

# Q4'23

# Investor Update

February 7, 2024



# 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 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 first quarter and full year 2024; our capital return program; the timing and impact 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 our ability to realize benefits from our agreements with third parties such as our agreement to sell our European BNPL 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](http://www.sec.gov). All information in this presentation is as of February 7, 2024. 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.

# Summary

## CEO observations

### **PayPal has a powerful position to build upon:**

- Strong franchise, brand trust, and employee culture.
- Engaged, global two-sided network at scale.

### **Priorities for driving focused execution in 2024:**

- Accelerate our branded checkout business.
- Improve overall profitability, including higher growth PSP services.
- Unlock the power of data to create more value for our customers, while tapping into new sources of revenue and margin.
- Operate more efficiently.

## Taking action

### **New, world-class team:**

- Hired new CFO, President of Global Markets, heads of SMB & Consumer, and Chief People Officer.
- Organized business units around our customers.

### **Investing in product and innovation:**

- Reinvesting cost savings into product, engineering, and marketing.

### **Enhanced accountability and transparency:**

- Will include stock-based compensation in non-GAAP results beginning with our Q1'24 earnings report<sup>1</sup>.
- Introduced new supplemental metrics (MAA and TPA ex. PSP<sup>2</sup>).

(1) FY'24 non-GAAP guidance provided on slide 12 excludes the impact of SBC. Beginning with PayPal's Q1'24 earnings report, FY'24 non-GAAP EPS guidance will be updated to include stock-based compensation (SBC) expense and related payroll taxes.

(2) See slide 14 for historical monthly active accounts ("MAA") and transactions per active account excluding PSP (unbranded card processing) ("TPA ex. PSP") and slide 23 for detailed definitions.

# Principles for value creation

- 1** Start with the customer
- 2** Focus on profitable growth
- 3** Drive operating leverage over time
- 4** Set measurable goals and communicate consistently
- 5** Maintain a strong balance sheet and return excess cash

# Q4 & FY 2023 snapshot

(in millions, except % and per share data)

|                                  | Q4'23            | FY'23              |
|----------------------------------|------------------|--------------------|
| <b>Total payment volume</b>      | <b>\$409,832</b> | <b>\$1,528,579</b> |
| Y/Y growth                       | 15%              | 13%                |
| <b>Revenue</b>                   | <b>\$8,026</b>   | <b>\$29,771</b>    |
| Y/Y growth                       | 9%               | 8%                 |
| FXN Y/Y growth                   | 9%               | 9%                 |
| <b>Transaction margin \$</b>     | <b>\$3,672</b>   | <b>\$13,704</b>    |
| Y/Y growth                       | —%               | (1%)               |
| <b>Non-GAAP operating income</b> | <b>\$1,872</b>   | <b>\$6,679</b>     |
| Non-GAAP operating margin        | 23.3%            | 22.4%              |
| <b>Non-GAAP EPS</b>              | <b>\$1.48</b>    | <b>\$5.10</b>      |

## Q4'23

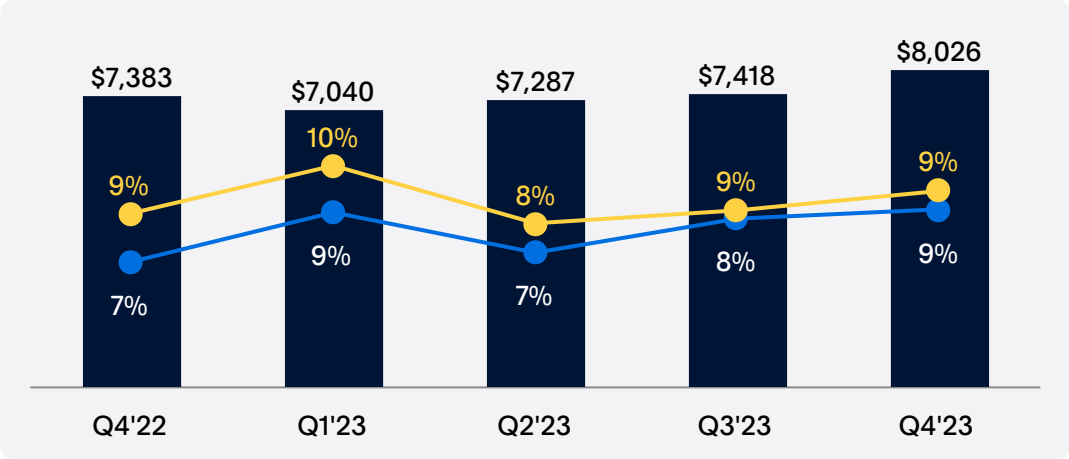
- Revenue +9% on a spot and FX-neutral (FXN) basis
  - Transaction revenue driven by Braintree and PayPal branded checkout; OVAS driven by interest income
- Better-than-expected transaction margin \$, flat y/y, improved sequentially
- Non-GAAP operating margin expanded 39bps driven by expense control
- Non-GAAP EPS +19% to \$1.48

# Focused on driving profitable growth

- Y/Y growth
- FXN Y/Y growth
- Non-GAAP operating margin

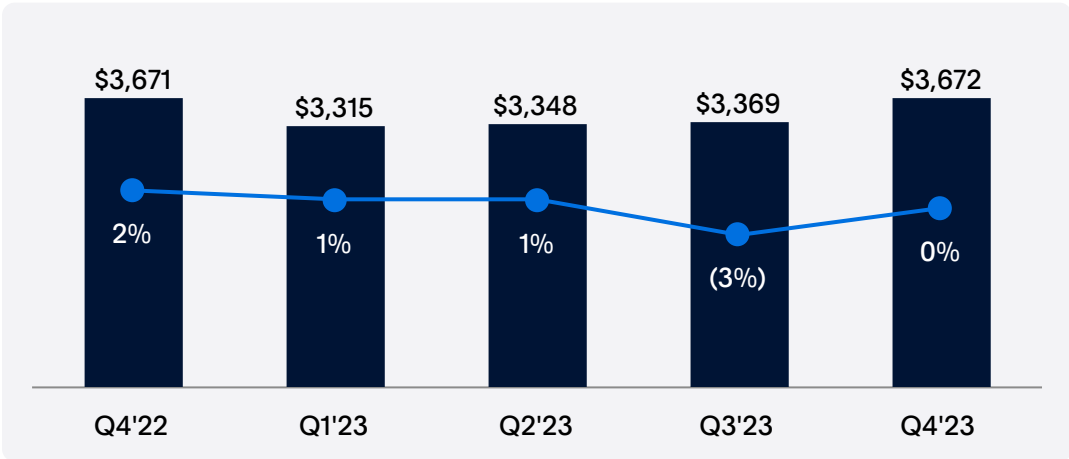
## REVENUE (\$M)

+9% driven by Braintree, PayPal branded checkout, and interest income



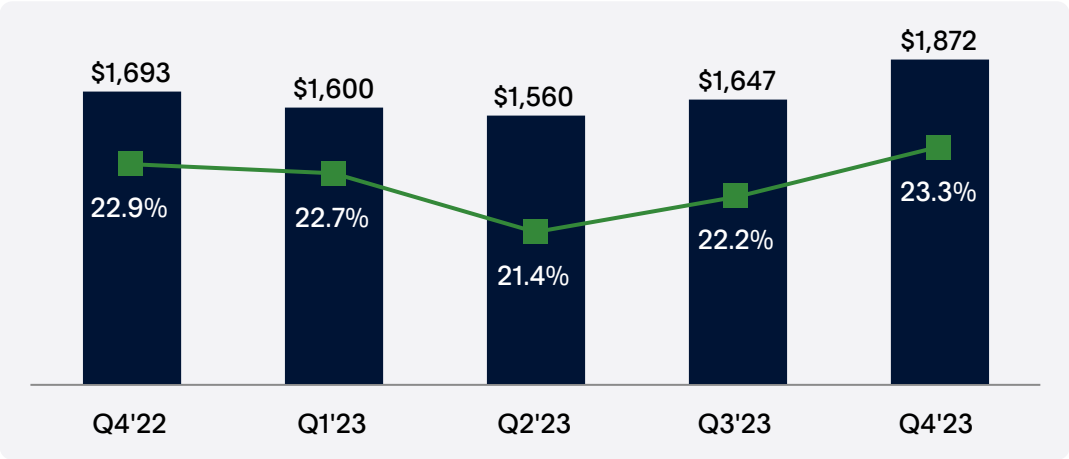
## TRANSACTION MARGIN \$ (\$M)

Focused on driving transaction margin \$ improvement



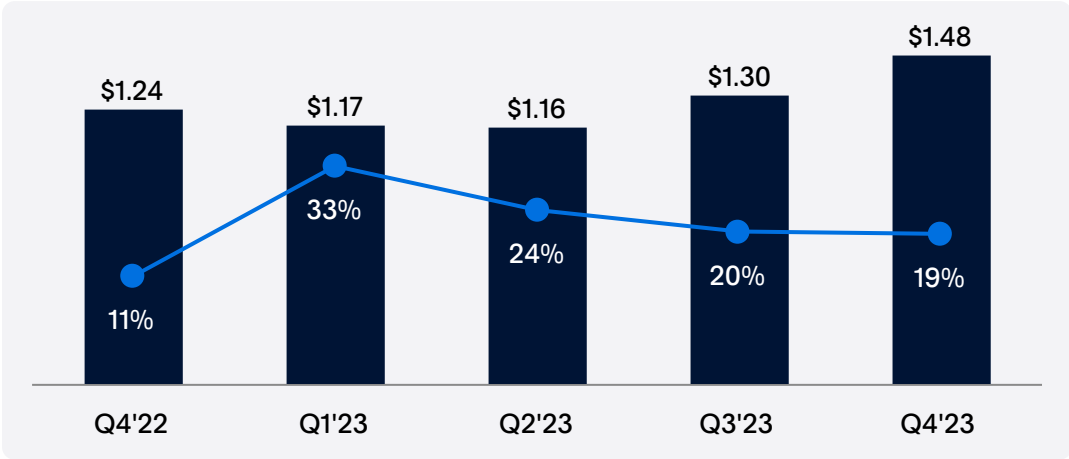
## NON-GAAP OPERATING INCOME (\$M) AND MARGIN

39bps of operating margin expansion driven by opex leverage



## NON-GAAP EPS

+19% driven by ongoing expense discipline and share repurchase



# Account and activity metrics<sup>1</sup>

| (in millions, except % and TPA)                            | Q4'23        | FY'23         |
|------------------------------------------------------------|--------------|---------------|
| <b>Active accounts<sup>2</sup></b>                         | <b>426</b>   | <b>426</b>    |
| Y/Y growth                                                 | (2%)         | (2%)          |
| <b>Monthly active accounts (MAA)<sup>3</sup></b>           | <b>224</b>   | <b>218</b>    |
| Y/Y growth                                                 | 1%           | 1%            |
| <b>Number of payment transactions</b>                      | <b>6,798</b> | <b>24,981</b> |
| Y/Y growth                                                 | 13%          | 12%           |
| <b>Transactions per active account (TPA)<sup>4</sup></b>   | <b>58.7</b>  | <b>58.7</b>   |
| Y/Y growth                                                 | 14%          | 14%           |
| <b>TPA ex. PSP (unbranded card processing)<sup>4</sup></b> | <b>33.5</b>  | <b>33.5</b>   |
| Y/Y growth                                                 | 7%           | 7%            |

- Active accounts<sup>2</sup> -0.6% (2.5M) sequentially, reflecting churn of unengaged accounts
- MAAs<sup>3</sup> increased slightly, +1%. More than half of total active accounts are MAAs
  - MAAs presented at the end of a quarter or year are the average of each month's MAAs in the respective quarter or year
- TPA<sup>4</sup> +14%, driven by Braintree transaction growth
- TPA ex. PSP<sup>4</sup> +7%, benefited from the churn of unengaged accounts and improvement in activity levels

All growth rates reference Q4'23 year-over-year growth unless otherwise noted.

(1) Detailed definitions included on slide 23 of this presentation. See slide 14 for historical MAA and TPA ex. PSP.

(2) Active accounts are accounts that have completed a transaction within the past 12 months.

(3) MAAs are a subset of active accounts (primarily PayPal and Venmo) that have completed a transaction at least once during the month of measurement. MAAs presented at the end of a quarter or year are the average of each month's MAAs in the respective quarter or year.

(4) TPA and TPA ex. PSP are trailing 12-month metrics, reflecting transactions within the previous 12-month period, divided by active accounts at the end of the period. TPA ex. PSP excludes both unbranded card processing transactions and unbranded active accounts (primarily Braintree).

# Total payment volume (TPV) & revenue

(in millions, except %)

|                             | Q4'23            | FY'23              |
|-----------------------------|------------------|--------------------|
| <b>Total payment volume</b> | <b>\$409,832</b> | <b>\$1,528,579</b> |
| Y/Y growth                  | 15%              | 13%                |
| FXN Y/Y growth              | 13%              | 12%                |
| <b>Total revenue</b>        | <b>\$8,026</b>   | <b>\$29,771</b>    |
| Y/Y growth                  | 9%               | 8%                 |
| FXN Y/Y growth              | 9%               | 9%                 |

- TPV +15% and +13% FXN, driven by PSP<sup>1</sup> +29% FXN, PayPal branded checkout<sup>2</sup> +5% FXN, and Venmo +8%
- Transaction revenue +9%, accelerated 2pts sequentially, driven primarily by Braintree and PayPal branded checkout
  - Hedging losses, recognized in international transaction revenue, were \$6M in Q4'23 vs. hedging gains of \$152M in Q4'22
  - Next 12 months estimated hedging losses of \$57M<sup>3</sup>
- OVAS revenue +9% in Q4'23 and +26% in FY'23, driven primarily by interest on customer balances

Additional detail included in Supplemental Information. All growth rates reference Q4'23 year-over-year growth unless otherwise noted.

(1) PSP TPV (unbranded card processing) primarily comprises Braintree full-stack volume and does not include gateway-exclusive volume. PSP TPV includes unbranded credit and debit card processing on the PayPal platform.

(2) PayPal branded checkout TPV does not include volume associated with eBay or PayPal P2P (peer to peer).

(3) Based on exchange rates on derivative positions as of December 31, 2023.

# TPV mix across PayPal's payments platform

|                                              |            | FY'22 | FY'23 |
|----------------------------------------------|------------|-------|-------|
| PayPal branded checkout <sup>1</sup>         | FXN GROWTH | 5%    | 6%    |
|                                              | % OF TOTAL | 30%   | 29%   |
| PSP (unbranded card processing) <sup>2</sup> | FXN GROWTH | 39%   | 30%   |
|                                              | % OF TOTAL | 30%   | 35%   |
| Venmo                                        | FXN GROWTH | 7%    | 9%    |
|                                              | % OF TOTAL | 18%   | 18%   |
| P2P ex-Venmo <sup>3</sup>                    | FXN GROWTH | (1%)  | (4%)  |
|                                              | % OF TOTAL | 10%   | 8%    |
| Other merchant services <sup>4</sup>         | FXN GROWTH | 15%   | 7%    |
|                                              | % OF TOTAL | 10%   | 9%    |
| eBay                                         | FXN GROWTH | (31%) | (10%) |
|                                              | % OF TOTAL | 2%    | 2%    |
| Total TPV                                    | FXN GROWTH | 13%   | 12%   |

1. PayPal branded checkout does not include volume associated with eBay or PayPal P2P (peer to peer).
2. PSP (unbranded card processing) primarily comprises Braintree full-stack volume and does not include gateway-exclusive volume. PSP TPV includes unbranded credit and debit card processing on the PayPal platform.
3. P2P ex-Venmo primarily comprises PayPal P2P volume, with some contribution from Xoom.
4. Other merchant services includes volumes associated with invoicing, Paidy, payouts (including Hyperwallet), point-of-sale solutions (including Zettle), QR code, etc.

# Transaction margin and non-GAAP operating margin

| <i>(in millions, except %)</i>                        | Q4'23          | FY'23           |
|-------------------------------------------------------|----------------|-----------------|
| <b>Transaction margin \$</b>                          | <b>\$3,672</b> | <b>\$13,704</b> |
| Y/Y growth                                            | —%             | (1%)            |
| <b>Transaction margin</b>                             | <b>45.8%</b>   | <b>46.0%</b>    |
| <b>Non-transaction related expenses<sup>1,2</sup></b> | <b>\$1,800</b> | <b>\$7,025</b>  |
| Y/Y growth                                            | (9%)           | (11%)           |
| <b>Non-GAAP operating income<sup>1</sup></b>          | <b>\$1,872</b> | <b>\$6,679</b>  |
| Y/Y growth                                            | 11%            | 14%             |
| <b>Non-GAAP operating margin %<sup>1</sup></b>        | <b>23.3%</b>   | <b>22.4%</b>    |

- Transaction margin \$ improved 3.5pts sequentially, driven by minimal headwind from merchant contractual compensation vs. Q3'23, Braintree, and PayPal branded checkout
- Non-transaction opex -9% with leverage across all expense categories<sup>2</sup>
  - The shift of annual incentive plan (AIP) compensation from cash to stock resulted in a ~3pt benefit in Q4'23 and ~2pt in FY'23
- 39bps of non-GAAP operating margin expansion and non-GAAP EPS +19%, driven by expense discipline

All growth rates reference Q4'23 year-over-year growth unless otherwise noted.

(1) Non-transaction related expenses, non-GAAP operating income, and non-GAAP operating margin are non-GAAP financial measures. For a reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures and additional detail, please see the Supplemental Information.

(2) Non-transaction related expenses comprises customer support & operations (-17%), sales & marketing (-13%), technology & development (-4%), general & administrative (-4%), and restructuring & other charges (growth rate not meaningful).

# Free cash flow (FCF) and capital allocation

| (in millions, except %)                |  | Q4'23          | FY'23          |
|----------------------------------------|--|----------------|----------------|
| <b>Free cash flow</b>                  |  | <b>\$2,469</b> | <b>\$4,220</b> |
| Y/Y growth                             |  | 72%            | (17%)          |
| <b>Adj. free cash flow<sup>1</sup></b> |  | <b>\$774</b>   | <b>\$4,554</b> |
| Y/Y growth                             |  | (46%)          | (11%)          |

- Free cash flow of \$2.5B, which includes a \$1.7B net positive impact of originating European buy now, pay later (BNPL) receivables as held for sale (HFS) and the subsequent sale of these receivables
- Free cash flow and adjusted free cash flow negatively impacted by higher cash taxes and changes in working capital
- In FY'23, reduced weighted average shares by 4% and returned \$5.0B in capital to stockholders, including \$0.6B in Q4'23
- As of Q4, cash, cash equivalents and investments totaled \$17.3B and debt totaled \$11.3B

All results & growth rates reference Q4'23 results & year-over-year growth unless otherwise noted. For a reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures and additional detail, please see the Supplemental Information.

(1) Adjusted free cash flow excludes the net impact of originating European BNPL receivables as HFS and the subsequent sale of these receivables. See slide 22 of this presentation for reconciliations of operating cash flow to free cash flow and adjusted free cash flow.

# Guidance

## Q1'24 guidance

|                             |                                                           |
|-----------------------------|-----------------------------------------------------------|
| Non-GAAP EPS <sup>1</sup>   | Mid-single digit growth<br>(Q1'23 non-GAAP EPS of \$1.17) |
| Non-GAAP effective tax rate | Approximately 19%-20%                                     |
| Revenue growth              | Approximately 6.5% spot and<br>7% FXN                     |

- **GAAP EPS:** Mid-single digit growth (Q1'23 GAAP EPS of \$0.70)

(1) Estimated non-GAAP amounts for Q1'24 reflect adjustments of ~\$600M, including estimated stock-based compensation (SBC) expense and related payroll taxes of ~\$400M, and a restructuring charge of ~\$120M related to a global workforce reduction initiated in January 2024, compared to \$601M in Q1'23, including \$380M SBC expense and related payroll taxes and a \$117M restructuring charge.

## FY'24 guidance

|                             |                                                           |
|-----------------------------|-----------------------------------------------------------|
| Non-GAAP EPS <sup>2</sup>   | In line with prior year<br>(FY'23 non-GAAP EPS of \$5.10) |
| Non-GAAP effective tax rate | Approximately 19%-20%                                     |
| Free cash flow              | Approximately \$5B                                        |
| Share repurchase            | At least \$5B                                             |

- **GAAP EPS:** Approximately \$3.60 (FY'23 GAAP EPS of \$3.84, which includes \$0.24 benefit from the sale of Happy Returns in Q4'23)

(2) Estimated non-GAAP amounts for FY'24 reflect adjustments of ~\$1.8B, including estimated SBC expense and related payroll taxes of ~\$1.4B, and a restructuring charge of ~\$120M in Q1'24, compared to \$1.7B in FY'23, including \$1.6B SBC expense and related payroll taxes and a \$122M restructuring charge.

Beginning with PayPal's Q1'24 earnings report, FY'24 non-GAAP EPS guidance will be updated to include stock-based compensation expense and related payroll taxes.

# Supplemental Information

## Account and activity metrics<sup>1</sup> detail

(in millions, except % and TPA)

|                                                | Q1'21        | Q2'21        | Q3'21        | Q4'21        | Q1'22        | Q2'22        | Q3'22        | Q4'22        | Q1'23        | Q2'23        | Q3'23        | Q4'23        |
|------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Active accounts</b>                         | <b>392</b>   | <b>403</b>   | <b>416</b>   | <b>426</b>   | <b>429</b>   | <b>429</b>   | <b>432</b>   | <b>435</b>   | <b>433</b>   | <b>431</b>   | <b>428</b>   | <b>426</b>   |
| Y/Y growth                                     | 21%          | 16%          | 15%          | 13%          | 9%           | 6%           | 4%           | 2%           | 1%           | —%           | (1%)         | (2%)         |
| <b>Monthly active accounts (MAA)</b>           | <b>206</b>   | <b>211</b>   | <b>213</b>   | <b>219</b>   | <b>214</b>   | <b>215</b>   | <b>217</b>   | <b>221</b>   | <b>215</b>   | <b>217</b>   | <b>218</b>   | <b>224</b>   |
| Y/Y growth                                     | 22%          | 13%          | 11%          | 8%           | 4%           | 2%           | 2%           | 1%           | 1%           | 1%           | 1%           | 1%           |
| <b>Number of payment transactions</b>          | <b>4,371</b> | <b>4,735</b> | <b>4,900</b> | <b>5,343</b> | <b>5,161</b> | <b>5,513</b> | <b>5,643</b> | <b>6,032</b> | <b>5,835</b> | <b>6,074</b> | <b>6,275</b> | <b>6,798</b> |
| Y/Y growth                                     | 34%          | 27%          | 22%          | 21%          | 18%          | 16%          | 15%          | 13%          | 13%          | 10%          | 11%          | 13%          |
| <b>Transactions per active account (TPA)</b>   | <b>42.2</b>  | <b>43.5</b>  | <b>44.2</b>  | <b>45.4</b>  | <b>47.0</b>  | <b>48.7</b>  | <b>50.1</b>  | <b>51.4</b>  | <b>53.1</b>  | <b>54.7</b>  | <b>56.6</b>  | <b>58.7</b>  |
| Y/Y growth                                     | 7%           | 11%          | 10%          | 11%          | 11%          | 12%          | 13%          | 13%          | 13%          | 12%          | 13%          | 14%          |
| <b>TPA ex. PSP (unbranded card processing)</b> | <b>33.1</b>  | <b>32.7</b>  | <b>32.1</b>  | <b>31.7</b>  | <b>31.4</b>  | <b>31.4</b>  | <b>31.4</b>  | <b>31.3</b>  | <b>31.7</b>  | <b>32.2</b>  | <b>32.9</b>  | <b>33.5</b>  |
| Y/Y growth                                     | 8%           | 5%           | 1%           | (2%)         | (5%)         | (4%)         | (2%)         | (1%)         | 1%           | 2%           | 5%           | 7%           |

# TPV, revenue, & take rate detail

(in millions, except %)

|                                             | Q3'22            | Q4'22            | Q1'23            | Q2'23            | Q3'23            | Q4'23            |
|---------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Total payment volume</b>                 | <b>\$336,973</b> | <b>\$357,378</b> | <b>\$354,508</b> | <b>\$376,538</b> | <b>\$387,701</b> | <b>\$409,832</b> |
| Y/Y growth                                  | 9%               | 5%               | 10%              | 11%              | 15%              | 15%              |
| FXN Y/Y growth                              | 14%              | 9%               | 12%              | 11%              | 13%              | 13%              |
| <b>U.S. TPV</b>                             | <b>\$221,198</b> | <b>\$232,553</b> | <b>\$231,975</b> | <b>\$238,893</b> | <b>\$242,718</b> | <b>\$257,885</b> |
| Y/Y growth                                  | 15%              | 10%              | 12%              | 9%               | 10%              | 11%              |
| <b>International TPV</b>                    | <b>\$115,774</b> | <b>\$124,825</b> | <b>\$122,533</b> | <b>\$137,645</b> | <b>\$144,983</b> | <b>\$151,947</b> |
| Y/Y growth                                  | (1%)             | (3%)             | 6%               | 14%              | 25%              | 22%              |
| FXN Y/Y growth                              | 11%              | 8%               | 12%              | 14%              | 19%              | 17%              |
| <b>Cross-border TPV<sup>1</sup></b>         | <b>\$42,868</b>  | <b>\$45,342</b>  | <b>\$44,534</b>  | <b>\$46,571</b>  | <b>\$46,522</b>  | <b>\$49,059</b>  |
| Y/Y growth                                  | (9%)             | (7%)             | —%               | 3%               | 9%               | 8%               |
| FXN Y/Y growth                              | (1%)             | —%               | 4%               | 3%               | 4%               | 5%               |
| <b>P2P TPV<sup>2</sup></b>                  | <b>\$93,150</b>  | <b>\$90,833</b>  | <b>\$90,828</b>  | <b>\$95,107</b>  | <b>\$96,637</b>  | <b>\$95,895</b>  |
| Y/Y growth                                  | 2%               | (2%)             | 2%               | 2%               | 4%               | 6%               |
| <b>Venmo TPV<sup>3</sup></b>                | <b>\$64,360</b>  | <b>\$63,511</b>  | <b>\$63,865</b>  | <b>\$67,740</b>  | <b>\$69,483</b>  | <b>\$68,891</b>  |
| Y/Y growth                                  | 6%               | 4%               | 9%               | 9%               | 8%               | 8%               |
| <b>Total take rate</b>                      | <b>2.03%</b>     | <b>2.07%</b>     | <b>1.99%</b>     | <b>1.94%</b>     | <b>1.91%</b>     | <b>1.96%</b>     |
| <b>Transaction take rate</b>                | <b>1.85%</b>     | <b>1.88%</b>     | <b>1.80%</b>     | <b>1.74%</b>     | <b>1.72%</b>     | <b>1.78%</b>     |
| <b>Total revenue</b>                        | <b>\$6,846</b>   | <b>\$7,383</b>   | <b>\$7,040</b>   | <b>\$7,287</b>   | <b>\$7,418</b>   | <b>\$8,026</b>   |
| Y/Y growth                                  | 11%              | 7%               | 9%               | 7%               | 8%               | 9%               |
| FXN Y/Y growth                              | 12%              | 9%               | 10%              | 8%               | 9%               | 9%               |
| <b>Transaction revenue</b>                  | <b>\$6,234</b>   | <b>\$6,702</b>   | <b>\$6,364</b>   | <b>\$6,556</b>   | <b>\$6,654</b>   | <b>\$7,283</b>   |
| Y/Y growth                                  | 11%              | 5%               | 6%               | 5%               | 7%               | 9%               |
| <b>OVAS revenue</b>                         | <b>\$612</b>     | <b>\$681</b>     | <b>\$676</b>     | <b>\$731</b>     | <b>\$764</b>     | <b>\$743</b>     |
| Y/Y growth                                  | 6%               | 26%              | 39%              | 37%              | 25%              | 9%               |
| <b>US revenue Y/Y growth</b>                | <b>14%</b>       | <b>10%</b>       | <b>13%</b>       | <b>9%</b>        | <b>7%</b>        | <b>8%</b>        |
| <b>International revenue FXN Y/Y growth</b> | <b>9%</b>        | <b>6%</b>        | <b>7%</b>        | <b>7%</b>        | <b>11%</b>       | <b>12%</b>       |
| % international                             | 42%              | 42%              | 41%              | 42%              | 43%              | 42%              |

- International TPV +17% FXN, driven by strength in Europe and improvement in Asia
- Cross-border TPV<sup>1</sup> +5% FXN, improved sequentially, driven by intra-European corridors, partly offset by softness in UK-EU activity
- Transaction take rate -10bps, with 7bps of the decline driven by lower gains from FX hedges and lower FX fees
  - Higher large merchant mix continued to have a slight impact on branded checkout take rate

All results & growth rates reference Q4'23 results & year-over-year growth unless otherwise noted. Definitions included on slide 23 in this presentation.

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

(2) P2P TPV comprises Venmo, PayPal, and Xoom P2P.

(3) There has been an immaterial change to Q3'22-Q3'23 Venmo TPV amounts and growth rates included above. The increase is the result of including certain Venmo commerce volumes that had previously been included in PSP/unbranded processing. The net impact is immaterial and results in a <1% change in year-over-year growth rates.

## Transaction margin (TM) detail

(in millions, except %)

|                          | Q3'22   | Q4'22   | Q1'23   | Q2'23   | Q3'23   | Q4'23   |
|--------------------------|---------|---------|---------|---------|---------|---------|
| Transaction expense (TE) | \$2,988 | \$3,324 | \$3,283 | \$3,541 | \$3,603 | \$3,958 |
| TE rate                  | 0.89%   | 0.93%   | 0.93%   | 0.94%   | 0.93%   | 0.97%   |
| Transaction loss (TL)    | \$254   | \$214   | \$300   | \$286   | \$329   | \$277   |
| TL rate                  | 0.08%   | 0.06%   | 0.08%   | 0.08%   | 0.08%   | 0.07%   |
| Credit loss              | \$113   | \$174   | \$142   | \$112   | \$117   | \$119   |
| Credit loss rate         | 0.03%   | 0.05%   | 0.04%   | 0.03%   | 0.03%   | 0.03%   |
| Volume-based expenses    | \$3,355 | \$3,712 | \$3,725 | \$3,939 | \$4,049 | \$4,354 |
| Y/Y growth               | 18%     | 12%     | 17%     | 13%     | 21%     | 17%     |
| Transaction margin \$    | \$3,491 | \$3,671 | \$3,315 | \$3,348 | \$3,369 | \$3,672 |
| Y/Y growth               | 4%      | 2%      | 1%      | 1%      | (3%)    | —%      |
| Transaction margin       | 51.0%   | 49.7%   | 47.1%   | 45.9%   | 45.4%   | 45.8%   |
| Y/Y growth               | (3%)    | (3%)    | (4%)    | (3%)    | (6%)    | (4%)    |

- TE rate +4bps; Braintree volume growth partly offset by favorable PayPal geographic mix and Venmo rate benefits
- TL rate +1bp vs. Q4'22, which benefited from recoveries related to a merchant insolvency
- Credit loss -32% (or -2bps as a rate), driven by tightened originations in PayPal Business Loan portfolio and externalization of European BNPL loan portfolio

## Non-GAAP operating margin detail

| <i>(in millions, except %)</i>   | Q3'22    | Q4'22   | Q1'23   | Q2'23   | Q3'23   | Q4'23   |
|----------------------------------|----------|---------|---------|---------|---------|---------|
| Customer support and operations  | \$453    | \$468   | \$412   | \$415   | \$395   | \$387   |
| Y/Y growth                       | 1%       | (1%)    | (9%)    | (12%)   | (13%)   | (17%)   |
| Sales and marketing              | \$463    | \$432   | \$348   | \$378   | \$356   | \$378   |
| Y/Y growth                       | (1%)     | (25%)   | (29%)   | (24%)   | (23%)   | (13%)   |
| Technology and development       | \$628    | \$632   | \$557   | \$584   | \$574   | \$604   |
| Y/Y growth                       | 9%       | 1%      | (9%)    | (7%)    | (9%)    | (4%)    |
| General and administrative       | \$415    | \$446   | \$398   | \$377   | \$380   | \$428   |
| Y/Y growth                       | 7%       | 1%      | —%      | (10%)   | (8%)    | (4%)    |
| Restructuring and other charges  | \$—      | \$—     | \$—     | \$34    | \$17    | \$3     |
| Y/Y growth                       | —%       | —%      | —%      | —%      | —%      | —%      |
| Non-transaction related expenses | \$1,959  | \$1,978 | \$1,715 | \$1,788 | \$1,722 | \$1,800 |
| Y/Y growth                       | 4%       | (6%)    | (12%)   | (11%)   | (12%)   | (9%)    |
| Total operating expenses         | \$5,314  | \$5,690 | \$5,440 | \$5,727 | \$5,771 | \$6,154 |
| Y/Y growth                       | 13%      | 5%      | 6%      | 4%      | 9%      | 8%      |
| Non-GAAP operating income        | \$1,532  | \$1,693 | \$1,600 | \$1,560 | \$1,647 | \$1,872 |
| Y/Y growth                       | 4%       | 12%     | 19%     | 20%     | 8%      | 11%     |
| Non-GAAP operating margin %      | 22.4%    | 22.9%   | 22.7%   | 21.4%   | 22.2%   | 23.3%   |
| Y/Y growth                       | (140bps) | 115bps  | 201bps  | 228bps  | (18bps) | 39bps   |
| Non-GAAP EPS                     | \$1.08   | \$1.24  | \$1.17  | \$1.16  | \$1.30  | \$1.48  |
| Y/Y growth                       | (3%)     | 11%     | 33%     | 24%     | 20%     | 19%     |

# Hedging impacts and credit reserve builds and releases

(in millions, except %)

## Hedging Impacts<sup>(1)</sup>

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

|    | Q3'22 | Q4'22    | Q1'23    | Q2'23 | Q3'23  | Q4'23  |
|----|-------|----------|----------|-------|--------|--------|
| \$ | (307) | \$ (277) | \$ (139) | 6     | \$ 141 | \$ 120 |
|    | 156   | 152      | 76       | 34    | 7      | (6)    |
|    | (151) | (125)    | (63)     | 40    | 148    | 114    |
|    | 162   | 142      | 78       | 7     | (57)   | (57)   |
| \$ | 11    | \$ 17    | \$ 15    | \$ 47 | \$ 91  | \$ 57  |

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

Net charge-offs<sup>(2)</sup>

Reserve build (release)<sup>(3)</sup>

Credit Losses

|    |     |        |        |        |        |        |
|----|-----|--------|--------|--------|--------|--------|
| \$ | 69  | \$ 86  | \$ 110 | \$ 134 | \$ 163 | \$ 142 |
|    | 44  | 88     | 32     | (22)   | (46)   | (23)   |
| \$ | 113 | \$ 174 | \$ 142 | \$ 112 | \$ 117 | \$ 119 |

(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.

# Reconciliation of GAAP operating expenses to non-GAAP operating expenses

| (In Millions/Unaudited)                 | Note | Three Months Ended |                    |               |                |                   |                    |               |                |                   |                    | Year Ended December 31, |            |            |                                                                                                                                                                                                                  |
|-----------------------------------------|------|--------------------|--------------------|---------------|----------------|-------------------|--------------------|---------------|----------------|-------------------|--------------------|-------------------------|------------|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                         |      | December 31, 2023  | 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 | 2023                    | 2022       | 2021       |                                                                                                                                                                                                                  |
| GAAP operating expenses:                |      |                    |                    |               |                |                   |                    |               |                |                   |                    |                         |            |            |                                                                                                                                                                                                                  |
| Transaction expense                     |      | \$ 3,958           | \$ 3,603           | \$ 3,541      | \$ 3,283       | \$ 3,324          | \$ 2,988           | \$ 3,044      | \$ 2,817       | \$ 2,952          | \$ 2,564           | \$ 14,385               | \$ 12,173  | \$ 10,315  |                                                                                                                                                                                                                  |
| Transaction and credit losses           |      | 396                | 446                | 398           | 442            | 388               | 367                | 448           | 369            | 350               | 268                | 1,682                   | 1,572      | 1,060      | (a)                                                                                                                                                                                                              |
| Customer support and operations         |      | 465                | 474                | 492           | 488            | 541               | 509                | 536           | 534            | 532               | 504                | 1,919                   | 2,120      | 2,075      | Stock-based compensation expense.                                                                                                                                                                                |
| Sales and marketing                     |      | 466                | 442                | 465           | 436            | 524               | 544                | 595           | 594            | 666               | 549                | 1,809                   | 2,257      | 2,445      | (b)                                                                                                                                                                                                              |
| Technology and development              |      | 770                | 739                | 743           | 721            | 822               | 801                | 815           | 815            | 796               | 755                | 2,973                   | 3,253      | 3,038      | Employer payroll taxes on stock-based compensation.                                                                                                                                                              |
| General administrative                  |      | 554                | 507                | 491           | 507            | 515               | 463                | 514           | 607            | 570               | 498                | 2,059                   | 2,099      | 2,114      |                                                                                                                                                                                                                  |
| Restructuring and other changes         |      | (311)              | 39                 | 24            | 164            | 25                | 56                 | 90            | 36             | 2                 | 1                  | (84)                    | 207        | 62         | (c)                                                                                                                                                                                                              |
| Total operating expenses                |      | \$ 6,298           | \$ 6,250           | \$ 6,154      | \$ 6,041       | \$ 6,139          | \$ 5,728           | \$ 6,042      | \$ 5,772       | \$ 5,868          | \$ 5,139           | \$ 24,743               | \$ 23,681  | \$ 21,109  | Amortization of acquired intangible assets.                                                                                                                                                                      |
| Non-GAAP operating expense adjustments: |      |                    |                    |               |                |                   |                    |               |                |                   |                    |                         |            |            |                                                                                                                                                                                                                  |
| Customer support and operations         | (a)  | (78)               | (79)               | (76)          | (72)           | (73)              | (56)               | (67)          | (73)           | (58)              | (56)               | (305)                   | (269)      | (263)      | (d)                                                                                                                                                                                                              |
|                                         | (b)  | —                  | —                  | (1)           | (4)            | —                 | —                  | —             | (6)            | (2)               | (1)                | (5)                     | (6)        | (22)       | (e)                                                                                                                                                                                                              |
| Sales and marketing                     | (a)  | (47)               | (44)               | (45)          | (43)           | (37)              | (27)               | (42)          | (45)           | (41)              | (38)               | (179)                   | (151)      | (175)      | 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)  | —                  | —                  | —             | (4)            | —                 | —                  | (1)           | (5)            | (1)               | (2)                | (4)                     | (6)        | (21)       |                                                                                                                                                                                                                  |
|                                         | (c)  | (41)               | (42)               | (42)          | (41)           | (55)              | (54)               | (53)          | (53)           | (51)              | (39)               | (166)                   | (215)      | (167)      |                                                                                                                                                                                                                  |
| Technology and development              | (a)  | (159)              | (156)              | (149)         | (148)          | (132)             | (115)              | (129)         | (136)          | (112)             | (117)              | (612)                   | (512)      | (515)      | Fees related to credit externalization.                                                                                                                                                                          |
|                                         | (b)  | (1)                | —                  | (1)           | (7)            | —                 | —                  | (1)           | (12)           | (2)               | —                  | (9)                     | (13)       | (41)       |                                                                                                                                                                                                                  |
|                                         | (c)  | (6)                | (9)                | (9)           | (9)            | (58)              | (58)               | (59)          | (57)           | (58)              | (64)               | (33)                    | (232)      | (246)      |                                                                                                                                                                                                                  |
| General administrative                  | (a)  | (119)              | (115)              | (106)         | (94)           | (66)              | (41)               | (88)          | (188)          | (120)             | (100)              | (434)                   | (383)      | (468)      | Gain on divestiture of business, net of transaction costs.                                                                                                                                                       |
|                                         | (b)  | —                  | (1)                | (1)           | (8)            | —                 | —                  | (1)           | (14)           | (3)               | (2)                | (10)                    | (15)       | (34)       |                                                                                                                                                                                                                  |
|                                         | (c)  | (7)                | (7)                | (7)           | (7)            | (3)               | (7)                | (7)           | (7)            | (7)               | (7)                | (28)                    | (24)       | (28)       |                                                                                                                                                                                                                  |
|                                         | (f)  | —                  | (4)                | —             | —              | —                 | —                  | —             | —              | —                 | —                  | (4)                     | —          | —          |                                                                                                                                                                                                                  |
| Restructuring and other charges         | (d)  | (2)                | (3)                | —             | (117)          | (8)               | (23)               | (71)          | (20)           | —                 | —                  | (122)                   | (122)      | (27)       |                                                                                                                                                                                                                  |
|                                         | (e)  | (2)                | (19)               | 10            | (47)           | (17)              | (33)               | (19)          | (16)           | (2)               | (1)                | (58)                    | (85)       | (35)       |                                                                                                                                                                                                                  |
|                                         | (f)  | (21)               | —                  | —             | —              | —                 | —                  | —             | —              | —                 | —                  | (21)                    | —          | —          |                                                                                                                                                                                                                  |
|                                         | (g)  | 339                | —                  | —             | —              | —                 | —                  | —             | —              | —                 | —                  | 339                     | —          | —          |                                                                                                                                                                                                                  |
| Total operating expenses                |      | \$ (144)           | \$ (479)           | \$ (427)      | \$ (601)       | \$ (449)          | \$ (414)           | \$ (538)      | \$ (632)       | \$ (457)          | \$ (427)           | \$ (1,651)              | \$ (2,033) | \$ (2,042) |                                                                                                                                                                                                                  |
| Non-GAAP operating expenses:            |      |                    |                    |               |                |                   |                    |               |                |                   |                    |                         |            |            |                                                                                                                                                                                                                  |
| Transaction expense                     |      | 3,958              | 3,603              | 3,541         | 3,283          | 3,324             | 2,988              | 3,044         | 2,817          | 2,952             | 2,564              | \$ 14,385               | \$ 12,173  | \$ 10,315  |                                                                                                                                                                                                                  |
| Transaction and credit losses           |      | 396                | 446                | 398           | 442            | 388               | 367                | 448           | 369            | 350               | 268                | 1,682                   | 1,572      | 1,060      |                                                                                                                                                                                                                  |
| Customer support and operations         |      | 387                | 395                | 415           | 412            | 468               | 453                | 469           | 455            | 472               | 447                | 1,609                   | 1,845      | 1,790      |                                                                                                                                                                                                                  |
| Sales and marketing                     |      | 378                | 356                | 378           | 348            | 432               | 463                | 499           | 491            | 573               | 470                | 1,460                   | 1,885      | 2,082      |                                                                                                                                                                                                                  |
| Technology and development              |      | 604                | 574                | 584           | 557            | 632               | 628                | 626           | 610            | 624               | 574                | 2,319                   | 2,496      | 2,236      |                                                                                                                                                                                                                  |
| General and administrative              |      | 428                | 380                | 377           | 398            | 446               | 415                | 418           | 398            | 440               | 389                | 1,583                   | 1,677      | 1,584      |                                                                                                                                                                                                                  |
| Restructuring and other charges         |      | 3                  | 17                 | 34            | —              | —                 | —                  | —             | —              | —                 | —                  | 54                      | —          | —          |                                                                                                                                                                                                                  |
| Total operating expenses                |      | \$ 6,154           | \$ 5,771           | \$ 5,727      | \$ 5,440       | \$ 5,690          | \$ 5,314           | \$ 5,504      | \$ 5,140       | \$ 5,411          | \$ 4,712           | \$ 23,092               | \$ 21,648  | \$ 19,067  |                                                                                                                                                                                                                  |

# 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, |           |           |
|---------------------------------------------------------------------|--------------------|--------------------|---------------|----------------|-------------------|--------------------|---------------|----------------|-------------------|--------------------|-------------------------|-----------|-----------|
|                                                                     | December 31, 2023  | 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 | 2023                    | 2022      | 2021      |
| GAAP net revenues                                                   | \$ 8,026           | \$ 7,418           | \$ 7,287      | \$ 7,040       | \$ 7,383          | \$ 6,846           | \$ 6,806      | \$ 6,483       | \$ 6,918          | \$ 6,182           | \$ 29,771               | \$ 27,518 | \$ 25,371 |
| GAAP operating income                                               | 1,728              | 1,168              | 1,133         | 999            | 1,244             | 1,118              | 764           | 711            | 1,050             | 1,043              | 5,028                   | 3,837     | 4,262     |
| Stock-based compensation expense and related employer payroll taxes | 404                | 395                | 379           | 380            | 308               | 239                | 329           | 479            | 339               | 316                | 1,558                   | 1,355     | 1,539     |
| Amortization of acquired intangible assets                          | 54                 | 58                 | 58            | 57             | 116               | 119                | 119           | 117            | 116               | 110                | 227                     | 471       | 441       |
| Restructuring                                                       | 2                  | 3                  | —             | 117            | 8                 | 23                 | 71            | 20             | —                 | —                  | 122                     | 122       | 27        |
| Other                                                               | (316)              | 23                 | (10)          | 47             | 17                | 33                 | 19            | 16             | 2                 | 1                  | (256)                   | 85        | 35        |
| Total non-GAAP operating income adjustments                         | 144                | 479                | 427           | 601            | 449               | 414                | 538           | 632            | 457               | 427                | 1,651                   | 2,033     | 2,042     |
| Non-GAAP operating income                                           | \$ 1,872           | \$ 1,647           | \$ 1,560      | \$ 1,600       | \$ 1,693          | \$ 1,532           | \$ 1,302      | \$ 1,343       | \$ 1,507          | \$ 1,470           | \$ 6,679                | \$ 5,870  | \$ 6,304  |
| GAAP operating margin                                               | 21.5 %             | 15.7 %             | 15.5 %        | 14.2 %         | 16.8 %            | 16.3 %             | 11.2 %        | 11.0 %         | 15.2 %            | 16.9 %             | 16.9 %                  | 13.9 %    | 16.8 %    |
| Non-GAAP operating margin                                           | 23.3 %             | 22.2 %             | 21.4 %        | 22.7 %         | 22.9 %            | 22.4 %             | 19.1 %        | 20.7 %         | 21.8 %            | 23.8 %             | 22.4 %                  | 21.3 %    | 24.8 %    |

# 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, |          |          |
|------------------------------------------------------------------|--------------------|--------------------|---------------|----------------|-------------------|--------------------|---------------|----------------|-------------------|--------------------|-------------------------|----------|----------|
|                                                                  | December 31, 2023  | 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 | 2023                    | 2022     | 2021     |
| GAAP income before income taxes                                  | \$ 1,793           | \$ 1,241           | \$ 1,303      | \$ 1,074       | \$ 1,110          | \$ 1,578           | \$ 49         | \$ 629         | \$ 706            | \$ 1,165           | \$ 5,411                | \$ 3,366 | \$ 4,099 |
| GAAP income tax expense (benefit)                                | 391                | 221                | 274           | 279            | 189               | 248                | 390           | 120            | (95)              | 78                 | 1,165                   | 947      | (70)     |
| GAAP net income (loss)                                           | 1,402              | 1,020              | 1,029         | 795            | 921               | 1,330              | (341)         | 509            | 801               | 1,087              | 4,246                   | 2,419    | 4,169    |
| Non-GAAP adjustments to net income:                              |                    |                    |               |                |                   |                    |               |                |                   |                    |                         |          |          |
| Non-GAAP operating income adjustments (see table above)          | 144                | 479                | 427           | 601            | 449               | 414                | 538           | 632            | 457               | 427                | 1,651                   | 2,033    | 2,042    |
| (Gains) losses on strategic investments                          | 4                  | (24)               | (133)         | (48)           | 141               | (495)              | 672           | (14)           | 290               | (173)              | (201)                   | 304      | (46)     |
| Other certain significant gains, losses, or charges              | 21                 | —                  | —             | 18             | (21)              | —                  | 431           | —              | —                 | 43                 | 39                      | 410      | 36       |
| Tax effect of non-GAAP adjustments                               | 33                 | (48)               | (34)          | (40)           | (73)              | 5                  | (221)         | (95)           | (229)             | (65)               | (89)                    | (384)    | (746)    |
| Non-GAAP net income                                              | \$ 1,604           | \$ 1,427           | \$ 1,289      | \$ 1,326       | \$ 1,417          | \$ 1,254           | \$ 1,079      | \$ 1,032       | \$ 1,319          | \$ 1,319           | \$ 5,646                | \$ 4,782 | \$ 5,455 |
| Shares used in diluted share calculation:                        |                    |                    |               |                |                   |                    |               |                |                   |                    |                         |          |          |
| GAAP                                                             | 1,084              | 1,098              | 1,114         | 1,134          | 1,144             | 1,157              | 1,158         | 1,172          | 1,183             | 1,187              | 1,107                   | 1,158    | 1,186    |
| Non-GAAP                                                         | 1,084              | 1,098              | 1,114         | 1,134          | 1,144             | 1,157              | 1,160         | 1,172          | 1,183             | 1,187              | 1,107                   | 1,158    | 1,186    |
| Net income (loss) per diluted share:                             |                    |                    |               |                |                   |                    |               |                |                   |                    |                         |          |          |
| GAAP                                                             | \$ 1.29            | \$ 0.93            | \$ 0.92       | \$ 0.70        | \$ 0.81           | \$ 1.15            | \$ (0.29)     | \$ 0.43        | \$ 0.68           | \$ 0.92            | \$ 3.84                 | \$ 2.09  | \$ 3.52  |
| Non-GAAP                                                         | \$ 1.48            | \$ 1.30            | \$ 1.16       | \$ 1.17        | \$ 1.24           | \$ 1.08            | \$ 0.93       | \$ 0.88        | \$ 1.11           | \$ 1.11            | \$ 5.10                 | \$ 4.13  | \$ 4.60  |
| GAAP effective tax rate                                          | 22 %               | 18 %               | 21 %          | 26 %           | 17 %              | 16 %               | 796 %         | 19 %           | (13)%             | 7 %                | 22 %                    | 28 %     | (2)%     |
| Tax effect of non-GAAP adjustments to net income                 | (5)%               | (2)%               | (2)%          | (7)%           | — %               | — %                | (782)%        | (2)%           | 22 %              | — %                | (4)%                    | (12)%    | 13 %     |
| Non-GAAP effective tax rate                                      | 17 %               | 16 %               | 19 %          | 19 %           | 17 %              | 16 %               | 14 %          | 17 %           | 9 %               | 7 %                | 18 %                    | 16 %     | 11 %     |

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

| (In Millions/Unaudited)                                                                          | Three Months Ended   |                       |                  |                   |                      |                       |                  |                   |                      |                       | Year Ended December 31, |          |          |
|--------------------------------------------------------------------------------------------------|----------------------|-----------------------|------------------|-------------------|----------------------|-----------------------|------------------|-------------------|----------------------|-----------------------|-------------------------|----------|----------|
|                                                                                                  | December 31,<br>2023 | September 30,<br>2023 | June 30,<br>2023 | March 31,<br>2023 | December 31,<br>2022 | September 30,<br>2022 | June 30,<br>2022 | March 31,<br>2022 | December 31,<br>2021 | September 30,<br>2021 | 2023                    | 2022     | 2021     |
| Net cash provided by (used in) operating activities                                              | \$ 2,614             | \$ 1,259              | \$ (200)         | \$ 1,170          | \$ 1,591             | \$ 1,755              | \$ 1,250         | \$ 1,217          | \$ 1,640             | \$ 1,308              | \$ 4,843                | \$ 5,813 | \$ 5,797 |
| Less: Purchases of property and equipment                                                        | (145)                | (158)                 | (150)            | (170)             | (158)                | (182)                 | (175)            | (191)             | (213)                | (227)                 | (623)                   | (706)    | (908)    |
| Free cash flow                                                                                   | 2,469                | 1,101                 | (350)            | 1,000             | 1,433                | 1,573                 | 1,075            | 1,026             | 1,427                | 1,081                 | 4,220                   | 5,107    | 4,889    |
| Net impact of European BNPL receivables originated as HFS and the subsequent sale of receivables | (1,695)              | 810                   | 1,219            | —                 | —                    | —                     | —                | —                 | —                    | —                     | 334                     | —        | —        |
| Adjusted free cash flow                                                                          | 774                  | 1,911                 | 869              | 1,000             | 1,433                | 1,573                 | 1,075            | 1,026             | 1,427                | 1,081                 | 4,554                   | 5,107    | 4,889    |

# 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 significant 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.

**Monthly Active Accounts:** Monthly Active Accounts or "MAA" are a subset of Active Accounts (primarily PayPal and Venmo)<sup>1</sup> that have completed a transaction on our platform at least once during the month of measurement. The number of MAAs provides management with perspective on the overall scale of our platform reflecting recent usage but may not have a direct relationship to our operating results. MAAs presented at the end of a quarter or year are the average of each month's MAAs in the respective quarter or year.

**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.

**Number of Payment Transactions per Active Account excluding Unbranded Card Processing<sup>2</sup>:** The number of payment transactions per active account excluding unbranded card processing or "TPA ex. PSP" reflects the total number of payment transactions within the previous 12-month period excluding all unbranded card processing transactions, divided by active accounts at the end of the period excluding unbranded card processing accounts. This metric provides management with insight into the average number of times an account engages in payments activity on our payments platform in a given period, apart from unbranded card processing activity.

**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 Loss Rate:** Transaction loss rate is transaction losses divided by TPV.

**Credit Loss Rate:** Credit loss rate is credit losses divided by TPV.

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

**Transaction Margin Dollars (\$):** Transaction margin dollars or "TM \$" is total revenue less transaction expense and transaction and credit losses.

(1) MAAs exclude Braintree, Hyperwallet, Zettle, and certain other products that do not reflect engagement from a consumer perspective.

(2) Unbranded Card Processing is primarily comprises Braintree full-stack volume and does not include gateway-exclusive volume. Unbranded processing also includes unbranded credit and debit card processing on the PayPal platform.

