 2023, reflect adjustments of approximately \$1.7 billion, primarily representing estimated stock-based compensation expense and related payroll taxes of approximately \$1.6 billion, an estimated pre-tax gain of approximately \$329 million related to the sale of Happy Returns in Q4-23, and restructuring charges of approximately \$117 million that occurred in Q1-23

Definitions

Our key metrics are calculated using internal company data based on the activity we measure on our payments platform and compiled from multiple systems, including systems that are internally 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 the accuracy or relevance of our metrics. 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. A platform access partner is a third party whose customers are provided access to PayPal's platform or services through such third party's login credentials, including individuals and entities that utilize Hyperwallet's payout capabilities. A user may register on our platform to access different products and may register more than one account to access a product. Accordingly, a user may have more than one active account. The number of active accounts provides management with additional perspective on the overall scale of our platform, but may not have a direct relationship to our operating results.

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. The number of payment transactions per active account provides management with insight into the average number of times an account engages in payments activity on our payments platform in a given period. The number of times a consumer account or a merchant account transacts on our platform may vary significantly from the average number of payment transactions per active account.

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 losses divided by TPV.

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



