PayPal

Q4-20 Investor Update

February 3, 2021

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Non-GAAP Financial Measures; Forward-Looking Statements

This presentation contains non-GAAP measures relating to our performance. These measures may include adjustments attributable to the reclassification of the U.S. consumer credit receivable portfolio as held for sale from November 2017 and may exclude certain expenses, gains and losses that may not be indicative of our core operating results and business outlook, and, in each case, may be different from the non-GAAP financial measures used by other companies. The presentation of this financial information, which is not prepared under any comprehensive set of accounting rules or principles, is not intended to be considered in isolation of, or as a substitute for, the financial information prepared and presented in accordance with generally accepted accounting principles. You can find the reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures in the Supplemental Information at the end of this presentation.

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

All growth rates represent year-over-year comparisons, except as otherwise noted. FX-Neutral (which we also refer to as FXN or currency neutral) results are calculated by translating the current period's local currency results by the prior period's exchange rate. FX-Neutral growth rates are calculated by comparing the current period's FX-Neutral results with the prior period's results, excluding the impact from currency hedging activities.

This presentation contains forward-looking statements relating to, among other things, the future results of operations, financial condition, expectations and plans of PayPal Holdings, Inc. and its consolidated subsidiaries that reflect PayPal's current projections and forecasts. Forward-looking statements can be identified by words such as "may," "will," "would," "should," "could," "expect," "anticipate," "believe," "estimate," "intend," "strategy," "future," "opportunity," "plan," "project," "forecast" and other similar expressions. Forward-looking statements may include, but are not limited to, statements regarding our guidance and projected financial results for first quarter and full year 2021, the impact and timing of 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: the impact of the COVID-19 pandemic, natural disasters or other business interruptions on our business and financial condition, as well as our customers, suppliers, vendors and other business partners; the effect of global and regional political, economic, market, trade and related conditions that affect payments or commerce growth; our ability to compete in markets that are highly competitive and subject to rapid technological change, and to develop new or enhanced products and services on a timely basis; cyberattacks and security vulnerabilities in our products and services and associated impacts; the stability, security and performance of our Payments Platform and Honey Platform; regulatory, antitrust, payment card association-related and other risks specific to our business, products and services; our ability to detect and prevent fraud; the impact of complex and changing laws and regulations worldwide, which expose us to potential liabilities, increased costs, and other adverse effects on our business, our ability to manage regulatory and litigation risks, and the outcome of legal and regulatory proceedings; fluctuations in foreign currency exchange rates; changes in tax rates and exposure to additional tax liabilities; changes to our capital allocation, management of operating cash or incurrence of indebtedness; our ability to timely upgrade and develop our technology systems, infrastructure and customer service capabilities; our ability to successfully identify, manage, and integrate any existing and potential acquisitions; and our ability to attract, hire, and retain highly qualified personnel. The forward-looking statements in this presentation do not include the potential impact of any acquisitions or divestitures that may be announced and/or contemplated after the date of this presentation.

More information about factors that could adversely affect PayPal's results of operations, financial condition and prospects or that could cause actual results to differ from those expressed or implied in forward-looking statements is included under the captions "Risk Factors", "Legal Proceedings," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in PayPal's annual report on Form 10-K, a copy of which may be obtained by visiting PayPal's Investor Relations website at https://investor.pypl.com or the SEC's website at www.sec.gov. All information in this presentation is as of February 3, 2021. For the reasons discussed above, you should not place undue reliance on the forward-looking statements in this presentation. PayPal assumes no obligation to update such forward-looking statements.

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Highlights

2020: Historic year for PayPal

- Strongest growth in TPV and revenue in PayPal's history
  - 31% TPV growth on an FX-neutral basis to $936 billion
  - 22% revenue growth(1) on an FX-neutral basis to $21.5 billion
- Record net new actives (NNAs) added to PayPal's platform → 95% NNA growth
  - ~73M NNAs (including 5.3M merchant accounts), ending the year with 377 million active accounts
  - ~171,000 daily adds on average → 68% more accounts added every day of 2020 than in 2019 (excluding 10.2 million accounts added from Honey acquisition)
- 28% growth in daily active accounts(2) using PayPal core experiences
- Best volume-based expense performance → 85bps as a rate of TPV for transaction expense / 12bps as a rate of TPV for transaction loss
- 187bps of non-GAAP operating margin expansion → 25.1% non-GAAP operating margin
- 31% non-GAAP EPS growth to $3.88
- $5 billion in free cash flow (FCF) → 23 cents of FCF for every $1 of revenue

2021 Outlook: Another strong year ahead

- Expect to add ~50 million active accounts in FY-21
- TPV expected to grow in the high 20's on a percentage basis (spot and FX-neutral)
- Rapid cadence of product launches and enhanced experiences expected to continue → key focus areas: in-store payments, buy now pay later, digital currencies, bill payment, marketplaces, cross-border commerce, PayPal and Venmo digital wallet experiences
- ~$25.5 billion in revenue expected in 2021
  - ~19% growth on a spot basis (~17% on an FX-neutral basis)
  - Includes ~400bps of pressure from eBay managed payments transition
  - Core payments platform expected to continue to perform at historically high levels
- Expectations for modest non-GAAP operating margin expansion
  - Cost discipline and efficiencies of scale expected to be partially offset by organic investments
- Non-GAAP EPS growth expected to be ~17%
- Expect to generate ~$6 billion in free cash flow

Non-GAAP operating margin and expenses presented on a non-GAAP basis are non-GAAP financial measures. Please see the Supplemental Information for a reconciliation of these Non-GAAP financial measures to the most directly comparable GAAP financial measures.
Non-GAAP earnings per share and free cash flow are Non-GAAP financial measures. Certain cash flows were reclassified beginning with the fourth quarter of 2020. See the section titled "Reclassification of Certain Cash Flows" within Supplemental Information for further details.
(1) Revenue growth is calculated based on Non-GAAP revenue normalized for 2017 credit receivables sale. Refer to Supplemental Information for reconciliation of Non-GAAP to GAAP revenue.
(2) 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.

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Full Year 2020 Summary

Strong performance across key performance metrics

Active Accounts

377M

Includes **~29M** active merchant accounts

- **24%** increase y/y

72.7M

Net new active accounts (NNAs) added in 2020(1)

- **95%** increase y/y

Customer Engagement

40.9

Payment transactions per active account (TPA)

- **1%** increase y/y
- **5%** increase y/y, and 42.7 TPA, excluding active accounts related to the Honey acquisition
- **28%** increase y/y in daily active accounts using PayPal core experiences

Total Payment Volume

$936B

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

  Highest annual TPV growth rate in PayPal's history, despite ~40% y/y decline in travel and events verticals

Revenue

$21.45B

- **21%** spot and **22%** FX-neutral y/y growth

Non-GAAP EPS(2)

$3.88

- **31%** increase y/y

Free Cash Flow(2)

$5.0B

23% as % of revenue

(1) Includes 10.2M NNAs added from the acquisition of Honey and 5.6M Honey NNAs in 2020.
(2) Non-GAAP earnings per share and free cash flow are Non-GAAP financial measures. Please see the Supplemental Information for a reconciliation of these Non-GAAP financial measures to the most directly comparable GAAP financial measures. Certain cash flows were reclassified beginning with the fourth quarter of 2020. See the section titled "Reclassification of Certain Cash Flows" within Supplemental Information for further details.

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Fourth Quarter 2020 Summary

Strong performance across key performance metrics

Active Accounts

16.0M

Net new active accounts (NNAs) added in Q4

Includes **1.4M** active merchant accounts

72% increase y/y

Customer Engagement

40.9

Payment transactions per active account (TPA)

1% increase y/y

5% increase y/y, and 42.7 TPA, excluding active accounts related to the Honey acquisition

29% increase y/y in daily active accounts using PayPal core experiences

Total Payment Volume

$277B

39% spot and **36%** FX-neutral y/y growth

40% FX-neutral growth excluding eBay, a record

Revenue

$6.12B

23% spot and FX-neutral y/y growth

Non-GAAP EPS(1)

$1.08

29% increase y/y

Free Cash Flow(1)

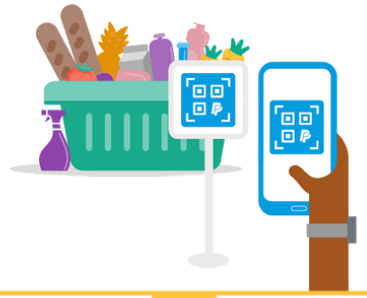
$1.1B

18% as % of revenue

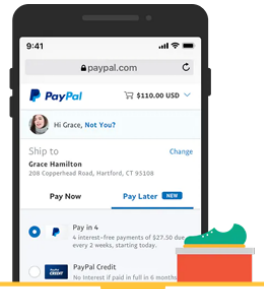
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Innovating at Scale in 2020



QR Code Checkout
05•20



Buy Now, Pay Later
08•20



Venmo Credit Card
10•20



Crypto Buy, Hold, Sell
10•20

Stimulus Check Direct Deposit
04•20

Paycheck Protection Program Participation
04•20

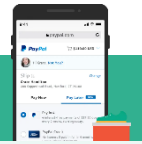
iZettle QR Code Payments in UK
12•20

Enhanced Giving Platform
11•20

Xoom Direct Transfers to Bank Accounts and Debit Cards
11•20

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Strategic Initiatives



GLOBAL PAY LATER INITIATIVES

- U.S. and U.K. products launched in H2-20
- No additional fees or interest for consumers(1)
- Seamless wallet integration
- No fees or credit risk for merchants
- Rapidly scaling across consumer and merchant platform

Q4 2020 Results(2)

$750M+
volume

~250K
unique merchants

~2.8M
unique consumers

~14K
merchants with upstream presentment



DIGITAL CURRENCY INITIATIVES

Experience today: Buy, Hold and Sell Cryptocurrencies

- Launched buy, hold and sell experience in U.S. on October 21, 2020
- By the end of November fully ramped to PayPal's U.S. consumers
- Cryptocurrencies include: Bitcoin, Bitcoin Cash, Ethereum and Litecoin
- Plans to expand to Venmo and select international markets in H1-21
- TPV will not be recognized for cryptocurrency buy, hold and sell use case; revenue will be recognized on a net basis within transaction revenue
- Customers who purchase cryptocurrency have been logging into PayPal at a rate **2x** their login frequency prior to purchasing cryptocurrency

2021 initiatives and strategic direction:

- Commerce experience to launch later in 2021: cryptocurrency as a funding source to pay at PayPal's ~29 million merchants around the globe
  - No additional integrations or fees for merchants, as all transactions will be settled with fiat currency
- Help shape the role of digital currencies in consumer payments

(1) Late fee amount and eligibility for Pay in 4 varies by state. Loans to California residents are made or arranged pursuant to a California Finance Lenders Law License.
(2) Q4-20 results include Pay in 4 (U.S.), Pay in 3 (U.K.), PayPal Ratenzahlung (Germany) and Paiement en 4X (France)

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PayPal Ventures: Success Scaling FinTech Innovation

PayPal Ventures invests in startups that are helping to build a global financial system that is more transparent, personalized, inclusive and customer-focused

New Strategic Investments in Q4-20

Extend
Extended Warranty Startup

Divvy
Corporate Card and Expense Management Software

TAXbit
Cryptocurrency Tax Software

Modulr
Payments-as-a-Service Platform

tink
European Open Banking Platform (follow-on)

PAXOS
Blockchain Infrastructure Platform and Buy, Hold, Sell Crypto Partner

Black and Latinx-Led Venture Capital Funds

PRECURSOR VENTURES · chingona ventures · FEARLESS fund · HARLEM CAPITAL PARTNERS · SLAUSON&CO. · VamosVentures · ZEAL CAPITAL PARTNERS

Notable Portfolio Developments

Even
Signed PayPal as a customer, bringing early wage access to PayPal employees

Happy Returns®
Partnered with FedEx to offer in-person returns at 2,000+ FedEx Office locations

acorns
Partnered with ZipRecruiter to launch first of its kind in-app job portal

Learn more by visiting https://www.paypal.com/us/webapps/mpp/paypal-ventures

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Powering Giving in a Year Unlike Any Other

The PayPal Giving Platform places the power of fundraising in customers' hands

In 2020, the PayPal community donated more than

$17.7B

to nonprofits and causes, **+11%** increase from 2019

On GivingTuesday (December 1, 2020), PayPal processed a record

$185M

in donations to nonprofits and causes

- **+40%** increase from GivingTuesday in 2019
- More than **1.75M** PayPal customers in nearly **200** markets donated to causes they care about

PayPal's Generosity Network

Introduced the Generosity Network in November, a new giving platform that allows PayPal customers to create fundraising campaigns to help the people, causes and communities they care about by raising up to $20,000 over a 30-day period. PayPal's Generosity Network unlocks a new way for people to get and give help, providing an accessible, easy and secure platform that connects fundraisers with millions of PayPal customers who can offer their support.



PayPal Giving Platform

PayPal Giving Fund | Give at Checkout | Donate Credit Card Rewards | Generosity Network

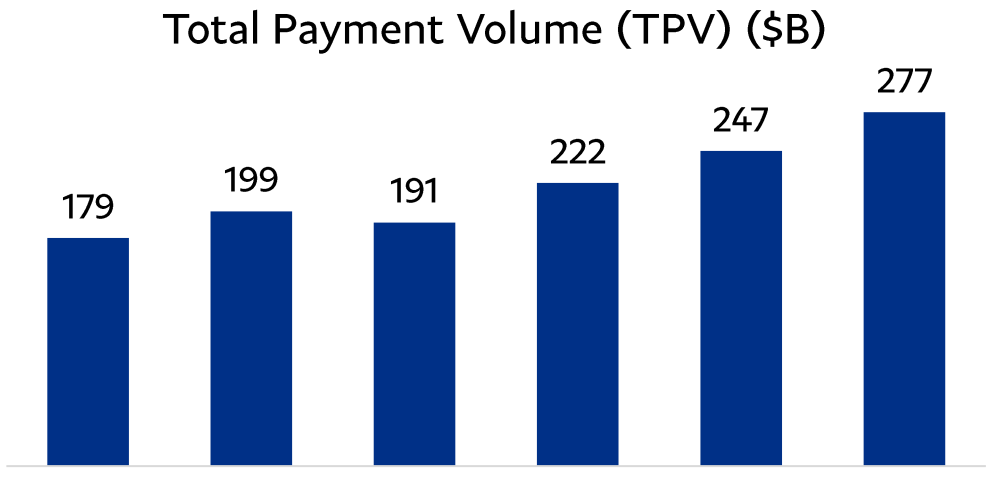
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Q4-20 Business Updates

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Q4-20 Total Payment Volume (TPV)

36% FXN growth... highest in PayPal's history



	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20
FXN Y/Y Growth	27%	22%	19%	30%	36%	36%

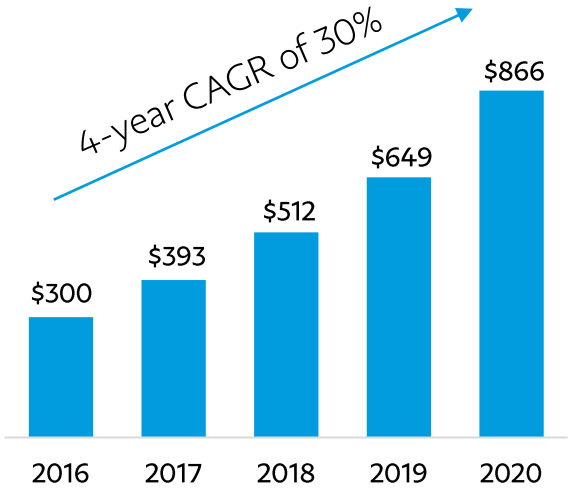
- $277 billion of TPV; grew 39% on a spot basis and 36% on an FX-neutral basis, despite ~50% decline in volumes from travel and events verticals
- P2P volume, which includes PayPal, Venmo and Xoom, increased 46% to $78B and represented 28% of TPV
- Venmo volume increased 60% to ~$47B
- eBay TPV grew 1% on an FX-neutral basis and represented 6% of TPV
- TPV ex-eBay grew 40% on an FX-neutral basis

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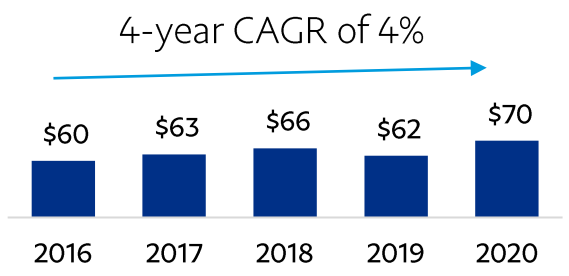
Merchant Services Growth Outpacing eBay Marketplaces

Expanding and diversifying our platform since separation

Merchant Services TPV ($B)

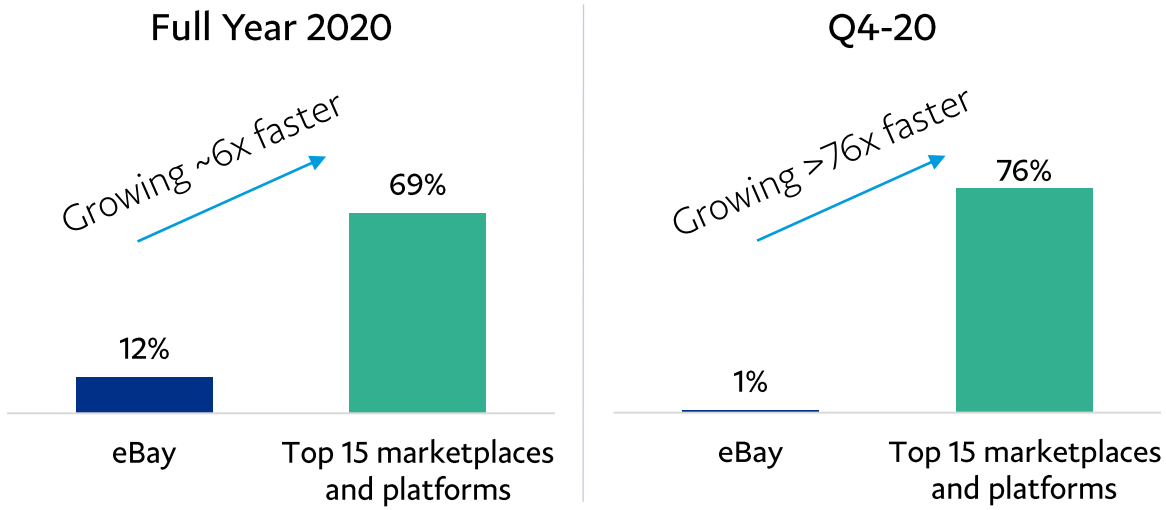


eBay TPV on our platform ($B)



- FY-16 to FY-20 TPV CAGR of 27%
  - Merchant Services TPV CAGR of 30%
  - eBay TPV CAGR of 4%
- eBay represented 6% of TPV in Q4-20 vs. 19% in Q4-15

Top 15 marketplaces and platforms TPV growth vs. eBay TPV growth (FXN)

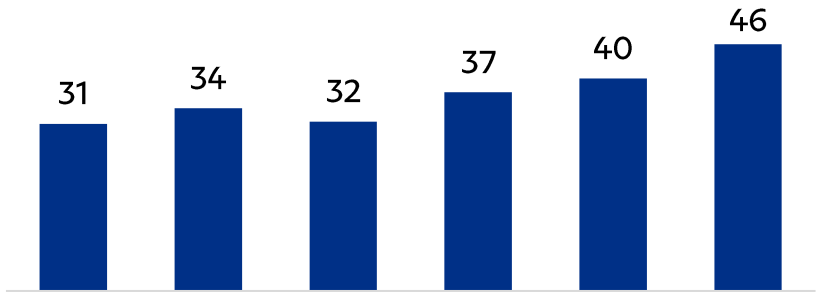


- ~$99 billion of TPV from top 15 marketplaces and platforms in the last twelve months with volumes growing ~6x faster than eBay marketplaces volume
- In Q4-20, volume growth for PayPal's top marketplaces and platforms grew >76x faster than eBay marketplaces volume

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Q4-20 TPV: Cross-Border Trade (CBT)

Cross-Border Trade TPV[(1)] ($B)



	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20
FXN Y/Y Growth	16%	14%	10%	24%	24%	31%
Y/Y Growth	13%	13%	9%	22%	27%	35%
Share of Total TPV	17%	17%	17%	17%	16%	17%

Q4-20: Fastest Growing CBT Categories

- Fashion
- Cosmetics
- Gaming
- Auto Parts
- Home Goods

- CBT TPV was ~$46 billion in Q4-20, up 31% on an FX-neutral basis. Volume strength was driven by recovery in key European corridors
  - Key corridors in Q4-20 include intra-European corridors, U.K. to EU and U.S. to China, Canada and U.K.
  - CBT TPV represented 17% of TPV in both Q4-20 and Q4-19

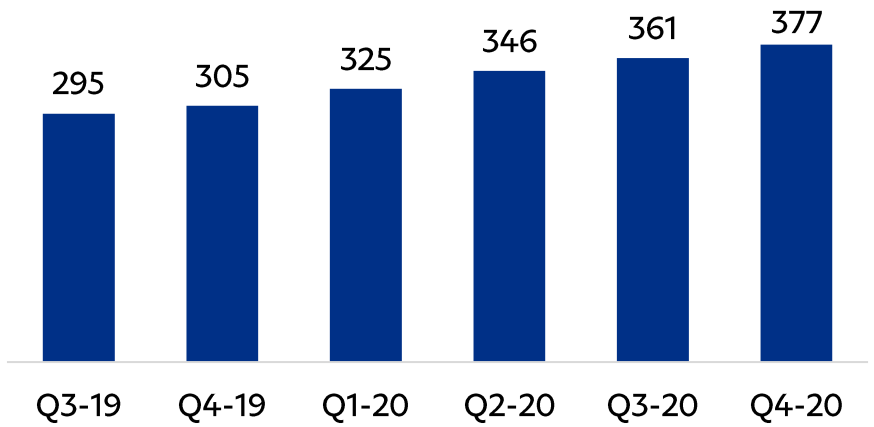
(1) In a typical purchase transaction, cross border TPV is counted in the region where the merchant is located. For example, in the case of a U.S. seller and a German buyer, the TPV is counted in the U.S.

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Q4-20 Active Accounts

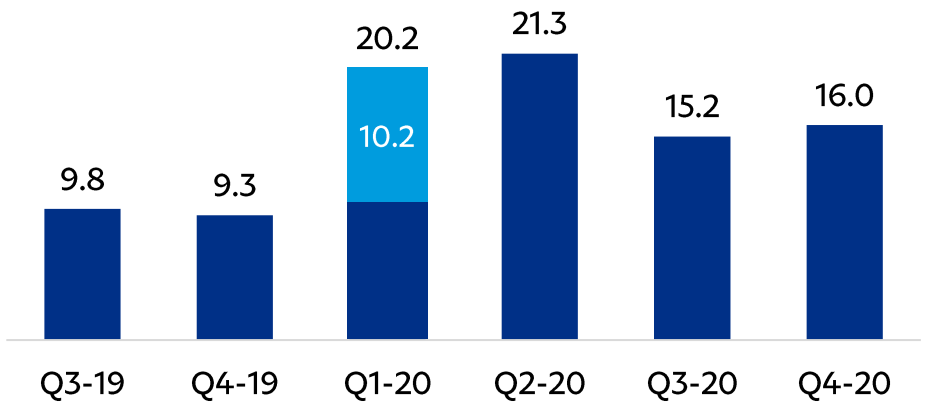
16.0 million NNAs added in the quarter; 72.7 million NNAs added in FY-20

Active Accounts (M)



	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20
Y/Y Growth	16%	14%	17%	21%	22%	24%

Net New Active Accounts (M)



One-time NNA addition from the acquisition of Honey

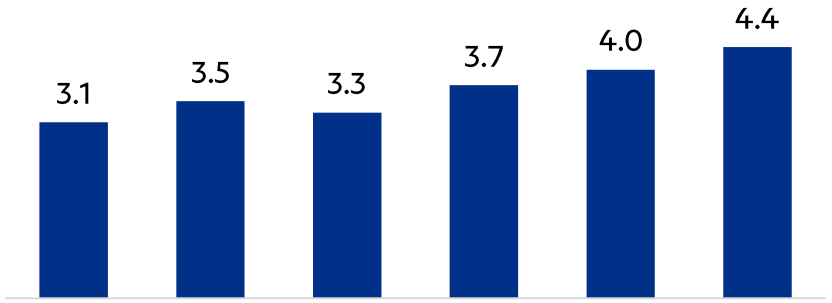
- Ended the quarter with 377 million active accounts, up 24%, including ~29 million merchant accounts
- Added 16.0 million active accounts in Q4-20, with strength across PayPal, Venmo, Honey and Xoom
  - Includes 1.4 million merchant accounts added in Q4-20, up 137% from Q4-19

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Q4-20 Customer Engagement[1]

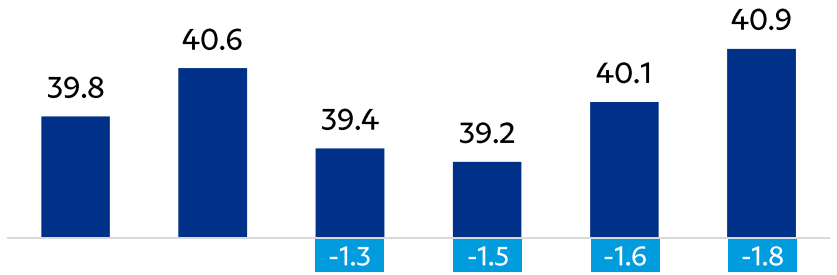
TPA of 40.9; excluding acquisition of Honey, TPA of 42.7

Number of Payment Transactions (B)



	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20
Y/Y Growth	25%	21%	15%	26%	30%	27%

Customer Engagement



	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20
	9%	10%	7%*	4%*	5%*	5%*

*Excluding impact of Honey

Impact of Honey NNAs[2]

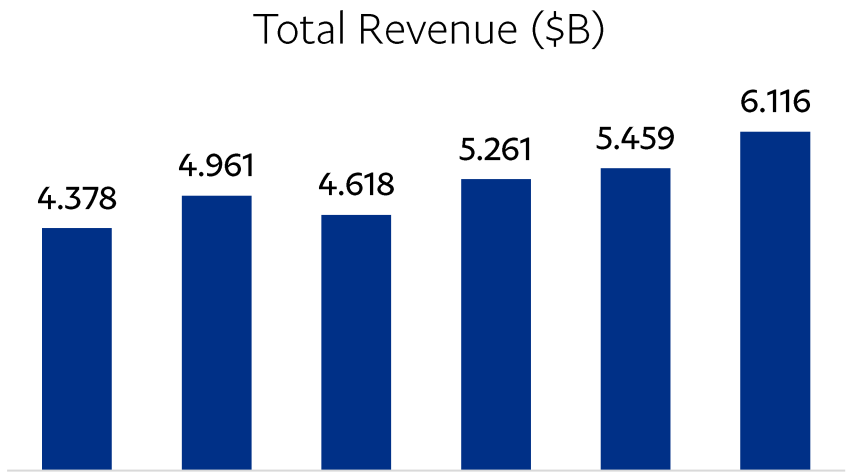
- Processed ~4.4 billion payment transactions during Q4-20, up 27%
- In Q4, growth in TPA was negatively impacted by:
  - Record net new actives added in the year
  - ~30% fewer travel and event transactions in Q4-20 v. Q4-19
  - Inclusion of Honey active accounts[2]
- ~29% growth in daily active accounts using PayPal core experiences v. Q4-19

(1) Customer Engagement or engagement is defined as number of payment transactions per active account
(2) Honey is dilutive to engagement as Honey's actives are included within active accounts (denominator), but Honey's transactions are not included within payment transactions (numerator)

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Q4-20 Revenue

FXN growth rate of 23% in Q4



	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20
Spot Y/Y Growth	19%	17%	12%	22%	25%	23%
FXN Y/Y Growth	19%	18%	13%	25%	25%	23%

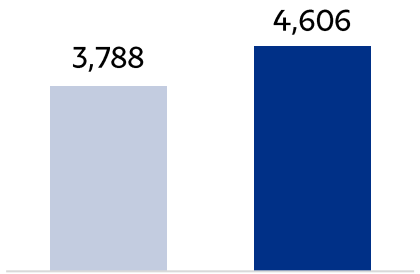
- Total Revenue grew 23% on an FX-neutral basis, including ~1.7 points of growth from the acquisition of Honey
- Transaction Revenue grew 25% on an FX-neutral basis, accelerating ~7 points on y/y basis. Strength across PayPal checkout experiences in U.S. and International markets contributed to transaction revenue growth
- Transaction revenue excluding eBay grew 30%, accelerating ~8 points on a y/y basis. eBay's managed payments transition was an ~3.5 point headwind to total revenue growth in Q4-20
- Hedging losses, which are recognized in international transaction revenue, were $38 million in Q4-20 versus hedging gain of $58 million in Q4-19
- Exiting Q4, at rates as of December 31, 2020, we estimate that our current derivative positions would result in the recognition of $287 million of hedging losses in international transaction revenue over the next 12 months
- Other Value Added Services (OVAS) Revenue increased 1% on an FX-neutral basis driven by Honey revenue, offset by reduced interest income on customer balances as a result of lower interest rates and lower credit revenue

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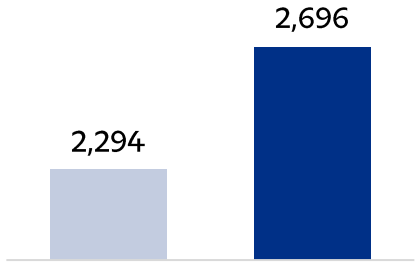
Q4-20 Delivering Operating Leverage

>100 basis points of non-GAAP operating margin expansion in Q4-20

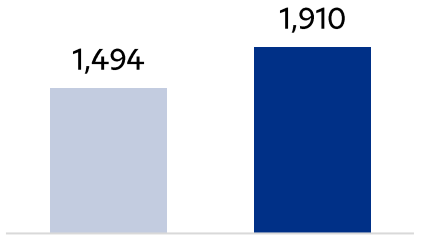
Total Expenses[1] ($M)



Volume-based Expenses[1,2] ($M)

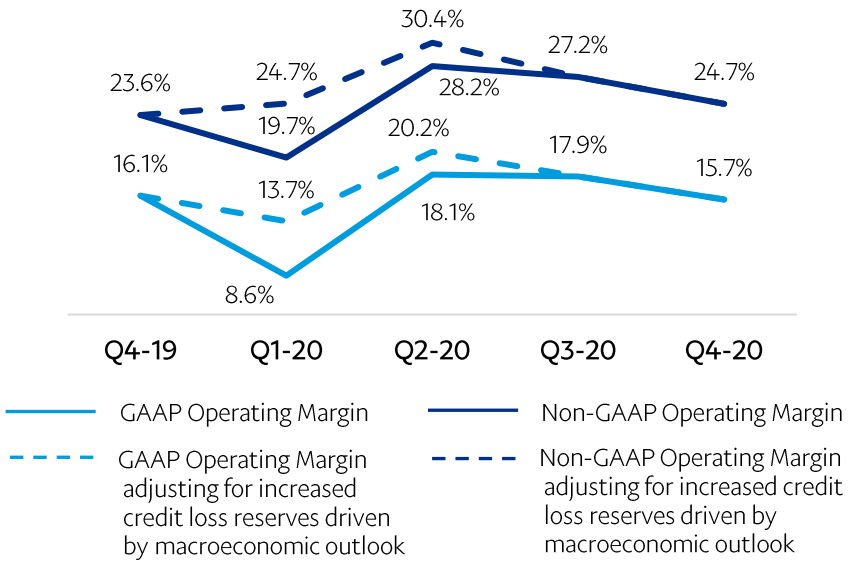


Non-transaction Related Expenses[1,3] ($M)



	Q4-19	Q4-20	Q4-19	Q4-20	Q4-19	Q4-20
Y/Y Growth	14.3%	21.6%	19.6%	17.5%	7.1%	27.8%
% of Revenue	76.4%	75.3%	46.2%	44.1%	30.1%	31.2%

GAAP and Non-GAAP Operating Margin



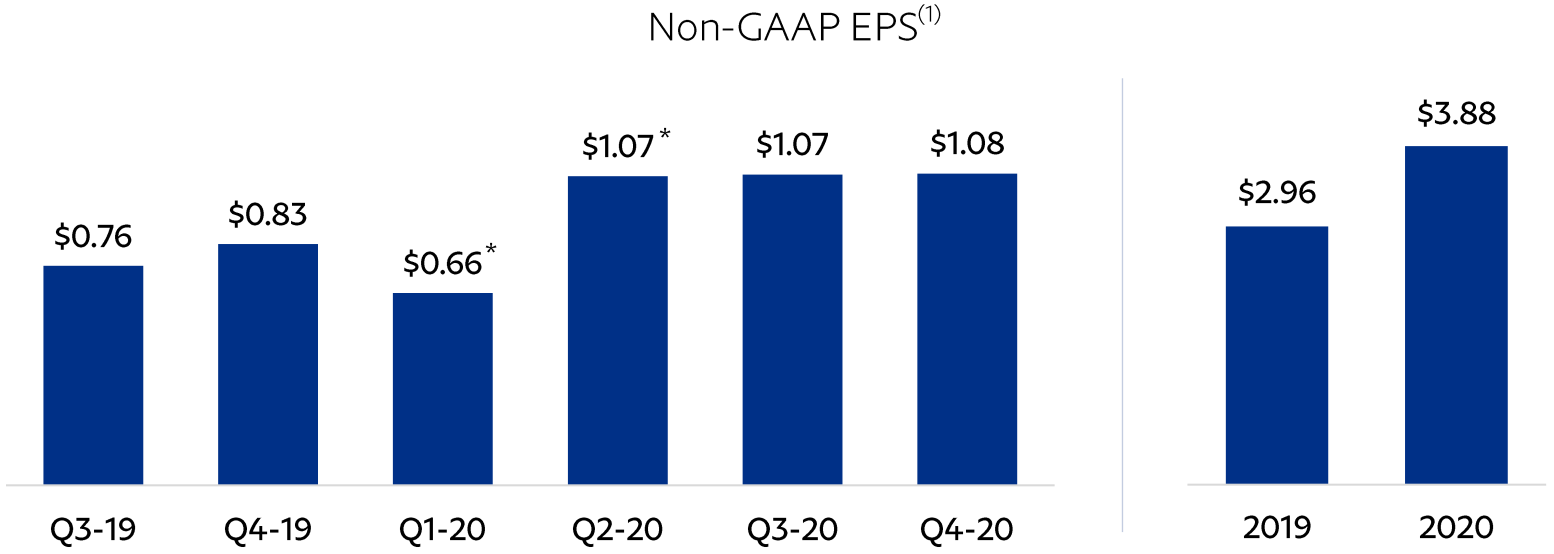
- Volume-based expenses grew 18%, delivering ~220 basis points of leverage
- Non-transaction related expenses grew 27.8%. Adjusting for acquisitions announced in 2019, these expenses grew 22%. Sales and marketing expenses increased 56%
- Non-GAAP operating margin of 24.7%, >100 basis points of expansion. Operating leverage driven by broad-based strength across our business → strong transaction margin performance (+216bps)

(1) Non-GAAP operating margin and expenses presented on a non-GAAP basis are non-GAAP financial measures. Please see the Supplemental Information for a reconciliation of these Non-GAAP financial measures to the most directly comparable GAAP financial measures.
(2) Volume based expenses include transaction expense and transaction and credit losses.
(3) Non-transaction related expenses include customer support and operations, sales and marketing, technology and development, general and administrative and restructuring and other charges.

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Q4-20 EPS

Non-GAAP EPS of $1.08, 29% growth



*Q1-20 and Q2-20 include increased credit loss reserves driven by macroeconomic outlook of $0.17 and $0.07, respectively.

- 2020 non-GAAP EPS grew 31%
- Q4-20 GAAP EPS of $1.32, including $0.60 of net gains related to strategic investments
- Q4-20 non-GAAP other income & expense (OI&E) for the quarter was ($45M), primarily driven by net interest expense (interest expense on debt issued in 2019 and 2020) and lower interest income on corporate cash due to lower interest rates

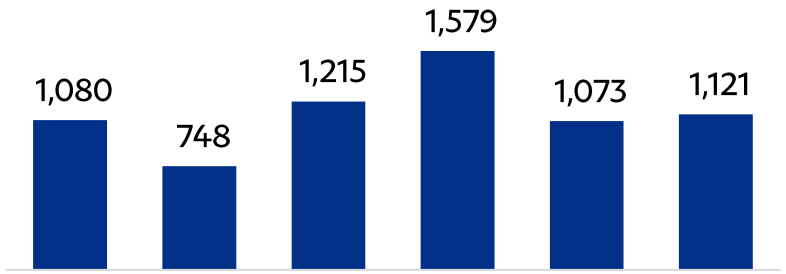
(1) Non-GAAP EPS is a non-GAAP financial measure. Please see the Supplemental Information for a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.

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Q4-20 Free Cash Flow

2020 FCF of $5.0 billion, 48% y/y increase

Free Cash Flow[1] ($M)



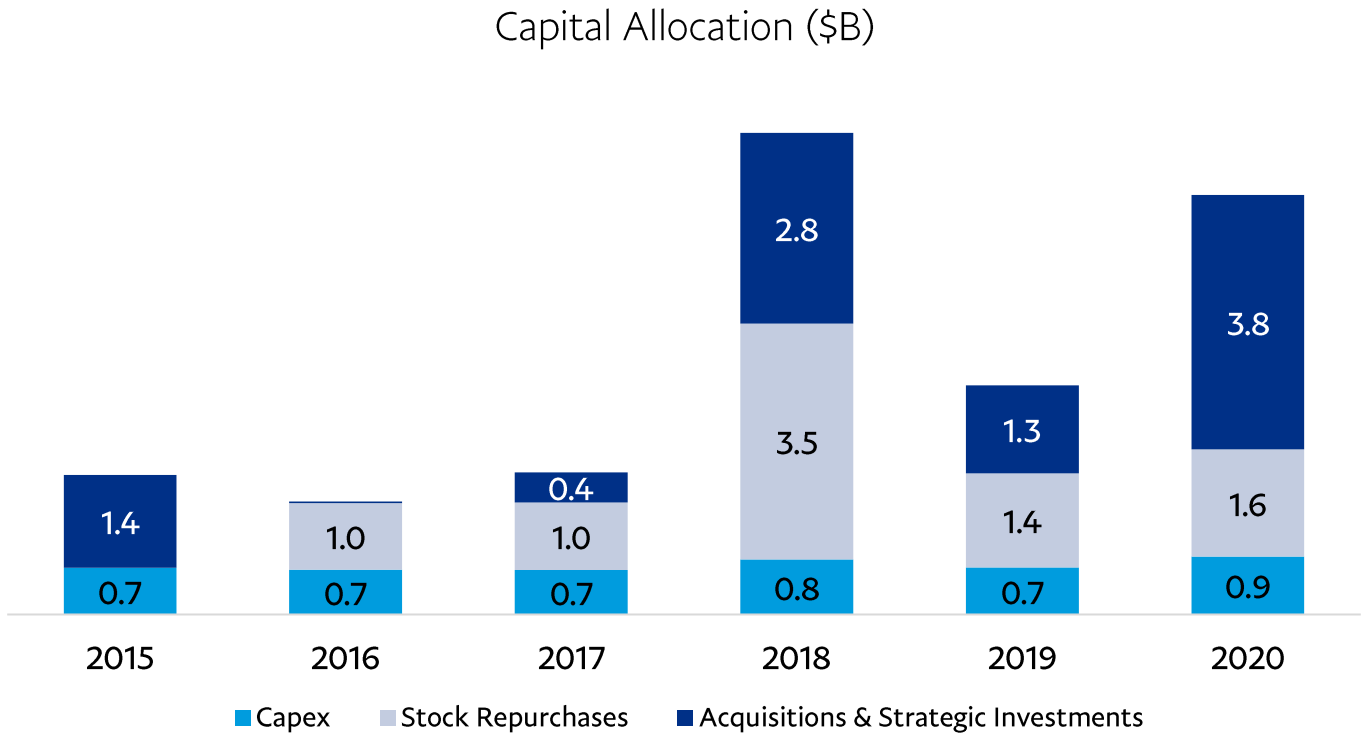
	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20
FCF as % of Revenue	25%	15%	26%	30%	20%	18%
Capex as % of Revenue	4%	4%	4%	4%	4%	4%

- Free Cash Flow (FCF) of $1.12 billion in Q4-20, increasing 50%, and $5.0 billion in FY-20, increasing 48%
- In 2020, for every $1 of revenue, PayPal generated 23 cents of FCF
- Q4-20 capex spend of $226 million; 4% of revenue
- Cash, cash equivalents, short-term and long-term investments of $19.2 billion
  - Cash and cash equivalents of $4.8 billion, short-term investments of $8.3 billion and long-term investments of $6.1 billion, with ~38% held internationally
- Long-term debt of $8.9 billion

(1) Free cash flow is a non-GAAP financial measure. Please see the Supplemental Information for a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.Certain cash flows were reclassified beginning with the fourth quarter of 2020. See the section titled "Reclassification of Certain Cash Flows" within Supplemental Information.

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Q4-20 Capital Allocation



- Generated >$18.4 billion in FCF[(1)] since becoming an independent company in July 2015
- In Q4-20, returned $265 million in capital to shareholders by repurchasing ~1.3 million shares at an average price of $199.43 per share
- Since separation, repurchased 117 million shares of common stock, returning $8.6 billion in capital to shareholders at an average price of $73.48 per share

(1) Free cash flow is a non-GAAP financial measure. Please see the Supplemental Information for a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.Certain cash flows were reclassified beginning with the fourth quarter of 2020. See the section titled "Reclassification of Certain Cash Flows" within Supplemental Information.

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FY-21 Guidance

Expect ongoing momentum with strong TPV growth and NNAs

Revenue (in billions)	~$25.5
Revenue Growth (Spot)	~19%
Non-GAAP EPS Growth	~17%
Free Cash Flow (in billions)	~$6.0

- Non-GAAP effective tax rate of ~17-19%
- CAPEX ~3% of revenue
- GAAP EPS of ~$3.20

- **TPV:** Expect **TPV growth in the high 20's** on a percentage basis
- **NNAs:** Expect to add ~50 million NNAs in FY-21
- **Revenue:** Expect ~19% spot and ~17% FX-neutral revenue growth
  - Expect variability in revenue and earnings growth rates from quarter-to-quarter with Q1-21 representing the highest level of growth
  - Factors impacting the cadence of quarterly expectations include: lapping 2020 performance, cadence of investments/product introductions, travel & events recovery, credit
  - **eBay impact:** Revenue outlook includes expected ~4pts of headwind from eBay's managed payments transition
- **Op margins:** Expect **modest non-GAAP operating margin expansion** while balancing investment in organic growth with operating efficiencies
- Expect higher interest expense and a higher tax rate (relative to FY-20) to offset much of the non-GAAP earnings benefit from op margin expansion; expect OI&E to be a net expense through FY-21
- Expect Non-GAAP EPS growth of ~17% and GAAP EPS of ~$3.20, compared to $3.54 in FY-20, which benefitted from $1.24 in net gains on strategic investments

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.

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Q1-21 Guidance

Q1 expected to represent the highest level of revenue and earnings growth in FY-21

Revenue Growth (Spot)	~28%
Revenue Growth (FXN)	~26%
Non-GAAP EPS Growth	~50%

- Expect revenue growth of ~28% on a spot basis and ~26% on an FX-neutral basis
  - Incorporates sustained momentum in the core business, benefit from stimulus, as well as easier compares (Q1-20 TPV +18% with revenue +12% on a spot basis)
- Expect non-GAAP EPS growth of ~50% and GAAP EPS of ~$0.70 compared to $0.07 in the prior year period
  - In Q1-20, GAAP and non-GAAP EPS included $0.17 of negative impact from increased credit loss reserves due to macroeconomic projections
  - In Q1-20, GAAP EPS included a net unrealized loss of $0.07 on strategic investments, and an approximate $0.22 of negative impact from taxes primarily related to the acquisition of Honey

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.

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Supplemental Information

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Q4-20 PayPal Metrics[(1)]

(in millions, except %)	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20
Active Accounts	**295**	**305**	**325**	**346**	**361**	**377**
Y/Y Growth	16%	14%	17%	21%	22%	24%
Net New Active Accounts	**9.8**	**9.3**	**20.2***	**21.3**	**15.2**	**16.0**
Number of Payment Transactions	**3,090**	**3,461**	**3,261**	**3,742**	**4,013**	**4,408**
Y/Y Growth	25%	21%	15%	26%	30%	27%
Total Payment Volume	**178,670**	**199,404**	**190,567**	**221,731**	**246,691**	**277,072**
Y/Y Growth	25%	22%	18%	29%	38%	39%
FXN Y/Y Growth	27%	22%	19%	30%	36%	36%
US TPV	106,591	118,666	117,056	132,673	149,618	162,931
Y/Y Growth	28%	26%	22%	30%	40%	37%
International TPV	72,079	80,738	73,511	89,058	97,074	114,141
Y/Y Growth	21%	17%	12%	27%	35%	41%
FXN Y/Y Growth	25%	18%	14%	30%	30%	35%
Total Take Rate	**2.45%**	**2.49%**	**2.42%**	**2.37%**	**2.21%**	**2.21%**
Transaction Take Rate	**2.21%**	**2.27%**	**2.21%**	**2.23%**	**2.06%**	**2.05%**
Transaction Expense Rate	0.95%	0.96%	0.91%	0.83%	0.82%	0.84%
Transaction and Loan Loss Rate	0.19%	0.19%	0.31%	0.20%	0.14%	0.13%
Transaction Margin	**53.4%**	**53.8%**	**49.5%**	**56.6%**	**56.7%**	**55.9%**

- Transaction growth of 27%, accelerating ~6 points on y/y basis and decelerating ~3pts on a sequential basis. Strength across PayPal checkout experiences and increased volumes from bill pay transactions contributed to transaction growth
- Cross-border trade (CBT) was 17% of TPV in the quarter, growing 31% on an FX-neutral basis
- 45% of active accounts are outside the U.S.
- Average Payment Volume (APV) was $63, up 9% y/y
- Transaction take rate down ~20 bps year over year. Decline driven by P2P (including Venmo), y/y change in hedge revenue, higher Braintree share (including increased bill pay volumes) and lower eBay volumes

*Includes 10.2 million active accounts that were included from the acquisition of Honey in January 2020
(1) Definitions included in Supplemental Information.

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Q4-20 Financial Detail

($ millions)	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20
Transaction Revenue	$3,955	$4,535	$4,215	$4,945	$5,076	$5,682
Y/Y Growth	18%	18%	13%	28%	28%	25%
Other Value Added Services (OVAS)	$423	$426	$403	$316	$383	$434
Y/Y Growth	24%	14%	2%	-26%	-9%	2%
Total Revenue	**$4,378**	**$4,961**	**$4,618**	**$5,261**	**$5,459**	**$6,116**
Y/Y Growth	19%	17%	12%	22%	25%	23%
FXN Y/Y Growth	19%	18%	13%	25%	25%	23%
US Revenue Y/Y Growth	19%	19%	13%	15%	21%	18%
International Revenue FXN Y/Y Growth	20%	17%	14%	36%	30%	29%
% International	47%	47%	47%	50%	48%	50%
Volume-based expenses	$2,041	$2,294	$2,330	$2,283	$2,366	$2,696
Non-transaction related expenses	$1,311	$1,494	$1,380	$1,493	$1,608	$1,910
Total Operating Expenses[(1)]	**$3,352**	**$3,788**	**$3,710**	**$3,776**	**$3,974**	**$4,606**
Y/Y Growth	16%	14%	16%	14%	19%	22%
Non-GAAP Op. Income[(1)]	**$1,026**	**$1,173**	**$908**	**$1,485**	**$1,485**	**$1,510**
Non-GAAP Op. Margin %[(1)]	**23%**	**24%**	**20%**	**28%**	**27%**	**25%**
Non-GAAP EPS[(1)]	**$0.76**	**$0.83**	**$0.66**	**$1.07**	**$1.07**	**$1.08**
Y/Y Growth	31%	27%	0%	49%	41%	29%
CAPEX	$173	$174	$206	$193	$241	$226
Free Cash Flow[(1)]	**$1,080**	**$748**	**$1,215**	**$1,579**	**$1,073**	**$1,121**

(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. Certain cash flows were reclassified beginning with the fourth quarter of 2020. See the section titled "Reclassification of Certain Cash Flows" within Supplemental Information.

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Reconciliation of GAAP Operating Expenses to Non-GAAP Operating Expenses

(In Millions/Unaudited)	Note	Three Months Ended										Year Ended December 31,		
		December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	2020	2019	2018
GAAP operating expenses:														
Transaction expense		$ 2,330	$ 2,022	$ 1,843	$ 1,739	$ 1,913	$ 1,701	$ 1,627	$ 1,549	$ 1,578	$ 1,366	$ 7,934	$ 6,790	$ 5,581
Transaction and credit losses		366	344	440	591	381	340	318	341	340	295	1,741	1,380	1,274
Customer support and operations		507	449	423	399	438	390	399	388	377	350	1,778	1,615	1,407
Sales and marketing		605	471	414	371	400	316	356	329	401	325	1,861	1,401	1,314
Technology and development		732	674	631	605	558	533	483	511	490	452	2,642	2,085	1,831
General and administrative		569	503	512	486	472	401	419	419	430	377	2,070	1,711	1,541
Restructuring and other charges		44	19	47	29	—	—	(2)	73	12	28	139	71	309
Total operating expenses		$ 5,153	$ 4,482	$ 4,310	$ 4,220	$ 4,162	$ 3,681	$ 3,600	$ 3,610	$ 3,628	$ 3,193	$ 18,165	$ 15,053	$ 13,257
Non-GAAP operating expense adjustments:														
Customer support and operations	(a)	(71)	(63)	(64)	(52)	(54)	(51)	(45)	(48)	(45)	(46)	(250)	(198)	(174)
	(b)	(1)	—	(1)	(7)	(1)	(1)	(2)	(5)	(1)	—	(9)	(9)	(9)
Sales and marketing	(a)	(41)	(45)	(47)	(39)	(32)	(31)	(32)	(32)	(32)	(30)	(172)	(127)	(125)
	(b)	(1)	(1)	(3)	(7)	(1)	(1)	(5)	(5)	—	—	(12)	(12)	(7)
	(c)	(40)	(43)	(44)	(43)	(32)	(34)	(33)	(36)	(39)	(20)	(170)	(135)	(92)
Technology and development	(a)	(145)	(138)	(133)	(113)	(128)	(119)	(80)	(93)	(81)	(76)	(529)	(420)	(303)
	(b)	(2)	(1)	(1)	(17)	(1)	(1)	(3)	(12)	(1)	(1)	(21)	(17)	(20)
	(c)	(61)	(63)	(64)	(64)	(18)	(18)	(18)	(21)	(20)	(13)	(252)	(75)	(54)
General and administrative	(a)	(130)	(127)	(116)	(87)	(79)	(72)	(73)	(81)	(77)	(65)	(460)	(305)	(269)
	(b)	(4)	(1)	—	(14)	(1)	(1)	(4)	(10)	—	(1)	(19)	(16)	(13)
	(c)	(7)	(7)	(7)	(7)	(1)	—	—	—	—	—	(28)	(1)	—
	(e)	—	—	—	(20)	(3)	—	—	—	(7)	(17)	(20)	(3)	(24)
	(g)	—	—	(7)	(11)	(23)	—	—	—	—	—	(18)	(23)	—
Restructuring and other charges	(d)	(35)	(19)	(26)	(29)	—	—	—	(78)	—	—	(109)	(78)	(25)
	(f)	—	—	—	—	—	—	2	5	(12)	(28)	—	7	(40)
	(h)	(9)	—	(21)	—	—	—	—	—	—	—	(30)	—	—
Total operating expenses		$ (547)	$ (508)	$ (534)	$ (510)	$ (374)	$ (329)	$ (293)	$ (416)	$ (315)	$ (297)	$ (2,099)	$ (1,412)	$ (1,155)
Non-GAAP operating expenses:														
Transaction expense		$ 2,330	$ 2,022	$ 1,843	$ 1,739	$ 1,913	$ 1,701	$ 1,627	$ 1,549	$ 1,578	$ 1,366	$ 7,934	$ 6,790	$ 5,581
Transaction and credit losses		366	344	440	591	381	340	318	341	340	295	1,741	1,380	1,274
Customer support and operations		435	386	358	340	383	338	352	335	331	304	1,519	1,408	1,224
Sales and marketing		523	382	320	282	335	250	286	256	330	275	1,507	1,127	1,090
Technology and development		524	472	433	411	411	395	382	385	388	362	1,840	1,573	1,454
General and administrative		428	368	382	347	365	328	342	328	346	294	1,525	1,363	1,235
Restructuring and other charges		—	—	—	—	—	—	—	—	—	—	—	—	244
Total operating expenses		$ 4,606	$ 3,974	$ 3,776	$ 3,710	$ 3,788	$ 3,352	$ 3,307	$ 3,194	$ 3,313	$ 2,896	$ 16,066	$ 13,641	$ 12,102

(a) Stock-based compensation expense.

(b) Employer payroll taxes on stock-based compensation.

(c) Amortization and impairment of acquired intangible assets.

(d) Restructuring.

(e) Acquisition related transaction expense.

(f) Net gain (loss) related to the sale of our U.S. Consumer Credit receivables portfolio.

(g) Award for a legal proceeding and expenses related to pre-acquisition contingencies of an acquired company.

(h) Asset impairment charges for right-of-use lease assets and related leasehold improvements in conjunction with exiting certain leased properties.

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Reconciliation of GAAP Operating Margin to Non-GAAP Operating Margin

(In Millions, Except Percentages/Unaudited)	Three Months Ended										Year Ended December 31,		
	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	2020	2019	2018
GAAP net revenues	$ 6,116	$ 5,459	$ 5,261	$ 4,618	$ 4,961	$ 4,378	$ 4,305	$ 4,128	$ 4,226	$ 3,683	$ 21,454	$ 17,772	$ 15,451
GAAP operating income	963	977	951	398	799	697	705	518	598	490	3,289	2,719	2,194
Stock-based compensation expense and related employer payroll taxes	395	376	365	336	297	277	244	286	237	219	1,472	1,104	920
Amortization of acquired intangible assets	108	113	115	114	51	52	51	57	59	33	450	211	146
Restructuring	35	19	26	29	—	—	—	78	—	—	109	78	25
Other	9	—	28	11	23	—	(2)	(5)	12	28	48	16	40
Acquisition related transaction expense	—	—	—	20	3	—	—	—	7	17	20	3	24
Total non-GAAP operating income adjustments	547	508	534	510	374	329	293	416	315	297	2,099	1,412	1,155
Non-GAAP operating income	$ 1,510	$ 1,485	$ 1,485	$ 908	$ 1,173	$ 1,026	$ 998	$ 934	$ 913	$ 787	$ 5,388	$ 4,131	$ 3,349
GAAP operating margin	*15.7 %*	*17.9 %*	*18.1 %*	*8.6 %*	*16.1 %*	*15.9 %*	*16.4 %*	*12.5 %*	*14.2 %*	*13.3 %*	*15.3 %*	*15.3 %*	*14.2 %*
Non-GAAP operating margin	*24.7 %*	*27.2 %*	*28.2 %*	*19.7 %*	*23.6 %*	*23.4 %*	*23.2 %*	*22.6 %*	*21.6 %*	*21.4 %*	*25.1 %*	*23.2 %*	*21.7 %*

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Reconciliation of Net Income, EPS and Effective Tax Rate

Reconciliation of GAAP Net Income to Non-GAAP Net Income, GAAP Diluted EPS to Non-GAAP Diluted EPS, and GAAP Effective Tax Rate to Non-GAAP Effective Tax Rate

	Three Months Ended										Year Ended December 31,		
(In Millions, Except Percentages and Per Share Amount/Unaudited)	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	2020	2019	2018
GAAP income before income taxes	$ 1,859	$ 1,144	$ 1,799	$ 263	$ 854	$ 484	$ 943	$ 717	$ 686	$ 533	$ 5,065	$2,998	$2,376
GAAP income tax expense	292	123	269	179	347	22	120	50	102	97	863	539	319
GAAP net income	1,567	1,021	1,530	84	507	462	823	667	584	436	4,202	2,459	2,057
Non-GAAP adjustments to net income:													
Non-GAAP operating income adjustments (see table above)	547	508	534	510	374	329	293	416	315	297	2,099	1,412	1,155
(Gains) losses on strategic investments[(1)]	(941)	(209)	(888)	124	(38)	228	(218)	(180)	(56)	—	(1,914)	(208)	(87)
Other certain significant gains, losses, or charges	—	—	(17)	259	230	—	—	—	(6)	14	242	230	43
Tax effect of non-GAAP adjustments[(1)]	108	(45)	104	(191)	(85)	(119)	(50)	(117)	(54)	(52)	(24)	(371)	(322)
Non-GAAP net income	$ 1,281	$ 1,275	$ 1,263	$ 786	$ 988	$ 900	$ 848	$ 786	$ 783	$ 695	$4,605	$3,522	$2,846
Shares used in diluted share calculation	1,191	1,190	1,184	1,185	1,187	1,188	1,187	1,188	1,196	1,199	1,187	1,188	1,203
Net income per diluted share:													
GAAP	$ 1.32	$ 0.86	$ 1.29	$ 0.07	$ 0.43	$ 0.39	$ 0.69	$ 0.56	$ 0.49	$ 0.36	$ 3.54	$ 2.07	$ 1.71
Non-GAAP	$ 1.08	$ 1.07	$ 1.07	$ 0.66	$ 0.83	$ 0.76	$ 0.71	$ 0.66	$ 0.65	$ 0.58	$ 3.88	$ 2.96	$ 2.37
GAAP effective tax rate	16 %	11 %	15 %	68 %	41 %	5 %	13 %	7 %	15 %	18 %	17 %	18 %	13 %
Tax effect of non-GAAP adjustments to net income	(3)%	1 %	(2)%	(56)%	(24)%	9 %	4 %	11 %	2 %	(2)%	(5)%	(2)%	4 %
Non-GAAP effective tax rate	13 %	12 %	13 %	12 %	17 %	14 %	17 %	18 %	17 %	16 %	12 %	16 %	17 %

[(1)] Reflects the impact of reclassification as described in our Form 8-K filed with the SEC on April 9, 2020.

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Reconciliation of GAAP Net Revenue to Non-GAAP Net Revenue

(In Millions/Unaudited)	Year Ended December 31,					
	2020	2019	2018	2017	2016	2015
Total net revenue	$ 21,454	$ 17,772	$ 15,451	$ 13,094	$ 10,842	$ 9,248
Non-GAAP adjustment[(1)]	—	—	—	(39)	—	—
Non-GAAP net revenue	21,454	17,772	15,451	13,055	10,842	9,248

(1) Elimination of allowance on interest receivable due to the U.S. Consumer Credit receivables portfolio designation as held for sale.

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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, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	2020	2019	2018
Net cash provided by operating activities[1]	$ 1,347	$ 1,314	$ 1,772	$ 1,421	$ 922	$ 1,253	$ 980	$ 916	$ 1,185	$ 4,616	$ 5,854	$ 4,071	$ 5,480
Less: Purchases of property and equipment	(226)	(241)	(193)	(206)	(174)	(173)	(139)	(218)	(224)	(223)	(866)	(704)	(823)
Free cash flow	1,121	1,073	1,579	1,215	748	1,080	841	698	961	4,393	4,988	3,367	4,657
Impact of held for sale accounting presentation related to our U.S. consumer credit receivables portfolio on cash flow	—	—	—	—	—	—	—	—	—	(3,675)	—	—	(1,508)
Adjusted free cash flow	$ 1,121	$ 1,073	$ 1,579	$ 1,215	$ 748	$ 1,080	$ 841	$ 698	$ 961	$ 718	$ 4,988	$ 3,367	$ 3,149

(1) Beginning with the fourth quarter of 2020, we reclassified certain cash flows related to customer balances from (i) cash flows from operating activities to (ii) cash flows from investing activities and cash flows from financing activities within the condensed consolidated statements of cash flows. See "Reclassification of Certain Cash Flows" on page 31 in this presentation for further details.

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Reclassification of Certain Cash Flows

Beginning with the fourth quarter of 2020, we reclassified certain cash flows

What is changing	Certain cash flows related to customer balances that previously were classified as cash flows from operating activities have been reclassified as cash flows from investing activities and financing activities.
Purpose of reclassification	Consistent presentation of all changes in the balance sheet captions 'funds receivable and customer accounts' and 'funds payable and amounts due to customers' on our statements of cash flows, regardless of the product to which the movement in customer funds relates.
Rationale	We believe this presentation provides a more meaningful representation of the cash flows related to the movement of customer funds due to the restrictions on and use of those funds.
What is not changing	No impact on our previously reported consolidated net change in cash, cash equivalents, and restricted cash, total cash, cash equivalents, and restricted cash, net income and financial position.

The below summary highlights the impact from reclassifying operating cash flows for each quarter's statement of cash flows as presented in prior filings:

	Three Months Ended									Year Ended December 31,	
(In Millions/Unaudited)	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	2019	2018
Operating cash flows, as previously reported	$ 720	$ 2,383	$ 1,504	$ 1,264	$ 1,096	$ 1,174	$ 1,027	$ 1,134	$ 4,670	$ 4,561	$ 5,483
Reclassification	594	(611)	(83)	(342)	157	(194)	(111)	51	(54)	(490)	(3)
Revised operating cash flows	1,314	1,772	1,421	922	1,253	980	916	1,185	4,616	4,071	5,480

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Q1-21 and FY-21 GAAP and Non-GAAP Guidance

	Three Months Ending March 31, 2021	
	GAAP	Non-GAAP[(a)]
Revenue Growth Rate (Spot)	~28%	~28%
Revenue Growth Rate (FXN)	~26%	~26%
Diluted EPS $ / Growth Rate[(b)]	~$0.70	~50%

	Twelve Months Ending December 31, 2021	
	GAAP	Non-GAAP[(c)]
Revenue Growth Rate (Spot)	~19%	~19%
Revenue Growth Rate (FXN)	~17%	~17%
Diluted EPS $ / Growth Rate[(d)]	~$3.20	~17%

(a) Estimated non-GAAP amounts above for the three months ending March 31, 2021, reflect adjustments of approximately $590 million, primarily representing estimated stock-based compensation expense and related payroll taxes of approximately $440 million.

(b) For purposes of EPS guidance, GAAP EPS is shown on an absolute basis for a more meaningful representation. On a growth rate basis, Q1-21 EPS guidance of ~$0.70, compared to ~$0.07 in Q1-20, implies >800% y/y growth.

(c) Estimated non-GAAP amounts above for the twelve months ending December 31, 2021, reflect adjustments of approximately $2.17 billion, primarily representing estimated stock-based compensation expense and related payroll taxes of approximately $1.62 billion.

(d) For purposes of EPS guidance, GAAP EPS is shown on an absolute basis for a more meaningful representation. FY-21 GAAP EPS is expected to be ~$3.20, compared to $3.54 in FY-20, which benefitted from ~$1.24 in net gains on strategic investments.

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Definitions

Active Accounts: An active account is an account registered directly with PayPal or a platform access partner that has completed a transaction on our Payments Platform or through our Honey Platform, not including gateway-exclusive transactions, within the past 12 months.

Daily Active Accounts: Daily Active Accounts (DAA) represent the number of Active Accounts that have completed a transaction using our core PayPal payments products and services, including person-to-person payments transfers and checkout transactions, on a given day. DAA is presented as the average daily active accounts during the designated period.

Number of Payment Transactions: Payment transactions are the total number of payments, net of payment reversals, successfully completed on our Payments Platform or enabled by PayPal via a partner payment solution, not including gateway-exclusive transactions.

Number of Payment Transactions per Active Account: Number of payment transactions per active account or "TPA" reflects the total number of payment transactions within the previous 12-month period, divided by active accounts at the end of the period.

Total Payment Volume: Total Payment Volume or "TPV" is the value of payments, net of payment reversals, successfully completed on our Payments Platform, or enabled by PayPal via a partner payment solution, not including gateway-exclusive transactions.

Total Take Rate: Total take rate is total revenue divided by TPV.

Transaction Take Rate: Transaction take rate is transaction revenue divided by TPV.

Transaction Expense Rate: Transaction expense rate is calculated by dividing transaction expense by TPV.

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

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

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