



PayPal

Q2-20

Investor Update

July 29, 2020

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.

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.

As previously disclosed, beginning with the first quarter of 2020, we have modified the presentation of our non-GAAP results to exclude the impact of all gains and losses on our strategic investments.

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 third quarter and full year 2020, 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 predicted or implied by forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to: the direct and indirect impact of the COVID-19 outbreak on PayPal's business, financial condition and results of operations as well as the operations of PayPal's customers, suppliers, vendors and other business partners, even after the COVID-19 outbreak has subsided; the effect of political, business economic, market and trade conditions, including any regional or general economic downturn or crisis and any conditions that affect payments or e-commerce growth; fluctuations in foreign currency exchange rates; the competitive, regulatory, payment card association-related and other risks specific to PayPal's payment platform, including the core PayPal, PayPal Credit, Braintree, Venmo, Xoom, iZettle, Honey, Hyperwallet and other products and services, especially as PayPal continues to expand geographically, introduce new products and services and support across technologies and payment methods and as new laws and regulations related to payments and financial services come into effect; the impact of PayPal's customer choice initiatives, including on its funding mix and transaction expense; PayPal's ability to successfully compete in an increasingly competitive environment for its businesses, products and services, including competition for consumers and merchants and the increasing importance of digital and mobile payments and mobile commerce; the outcome of legal and regulatory proceedings and PayPal's need and ability to manage regulatory, tax and litigation risks as its products and services are offered in more jurisdictions and applicable laws become more restrictive; changes to PayPal's capital allocation or management of operating cash; uncertainty surrounding the implementation and impact of the United Kingdom's withdrawal from the European Union; cyberattacks and security vulnerabilities in PayPal products and services that could disrupt business, reduce revenue, increase costs, harm our competitive position or our reputation, or lead to liability; the effect of management changes and business initiatives; any changes PayPal may make to its product and service offerings; the effect of any natural disasters, the COVID-19 outbreak, or other business interruptions on PayPal or PayPal's customers; PayPal's ability to timely upgrade and develop its technology systems, infrastructure and customer service capabilities at reasonable cost; PayPal's ability to maintain the stability, security and performance of its Payments Platform and Honey Platform while adding new products and features in a timely fashion; risks that planned acquisitions will not be completed on contemplated terms, or at all, and that any businesses PayPal may acquire will not perform in accordance with its expectations; and PayPal's ability to profitably integrate, manage and grow businesses that have been acquired or may be acquired in the future. 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 hereof.

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" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in PayPal's most recent annual report on Form 10-K and its subsequent quarterly reports on Form 10-Q, copies of which may be obtained by visiting PayPal's Investor Relations website at <https://investor.paypal-corp.com> or the SEC's website at www.sec.gov. All information in this presentation is as of July 29, 2020. 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.

PayPal Highlights

Q2-20: Strongest quarter in PayPal's history

- 21.3M NNAs added in Q2... highest ever in a quarter
 - >234,000 daily adds on average in the quarter
- Q2 PayPal daily active accounts⁽¹⁾ +37% year-over-year
 - 'Cyber 5'-like usage for an entire quarter
- 30% TPV growth on an FX-neutral basis
- 25% revenue growth on an FX-neutral basis to \$5.26 billion
- >500 basis points of non-GAAP operating margin expansion
- 49% non-GAAP EPS growth to \$1.07
- \$2.2 billion of Free Cash Flow (FCF)
 - 112% growth and 42 cents of FCF for every \$1 of revenue

H2-20: Momentum expected to continue

- Reinstating FY-20 guidance and expect Q2 strength to continue into Q3 and Q4

Q3 Guidance:

- TPV expected to grow ~30% on a Spot and FX-neutral basis
- Revenue guidance of ~25% on an FX-neutral basis (~23% at Spot)
- Earnings guidance: ~45% GAAP EPS growth and ~25% Non-GAAP EPS growth

FY-20 Guidance:

- Expect to add ~70 million active accounts
- Revenue guidance of ~22% on an FX-neutral basis (~20% at Spot)
- Earnings guidance: ~25% growth in GAAP and non-GAAP EPS

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.

(1) 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.

Second Quarter 2020 Summary

Record performance across key performance metrics

Active Accounts

346M

Includes >26M active merchant accounts

↑ **21%** increase y/y

21.3M

Net new active accounts added in Q2

↑ **137%** increase y/y

Customer Engagement

39.2

Payment transactions per active account (TPA)

▬ **Flat to Q2-19**

↑ **4%** increase y/y, and 40.7 payment TPA, excluding active accounts relating to the Honey acquisition

↑ **37%** increase y/y in daily active accounts for PayPal core experiences

Total Payment Volume

\$222B

↑ **29%** spot and **30%** FX-neutral y/y growth, including ~60% of y/y decline in travel and events verticals

>\$200B for the first time in PayPal's history

Revenue

\$5.26B

↑ **22%** spot and **25%** FX-neutral y/y growth

>\$5B for the first time in PayPal's history

Non-GAAP EPS⁽¹⁾

\$1.07

↑ **49%** increase y/y including \$0.07 per-share charge related to increased credit loss provisions from weakened macroeconomic outlook

Free Cash Flow⁽¹⁾

\$2.19B

↑ **112%** increase y/y
42% as % of revenue

(1) 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.

Advancing PayPal's In-Person Payments Strategy

Merchants and consumers expecting safer payment solutions as economies reopen

Multi-Modal

QR, Contactless Cards, and Mobile Tap & Pay



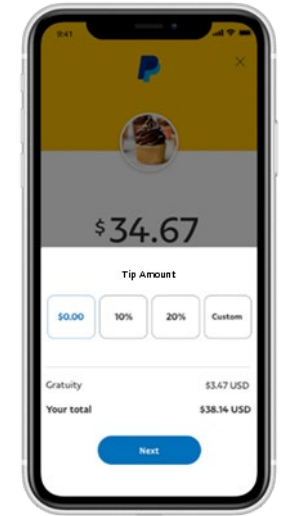
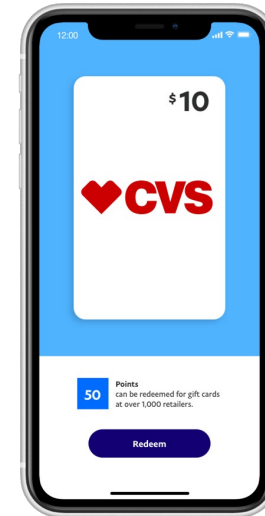
Engaging Users

Loyalty and Rewards including Cash Back & Incentives



Enhanced In-App Experiences

Proprietary and 3rd Party Experiences In-App



Safe & Secure

Ubiquitous acceptance across merchants of all sizes from casual sellers to SMBs to large enterprises

Personalization

*Activating new consumer segments for merchants
Merchant specific offers driving conversion
Unique reward and engagement experiences*

Value-Added Services

*Tipping for Quick Service Restaurants
Order Ahead / At-Table and Pickup In-Store / Curbside
Developer platform for self-service QRC Integration*

Our Values In Action

Leveraging our platform, resources and leadership to support employees, customers and communities

COVID-19 Relief Efforts

- Mobilized nearly 100% of our global workforce to work-from-home, part-time or with flexible schedule policies
- Enhanced crisis leave program and ensured continued pay and extended paid time off for employees
- Provided direct donations to relief organizations and created a 2:1 employee matching program for donations to coronavirus relief efforts
- Offered flexibility to our small business merchants by waiving chargeback and instant fund transfer fees; extended customer dispute timing and doubled cash back rewards for PayPal Business Debit Mastercard
- Worked with the U.S. Small Business Administration (SBA) to provide small businesses with access to more than \$2 billion in loans through the Paycheck Protection Program
- Supported U.S. Treasury with stimulus check distribution through direct deposit into PayPal and Venmo accounts

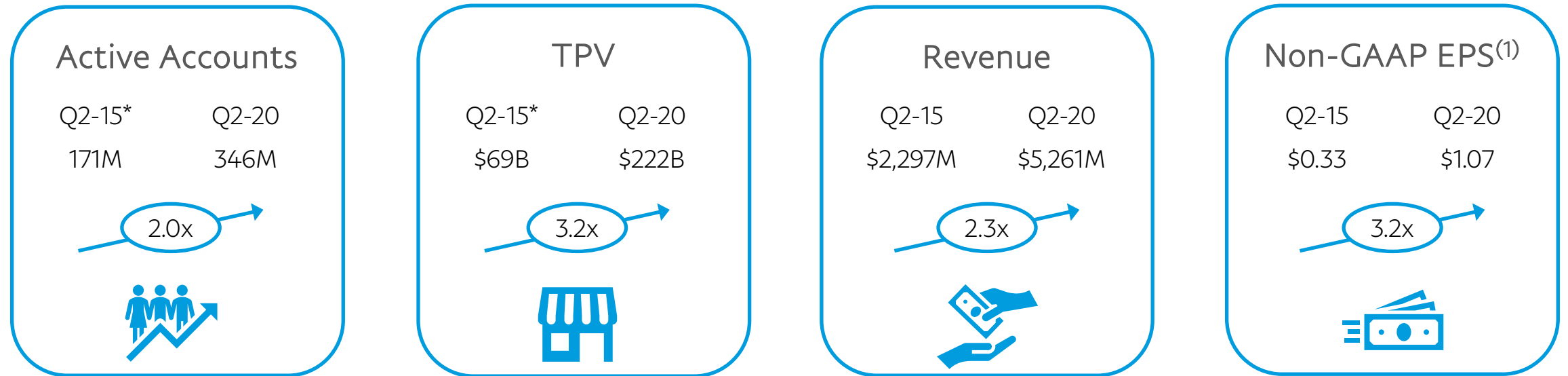
Supporting Black & Minority Businesses and Communities

- Committing \$530 million to support Black and minority-owned businesses and communities in the U.S., especially those hardest hit by the pandemic, to help address economic inequality. The commitment includes short-term, medium-term, and long-term investments in the community:
 - Providing empowerment grants to Black-owned businesses impacted by COVID-19 to help them stabilize and reopen
 - Investing in strategic partnerships with nonprofits to support Black businesses
 - Establishing 2:1 employee matching program for donations of volunteer time or money to racial justice efforts
 - Creating an economic opportunity fund to strengthen Black and minority businesses and communities over the long term
 - Reinforcing commitment to D&I programs within the company

Powering Charitable Giving

- Raised over \$5.6 billion through the PayPal Giving Platform since early March through PayPal's COVID-19 fundraising campaigns in 12 markets, donations at checkout, and partner fundraising with companies like Facebook, Airbnb, LiveNation and Spotify
- Facilitated more than \$65 million in donations on #GivingTuesdayNow global day of giving (May 5)
- Partnered with Google and Nextdoor to launch new partner fundraising programs
- Processed over \$80 million in donations benefitting charities on the front lines of racial justice in the one-month period following George Floyd's death

5 Years as an Independent Public Company



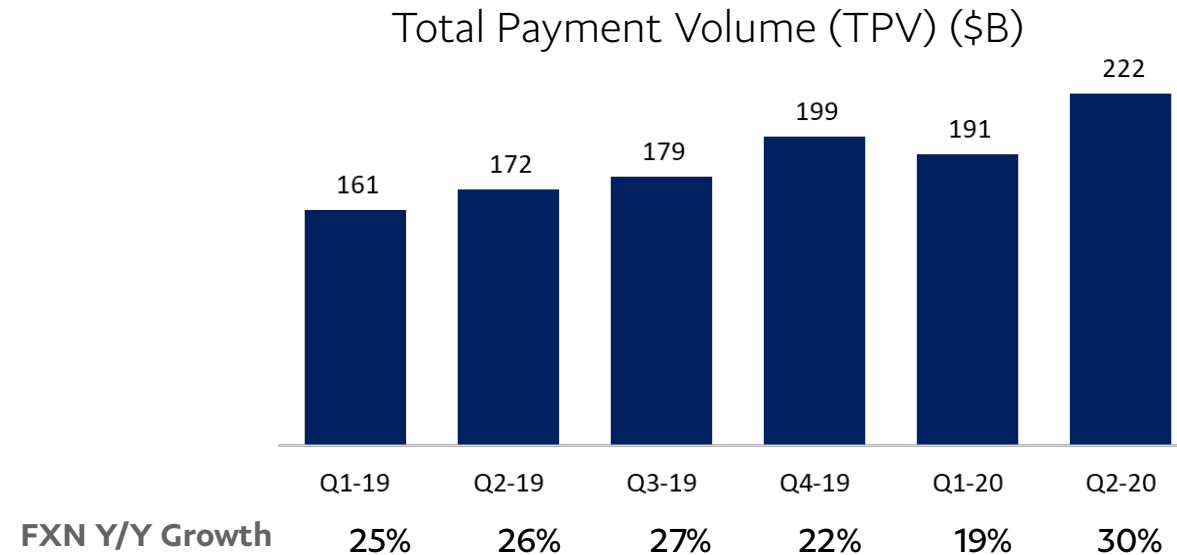
- Meaningfully expanded our platform capabilities, value proposition, geographic footprint and market leadership through organic initiatives, partnerships and acquisitions including Xoom (2015), iZettle (2018), Hyperwallet (2018), Simity (2018), GoPay (2019) and Honey (2020)
- Partnered with networks, issuers and technology platforms to provide innovative products and solutions for our mutual customers
- Our vision is to serve one billion customers who are engaging daily on the platform, enabling PayPal to be a central player in the future of digital payments. We believe we are well-positioned to capture the tremendous opportunities that lie ahead

* Q2-15 Active Accounts and TPV as presented are based on the updated definitions of "Active Accounts" and "Total Payment Volume" disclosed in our Form 8-K filed with the Securities and Exchange Commission on April 10, 2018.
(1) EPS is presented on a non-GAAP basis. Please see the Supplemental Information for a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.

Q2-20 Business Updates

Q2-20 Total Payment Volume (TPV)

30% FXN growth, a 11-pt sequential acceleration

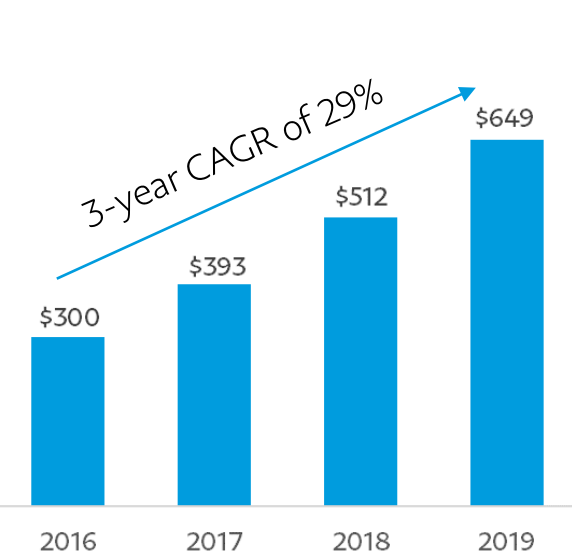


- TPV exceeded \$200 billion for the first time and grew 29% on a spot basis and 30% on an FX-Neutral basis in Q2-20, while absorbing ~60% decline in volumes from travel and events verticals
- P2P volume, including PayPal, Venmo and Xoom, increased 38% in the quarter to >\$64B and represented 29% of TPV
- Venmo volume increased 52% to ~\$37B in the quarter
- eBay TPV grew 32% and represented 9% of TPV

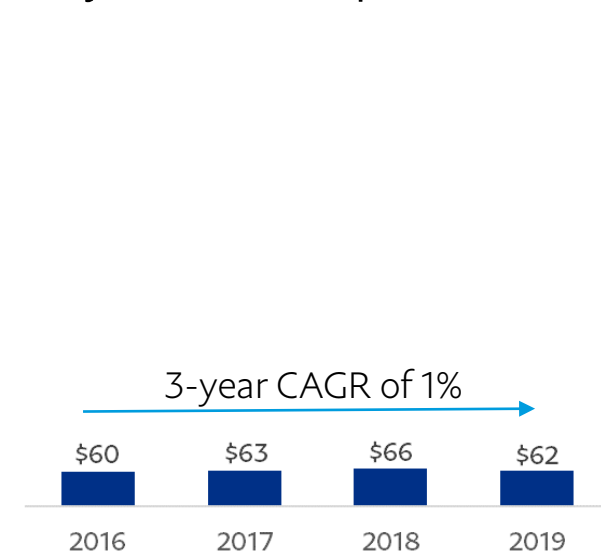
Merchant Services growth outpacing eBay Marketplaces

Expanding and diversifying our platform since separation

Merchant Services TPV (\$B)

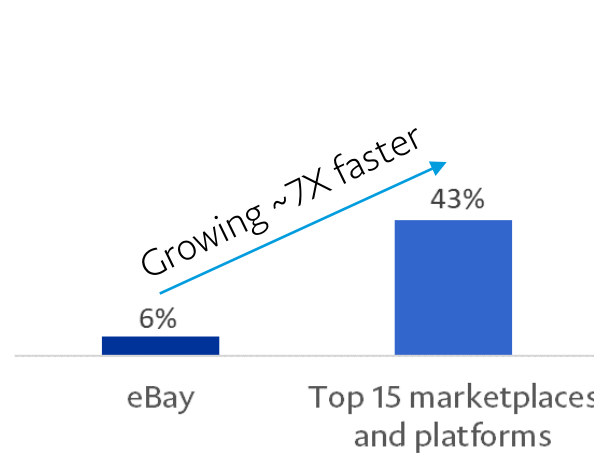


eBay TPV on our platform (\$B)

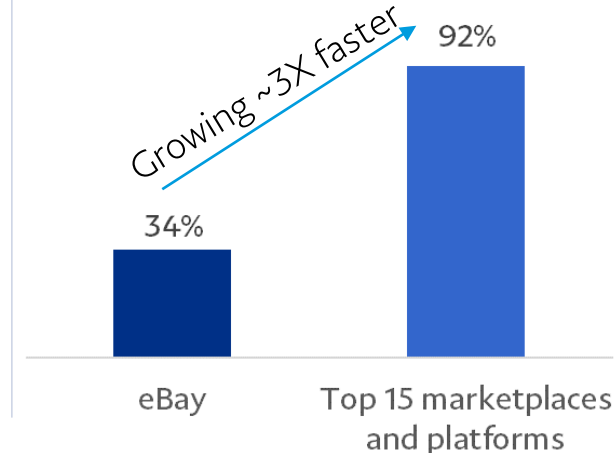


Top 15 marketplaces and platforms⁽¹⁾ TPV growth vs. eBay TPV growth (FXN)

Last Twelve Months ended Q2-20



Q2-20



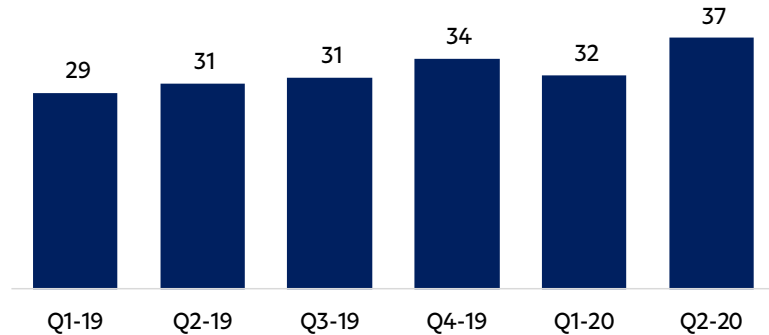
- FY-16 to FY-19 TPV CAGR of +26%
- Merchant Services TPV CAGR of 29%
- eBay TPV CAGR of 1%
- eBay represented ~9% of TPV in Q2-20 vs. 21% in Q2-15

- ~\$74 billion of TPV from top 15 marketplaces and platforms in the last twelve months with volumes growing ~7x faster than eBay marketplaces volume
- In Q2-20, volume growth for PayPal's top marketplaces and platforms grew ~3x faster than eBay marketplaces volume

(1) Top 15 marketplaces and platforms (ex-eBay) based on TPV for last twelve months (LTM) as of Q2-20: BigCommerce, Etsy, Magento, Oxid, Poshmark, Prestashop, QVC, Salesforce, Shopify, Shopware, StockX, Wayfair, Wish, Wix, WooCommerce

Q2-20 TPV: Cross-Border Trade (CBT)

Cross-Border Trade TPV⁽¹⁾ (\$B)



	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20
FXN Y/Y Growth	11%	14%	16%	14%	10%	24%
Y/Y Growth	7%	11%	13%	13%	9%	22%
Share of Total TPV	18%	18%	17%	17%	17%	17%

Q2-20: Fastest Growing CBT Categories

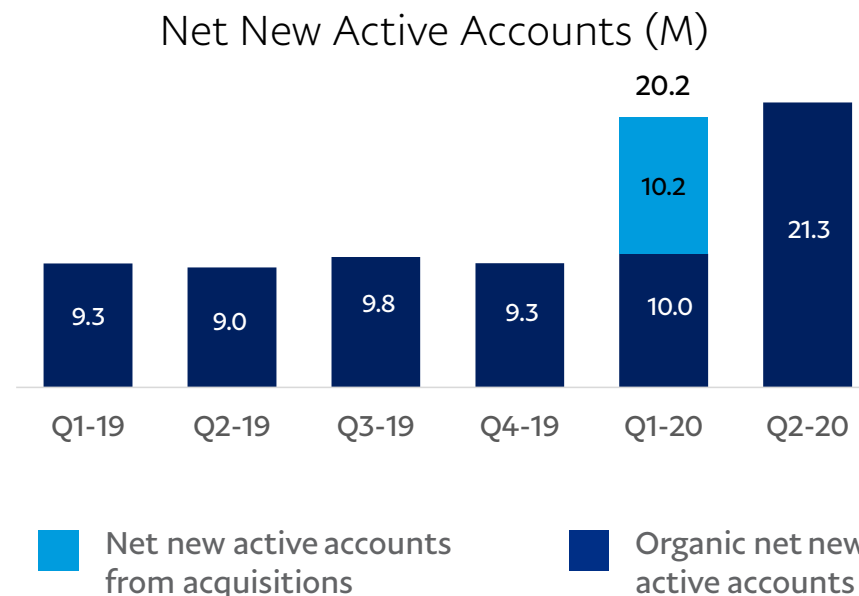
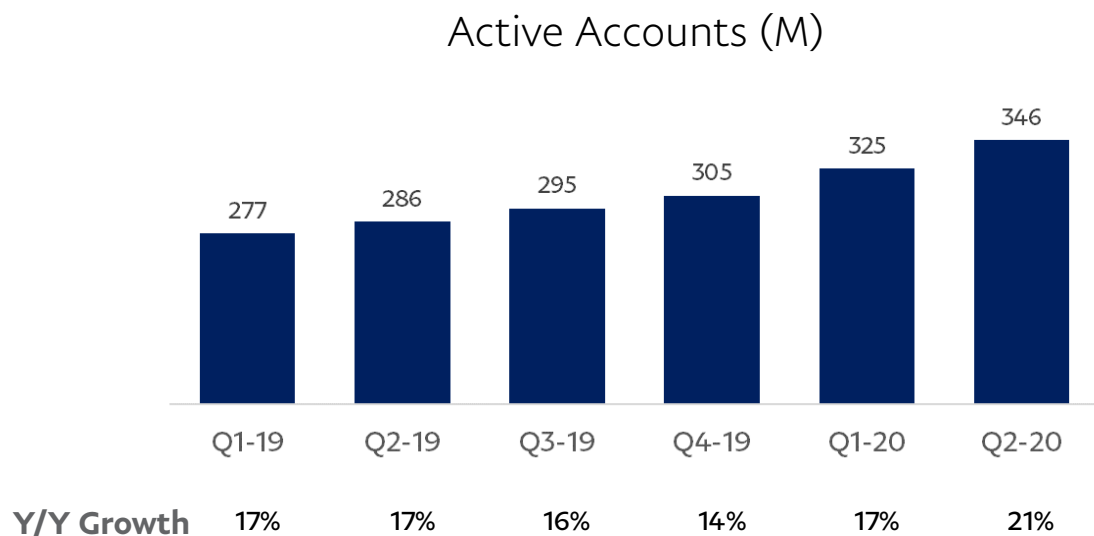
- Fashion 
- Auto Parts 
- Electronics 
- Gaming 
- Home Goods 

- CBT TPV was >\$37 billion in Q2-20, up 24% on an FX-neutral basis. Volume strength was driven by recovery in key Asian and Western European corridors
 - Key corridors in Q2-20 include Asia (including China, Hong Kong and Southeast Asia) to U.S., intra-European corridors and Asia (including China and Hong Kong) to U.K.
 - CBT TPV represented 17% of TPV in Q2-20 vs. 18% in Q2-19 due primarily to growth in Venmo, which is a U.S.-only service

(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.

Q2-20 Active Accounts

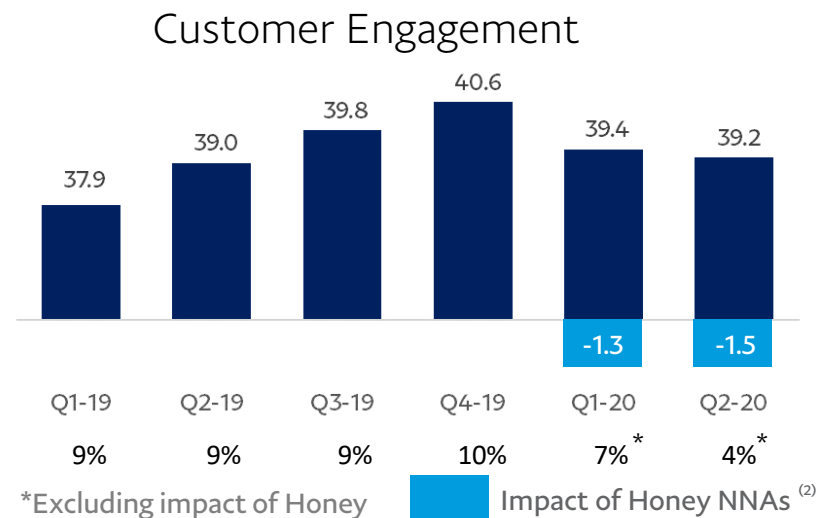
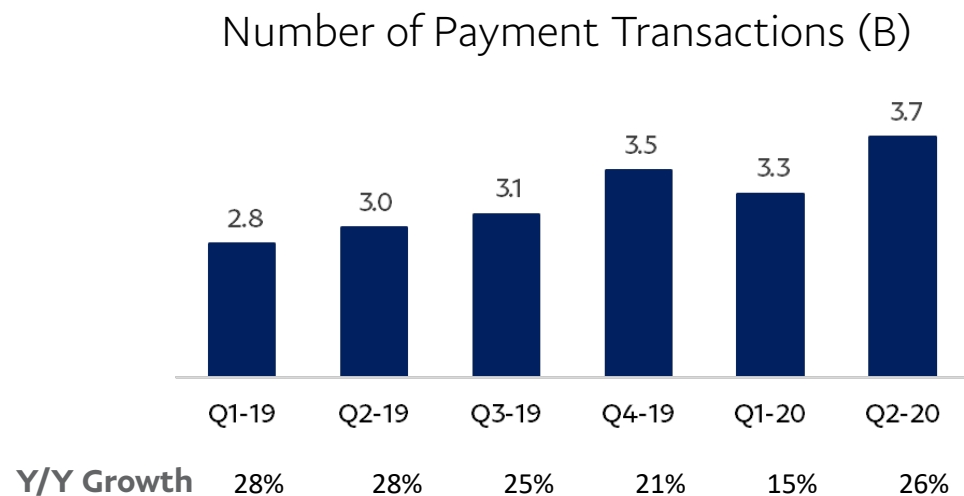
Record 21.3 million net new active accounts added in the quarter



- Ended the quarter with 346 million active accounts, up 21%, including >26 million merchant accounts
- Added 21.3 million active accounts, highest ever in a quarter, with strength across PayPal, Venmo, Honey and Xoom
 - Includes 1.9 million active accounts from Honey added in Q2-20
 - Includes 1.7 million merchant accounts added in Q2-20
- Venmo ended the quarter with >60 million active accounts

Q2-20 Customer Engagement⁽¹⁾

Engagement of 39.2; excluding acquisition of Honey, engagement of 40.7

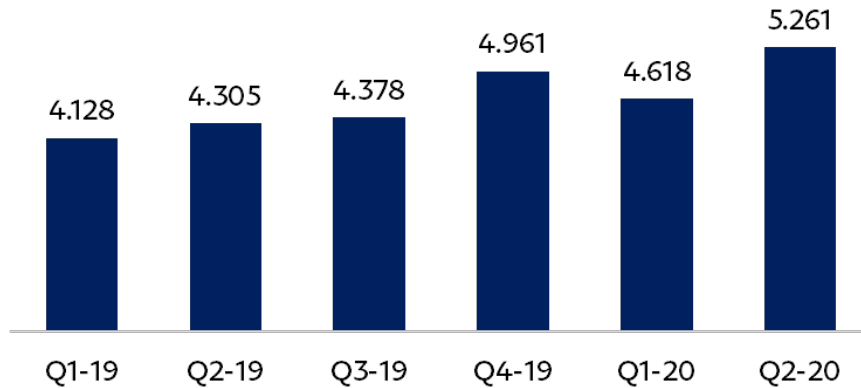


- Processed >3.7 billion payment transactions during Q2-20, up 26%
- In Q2, growth in customer engagement was impacted by:
 - Record net new actives in Q2-20
 - ~47% fewer travel and event transactions in Q2-20 v. Q2-19
 - Inclusion of Honey active accounts⁽²⁾
- Daily active accounts using PayPal core experiences was ~37% higher year over year
- 10-day adoption rates (i.e., newly activated PayPal consumers who have completed 4 transactions in 10 days) in our core markets grew 20%-30% in Q2-20 compared to adoption rates for newly activated accounts in Q2-19

Q2-20 Revenue

FXN growth rate of 25% in Q2, highest revenue growth since separation

Total Revenue (\$B)

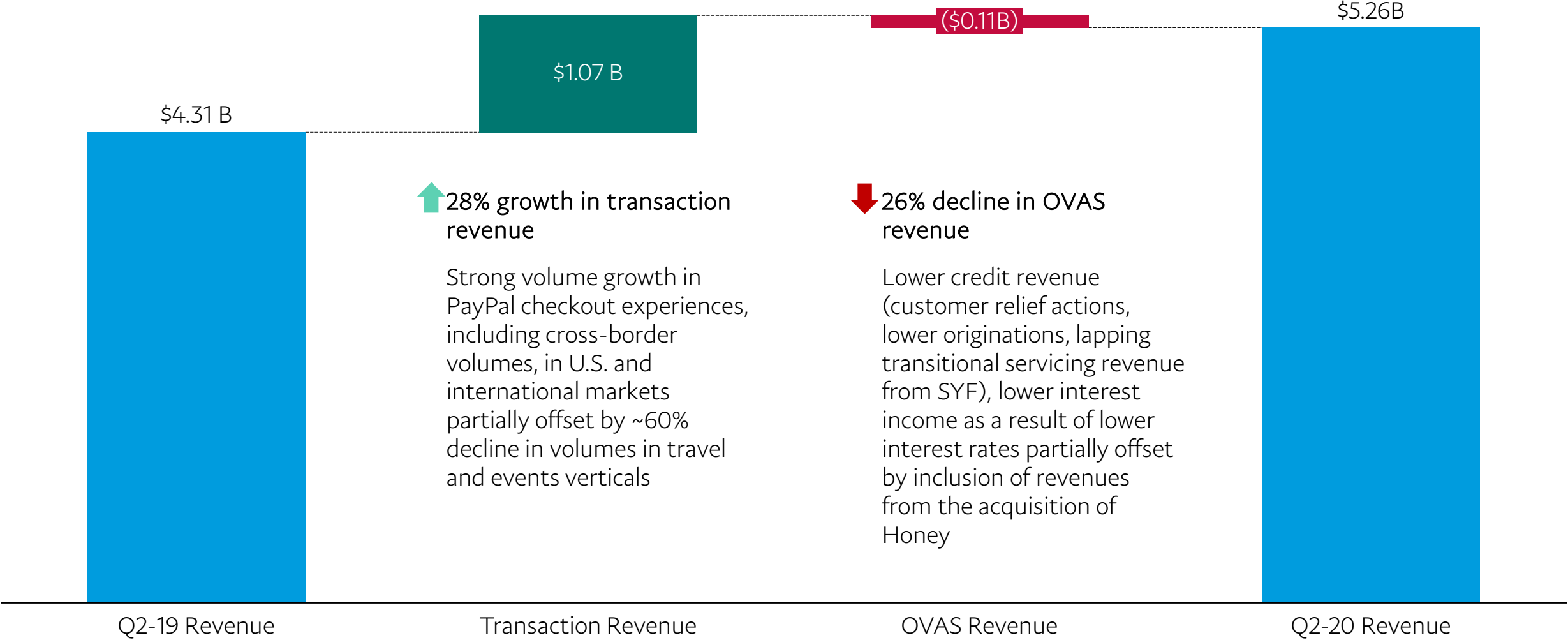


Spot Y/Y Growth	12%	12%	19%	17%	12%	22%
FXN Y/Y Growth	12%	12%	19%	18%	13%	25%

- Total Revenue growth of 25% on an FX-neutral basis, including 1.4 points of growth from acquisition of Honey
- Transaction Revenue grew 30% on an FX-neutral basis, accelerating ~13 points on y/y basis and ~15 points on a sequential basis. Strength across PayPal checkout experiences in U.S. and International markets contributed to transaction revenue growth
- Other Value Added Services (OVAS) Revenue declined 26% on an FX-neutral basis driven by lower credit income (including lapping transitional servicing revenue from Synchrony Financial) and reduced interest income as a result of lower interest rates
- Hedging gains, which are recognized in international transaction revenue, were \$33 million in Q2-20 versus \$58 million in Q2-19
- Exiting Q2, at rates as of June 30, 2020, we estimate that our current hedge positions would result in the recognition of ~\$59 million in international transaction revenue over the next 12 months

Revenue and growth rates are presented on a non-GAAP basis. Please see the Supplemental Information for a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.

Q2-20 Revenue Performance

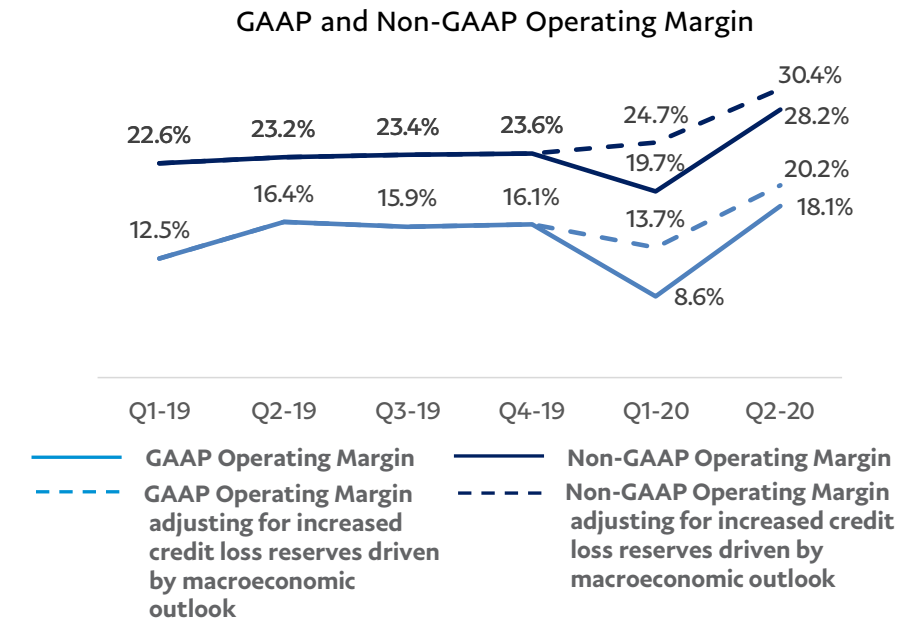
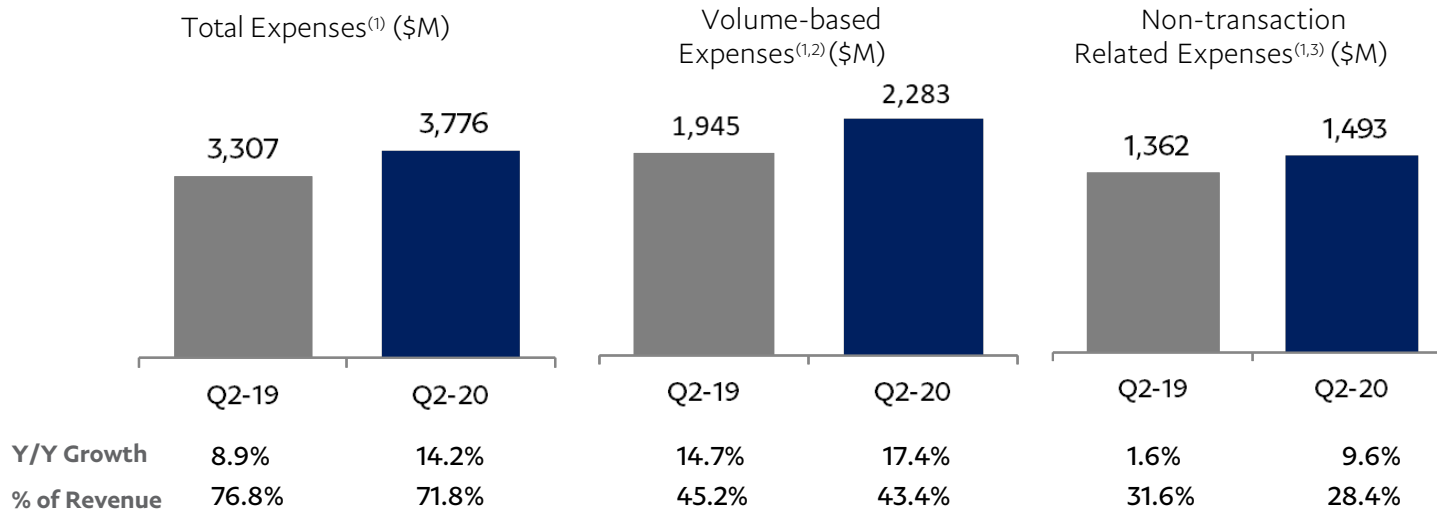


Numbers in the chart may not foot due to rounding.



Q2-20 Delivering Operating Leverage

>500 basis points of non-GAAP operating margin expansion in Q2-20, record performance in a quarter as an independent public company



- Volume-based expenses grew 17% delivering ~180 basis points of leverage. Excluding impact of increased credit loss reserves driven by macroeconomic outlook, volume-based expenses grew 12%
- Non-transaction related expenses grew 10%. Adjusting for acquisitions announced in 2019, these expenses grew 3%
- Non-GAAP operating margin of 28.2%, >500 basis points of expansion, highest since separation. Operating leverage driven by broad-based strength across our business => revenue outperformance + record low rate of transaction expense and transaction loss + expense discipline

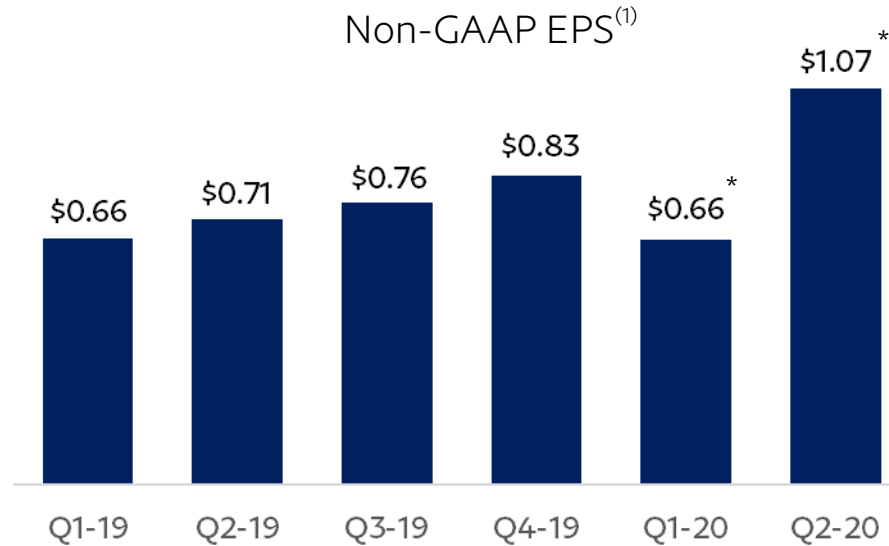
(1) Expenses are presented on a non-GAAP basis. Please see the Supplemental Information for a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.

(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.

Q2-20 EPS

Non-GAAP EPS of \$1.07, 49% growth



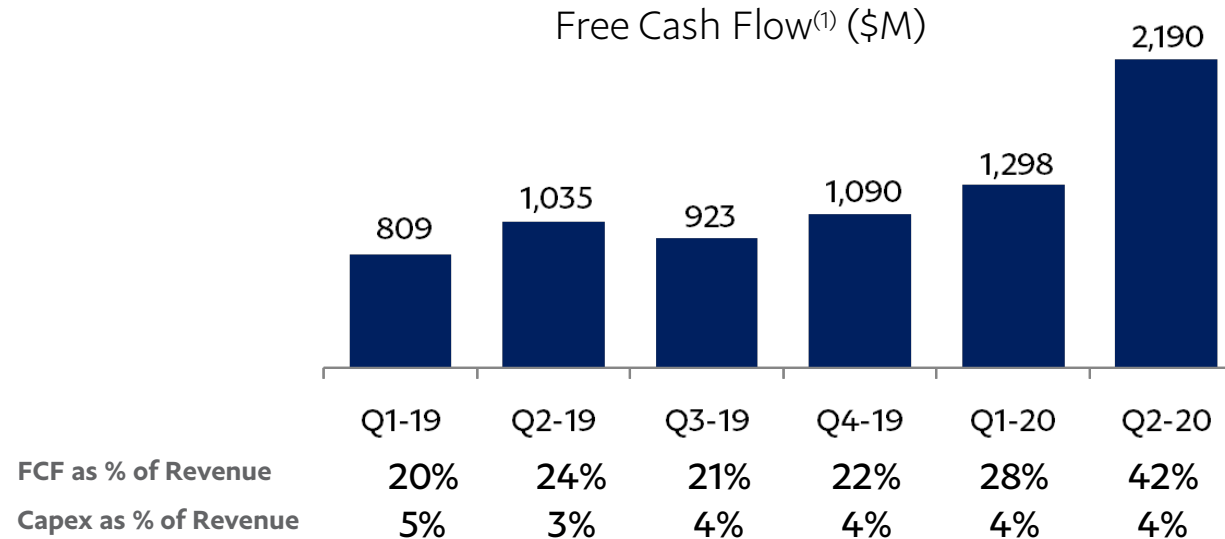
* Q1-20 and Q2-20 include increased credit loss reserves driven by macroeconomic outlook of \$0.17 and \$0.07, respectively.

- 2020 year to date (YTD), non-GAAP EPS grew 26%. Excluding the YTD impact of increased credit loss reserves driven by weakened macroeconomic outlook, non-GAAP EPS grew 44%
- Q2-20 GAAP EPS of \$1.29, including \$0.58 of net unrealized gains related primarily to our strategic investment in MercadoLibre and \$0.07 of increased credit loss reserves driven by weakened macroeconomic outlook
- Q2-20 non-GAAP other income & expense (OI&E) for the quarter was (\$40M), 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.

Q2-20 Free Cash Flow

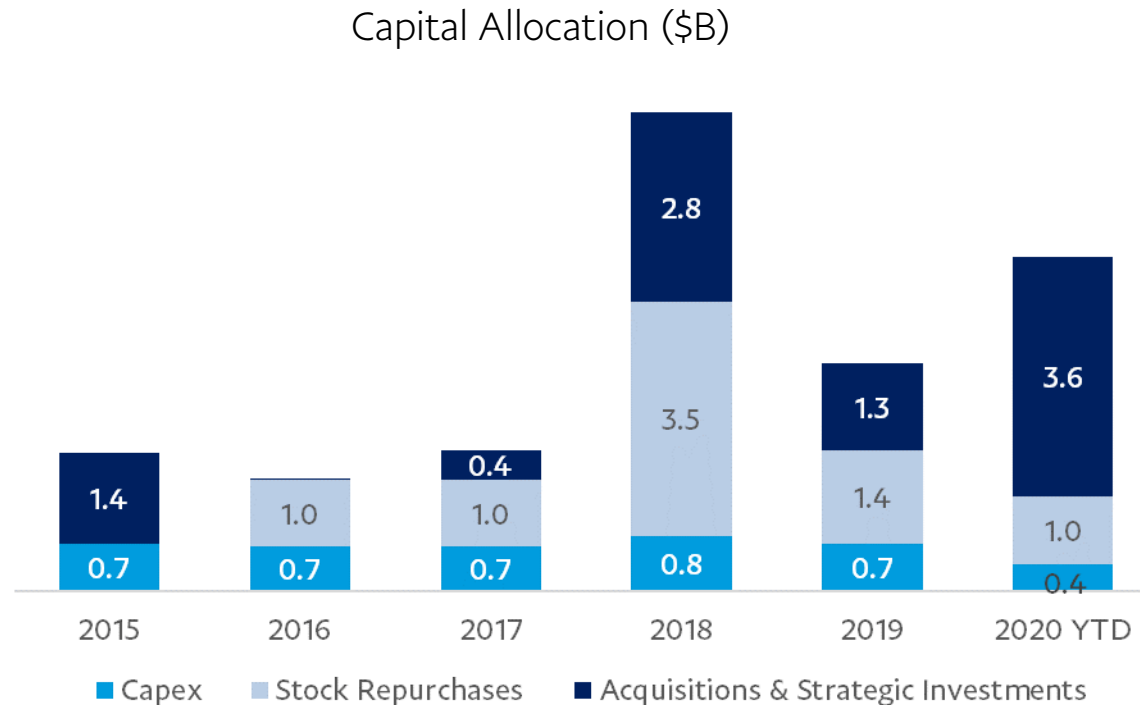
112% growth in FCF in Q2-20; 42% as % of revenue



- Free Cash Flow (FCF) of ~\$2.2 billion in Q2-20; 112% growth year over year; 42% as % of revenue
 - Q2-20 capex spend of \$193 million; 4% of revenue
- Cash, cash equivalents, short-term and long-term investments of \$16.2 billion
 - Cash and cash equivalents of \$6.4 billion, short-term investments of \$6.7 billion and long-term investments of \$3.2 billion, with ~43% held internationally
- Accessed public debt markets in May 2020, raising an additional \$4.0 billion in senior fixed notes, ended the quarter with \$9.0 billion of long-term debt

(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.

Q2-20 Capital Allocation



- Generated >\$17 billion in FCF⁽¹⁾ since separation in July 2015
- In Q2-20, returned \$220 million in capital to shareholders by repurchasing ~1.35 million shares at an average price of \$161.96
- Since separation, repurchased ~114 million shares of common stock, returning \$8 billion in capital to shareholders at an average price of \$70.07

(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.

Q3-20 Guidance

Expect strong momentum from Q2 to continue into Q3

Revenue Growth (Spot)	~23%
Revenue Growth (FXN)	~25%
Non-GAAP EPS Growth	~25%
GAAP EPS Growth	~45%

- Expect revenue growth of ~25% FXN, which incorporates ~1.5pts of headwind from eBay's managed payments transition, with expected TPV growth of ~30% FXN
- GAAP and non-GAAP EPS exclude the impact of incremental credit loss reserves due to macroeconomic outlook
- Expect non-GAAP EPS growth of ~25%
 - ~\$0.04 of dilution from acquisitions announced in 2019
- Expect GAAP EPS growth of ~45% driven by:
 - ~\$0.11 of dilution from acquisitions announced in 2019
 - Q3-20 excludes any expectation of unrealized gains / losses from strategic investments; \$0.15 negative impact in Q3-19 from net unrealized losses

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Reinstating FY-20 Guidance

Relative to guidance provided in January, raising Revenue, EPS and FCF guidance

Revenue Growth (Spot)	~20%
Revenue Growth (FXN)	~22%
Non-GAAP EPS Growth	~25%
GAAP EPS Growth	~25%
Free Cash Flow (in billions)	>\$5

- Expect to add approximately 70 million NNAs in FY-20
- Expect revenue growth of ~22% FXN, which includes ~1pt headwind from eBay's managed payments transition, with expected TPV growth in the high 20% range on a Spot and FXN basis
- Expect at least 100 basis points of non-GAAP operating margin expansion
- GAAP and non-GAAP EPS exclude the impact of incremental credit loss reserves due to macroeconomic outlook
- Expect non-GAAP EPS growth of ~25%
 - ~\$0.11 of dilution from acquisitions announced in 2019
- Expect GAAP EPS growth of ~25% driven by:
 - ~\$0.62 of dilution from acquisitions announced in 2019
 - FY-20 excludes any expectation of unrealized gains / losses from strategic investments; \$0.14 benefit in 2019 from net unrealized gains

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.

Supplemental Information

Q2-20 PayPal Metrics⁽¹⁾

(in millions, except %)

	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20
Active Accounts	277	286	295	305	325	346
Y/Y Growth	17%	17%	16%	14%	17%	21%
Net New Active Accounts	9.3	9.0	9.8	9.3	20.2 *	21.3
Number of Payment Transactions	2,838	2,973	3,090	3,461	3,261	3,742
Y/Y Growth	28%	28%	25%	21%	15%	26%
Total Payment Volume	161,492	172,359	178,670	199,404	190,567	221,731
Y/Y Growth	22%	24%	25%	22%	18%	29%
FXN Y/Y Growth	25%	26%	27%	22%	19%	30%
US TPV	95,697	102,224	106,591	118,666	117,056	132,673
Y/Y Growth	28%	28%	28%	26%	22%	30%
International TPV	65,795	70,136	72,079	80,738	73,511	89,058
Y/Y Growth	14%	18%	21%	17%	12%	27%
FXN Y/Y Growth	22%	24%	25%	18%	14%	30%
Total Take Rate	2.56%	2.50%	2.45%	2.49%	2.42%	2.37%
Transaction Take Rate	2.31%	2.25%	2.21%	2.27%	2.21%	2.23%
Transaction Expense Rate	0.96%	0.94%	0.95%	0.96%	0.91%	0.83%
Transaction and Loan Loss Rate	0.21%	0.18%	0.19%	0.19%	0.31%	0.20%
Transaction Margin	54.2%	54.8%	53.4%	53.8%	49.5%	56.6%

- Transaction growth of 26%, decelerating ~2 points on y/y basis and accelerating ~11 pts on a sequential basis. Strength across PayPal checkout experiences contributed to transaction revenue growth
- Cross-border trade (CBT) was 17% of TPV in the quarter, growing 24% on an FX-neutral basis
- 46% of active accounts are outside the U.S.
- Average Payment Volume (APV) was \$59, up 2% year over year
- Transaction take rate down ~2 bps. Excluding impact of P2P volumes, increase of 3 bps, reflecting strong volume growth in PayPal checkout experiences
- Credit loans receivable of ~\$3.1B, with \$1.9B related to merchant receivables, consisting primarily of PayPal Working Capital and PayPal Business Loan products

*Includes 10.2 million active accounts that were included from the acquisition of Honey in January 2020

(1) Definitions included in Supplemental Information.



Q2-20 Financial Detail

(\$ millions)	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20
Transaction Revenue	\$3,731	\$3,878	\$3,955	\$4,535	\$4,215	\$4,945
Y/Y Growth	17%	17%	18%	18%	13%	28%
Other Value Added Services (OVAS)	\$397	\$427	\$423	\$426	\$403	\$316
Y/Y Growth	-19%	-21%	24%	14%	2%	-26%
Total Revenue	\$4,128	\$4,305	\$4,378	\$4,961	\$4,618	\$5,261
Y/Y Growth	12%	12%	19%	17%	12%	22%
FXN Y/Y Growth	12%	12%	19%	18%	13%	25%
US Revenue Y/Y Growth	8%	7%	19%	19%	13%	15%
International Revenue FXN Y/Y Growth	17%	18%	20%	17%	14%	36%
% International	47%	47%	47%	47%	47%	50%
Volume-based expenses	\$1,890	\$1,945	\$2,041	\$2,294	\$2,330	\$2,283
Non-transaction related expenses	\$1,304	\$1,362	\$1,311	\$1,494	\$1,380	\$1,493
Total Operating Expenses⁽¹⁾	\$3,194	\$3,307	\$3,352	\$3,788	\$3,710	\$3,776
Y/Y Growth	12%	9%	16%	14%	16%	14%
Non-GAAP Op. Income⁽¹⁾	\$934	\$998	\$1,026	\$1,173	\$908	\$1,485
Non-GAAP Op. Margin %⁽¹⁾	23%	23%	23%	24%	20%	28%
Non-GAAP EPS⁽¹⁾	\$0.66	\$0.71	\$0.76	\$0.83	\$0.66	\$1.07
Y/Y Growth	16%	27%	31%	27%	0%	49%
CAPEX	\$218	\$139	\$173	\$174	\$206	\$193
Free Cash Flow⁽¹⁾	\$809	\$1,035	\$923	\$1,090	\$1,298	\$2,190

(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.

Reconciliation of Net Revenues, Transaction and Credit Losses, Transaction Margin

Reconciliation of GAAP Net Revenues to Non-GAAP Net Revenues, GAAP Transaction and Credit Losses to Non-GAAP Transaction and Credit Losses, GAAP Transaction and Credit Losses Rate to Non-GAAP Transaction and Credit Losses Rate and GAAP Transaction Margin to Non-GAAP Transaction Margin

(In Millions/Unaudited)	Three Months Ended										Year Ended December 31,		
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	2019	2018	2017
TPV	\$ 221,731	\$ 190,567	\$ 199,404	\$ 178,670	\$ 172,359	\$ 161,492	\$ 163,648	\$ 143,004	\$ 139,403	\$ 132,364	\$ 711,925	\$ 578,419	\$ 456,179
GAAP Net revenues	\$ 5,261	\$ 4,618	\$ 4,961	\$ 4,378	\$ 4,305	\$ 4,128	\$ 4,226	\$ 3,683	\$ 3,857	\$ 3,685	\$ 17,772	\$ 15,451	\$ 13,094
Other ⁽¹⁾	—	—	—	—	—	—	—	—	—	—	—	—	(39)
Non-GAAP Net revenues	\$ 5,261	\$ 4,618	\$ 4,961	\$ 4,378	\$ 4,305	\$ 4,128	\$ 4,226	\$ 3,683	\$ 3,857	\$ 3,685	\$ 17,772	\$ 15,451	\$ 13,055
GAAP Transaction and credit losses	\$ 440	\$ 591	\$ 381	\$ 340	\$ 318	\$ 341	\$ 340	\$ 295	\$ 334	\$ 305	\$ 1,380	\$ 1,274	\$ 1,011
Other ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—	—	283
Non-GAAP Transaction and credit losses	\$ 440	\$ 591	\$ 381	\$ 340	\$ 318	\$ 341	\$ 340	\$ 295	\$ 334	\$ 305	\$ 1,380	\$ 1,274	\$ 1,294
GAAP Transaction and credit losses rate (% of TPV)	0.20 %	0.31 %	0.19 %	0.19 %	0.18 %	0.21 %	0.21 %	0.21 %	0.24 %	0.23 %	0.19 %	0.22 %	0.22 %
Effect of non-GAAP adjustment	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.06 %
Non-GAAP Transaction and credit losses rate (% of TPV)	0.20 %	0.31 %	0.19 %	0.19 %	0.18 %	0.21 %	0.21 %	0.21 %	0.24 %	0.23 %	0.19 %	0.22 %	0.28 %
GAAP Transaction margin	56.6 %	49.5 %	53.8 %	53.4 %	54.8 %	54.2 %	54.6 %	54.9 %	56.0 %	57.1 %	54.0 %	55.6 %	58.5 %
Effect of non-GAAP adjustment	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	(2.3)%
Non-GAAP Transaction margin	56.6 %	49.5 %	53.8 %	53.4 %	54.8 %	54.2 %	54.6 %	54.9 %	56.0 %	57.1 %	54.0 %	55.6 %	56.2 %

Amounts in the table are rounded to the nearest million, except as otherwise noted. As a result, certain amounts may not recalculate using the rounded amounts provided.

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

⁽²⁾ Elimination of allowance on loans receivable due to the designation of the U.S. Consumer Credit receivables portfolio as held for sale.

Reconciliation of GAAP Operating Expenses to Non-GAAP Operating Expenses

(In Millions/Unaudited)	Note	Three Months Ended									Year Ended December 31,			
		June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	2019	2018	2017
GAAP operating expenses:														
Transaction expense		\$ 1,843	\$ 1,739	\$ 1,913	\$ 1,701	\$ 1,627	\$ 1,549	\$ 1,578	\$ 1,366	\$ 1,362	\$ 1,275	\$ 6,790	\$ 5,581	\$ 4,419
Transaction and credit losses		440	591	381	340	318	341	340	295	334	305	1,380	1,274	1,011
Customer support and operations		423	399	438	390	399	388	377	350	338	342	1,615	1,407	1,265
Sales and marketing		414	371	400	316	356	329	401	325	307	281	1,401	1,314	1,142
Technology and development		631	605	558	533	483	511	490	452	441	448	2,085	1,831	1,740
General and administrative		512	486	472	401	419	419	430	377	387	347	1,711	1,541	1,258
Restructuring and other charges		47	29	—	—	(2)	73	12	28	116	153	71	309	132
Total operating expenses		\$ 4,310	\$ 4,220	\$ 4,162	\$ 3,681	\$ 3,600	\$ 3,610	\$ 3,628	\$ 3,193	\$ 3,285	\$ 3,151	\$ 15,053	\$ 13,257	\$ 10,967
Non-GAAP operating expense adjustments:														
Transaction and credit losses	(g)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 283
Customer support and operations	(a)	(64)	(52)	(54)	(51)	(45)	(48)	(45)	(46)	(41)	(42)	(198)	(174)	(142)
	(b)	(1)	(7)	(1)	(1)	(2)	(5)	(1)	—	(2)	(6)	(9)	(9)	(2)
Sales and marketing	(a)	(47)	(39)	(32)	(31)	(32)	(32)	(32)	(30)	(29)	(34)	(127)	(125)	(107)
	(b)	(3)	(7)	(1)	(1)	(5)	(5)	—	—	(3)	(4)	(12)	(7)	(2)
	(c)	(44)	(43)	(32)	(34)	(33)	(36)	(39)	(20)	(16)	(17)	(135)	(92)	(95)
Technology and development	(a)	(133)	(113)	(128)	(119)	(80)	(93)	(81)	(76)	(74)	(72)	(420)	(303)	(277)
	(b)	(1)	(17)	(1)	(1)	(3)	(12)	(1)	(1)	(5)	(13)	(17)	(20)	(7)
	(c)	(64)	(64)	(18)	(18)	(18)	(21)	(20)	(13)	(9)	(12)	(75)	(54)	(34)
	(f)	—	—	—	—	—	—	—	—	—	—	—	—	(15)
General and administrative	(a)	(116)	(87)	(79)	(72)	(73)	(81)	(77)	(65)	(66)	(61)	(305)	(269)	(218)
	(b)	—	(14)	(1)	(1)	(4)	(10)	—	(1)	(3)	(9)	(16)	(13)	(6)
	(c)	(7)	(7)	(1)	—	—	—	—	—	—	—	(1)	—	—
	(e)	—	(20)	(3)	—	—	—	(7)	(17)	—	—	(3)	(24)	—
	(h)	—	—	—	—	—	—	—	—	—	—	—	—	(5)
	(i)	(7)	(11)	(23)	—	—	—	—	—	—	—	(23)	—	—
Restructuring and other charges	(d)	(26)	(29)	—	—	—	(78)	—	—	—	(25)	(78)	(25)	(40)
	(i)	—	—	—	—	2	5	(12)	(28)	—	—	7	(40)	—
	(k)	(21)	—	—	—	—	—	—	—	—	—	—	—	—
Total operating expenses		\$ (534)	\$ (510)	\$ (374)	\$ (329)	\$ (293)	\$ (416)	\$ (315)	\$ (297)	\$ (248)	\$ (295)	\$ (1,412)	\$ (1,155)	\$ (667)
Non-GAAP operating expenses:														
Transaction expense		\$ 1,843	\$ 1,739	\$ 1,913	\$ 1,701	\$ 1,627	\$ 1,549	\$ 1,578	\$ 1,366	\$ 1,362	\$ 1,275	\$ 6,790	\$ 5,581	\$ 4,419
Transaction and credit losses		440	591	381	340	318	341	340	295	334	305	1,380	1,274	1,294
Customer support and operations		358	340	383	338	352	335	331	304	295	294	1,408	1,224	1,121
Sales and marketing		320	282	335	250	286	256	330	275	259	226	1,127	1,090	938
Technology and development		433	411	411	395	382	385	388	362	353	351	1,573	1,454	1,407
General and administrative		382	347	365	328	342	328	346	294	318	277	1,363	1,235	1,029
Restructuring and other charges		—	—	—	—	—	—	—	—	116	128	—	244	92
Total operating expenses		\$ 3,776	\$ 3,710	\$ 3,788	\$ 3,352	\$ 3,307	\$ 3,194	\$ 3,313	\$ 2,896	\$ 3,037	\$ 2,856	\$ 13,641	\$ 12,102	\$ 10,300

(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) Impairment of investment in intellectual property fund.

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

(h) Fees associated with the sale of the U.S. Consumer Credit receivables portfolio.

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

(j) Award for a legal proceeding and expenses related to pre-acquisition contingencies of an acquired company identified outside of the measurement period.

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

Reconciliation of GAAP Operating Margin to Non-GAAP Operating Margin

(In Millions, Except Percentages/Unaudited)	Three Months Ended												Year Ended December 31,		
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	June 30, 2015	2019	2018	2017	
GAAP operating income	\$ 951	\$ 398	\$ 799	\$ 697	\$ 705	\$ 518	\$ 598	\$ 490	\$ 572	\$ 534	\$ 398	\$ 2,719	\$ 2,194	\$ 2,127	
Stock-based compensation expense and related employer payroll taxes	365	336	297	277	244	286	237	219	223	241	89	1,104	920	761	
Acquisition related transaction expense	—	20	3	—	—	—	7	17	—	—	3	3	24	—	
Separation	—	—	—	—	—	—	—	—	—	—	9	—	—	—	
Restructuring	26	29	—	—	—	78	—	—	—	25	1	78	25	40	
Amortization of acquired intangible assets	115	114	51	52	51	57	59	33	25	29	20	211	146	129	
Other	28	11	23	—	(2)	(5)	12	28	—	—	—	16	40	(302)	
Total non-GAAP operating income adjustments	534	510	374	329	293	416	315	297	248	295	122	1,412	1,155	628	
Non-GAAP operating income	\$ 1,485	\$ 908	\$ 1,173	\$ 1,026	\$ 998	\$ 934	\$ 913	\$ 787	\$ 820	\$ 829	\$ 520	\$ 4,131	\$ 3,349	\$ 2,755	
Non-GAAP operating margin	28.2 %	19.7 %	23.6 %	23.4 %	23.2 %	22.6 %	21.6 %	21.4 %	21.3 %	22.5 %	22.6 %	23.2 %	21.7 %	21.1 %	

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

(In Millions, Except Percentages and Per Share Amount/Unaudited)	Three Months Ended											Year Ended December 31,		
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	June 30, 2015	2019	2018	2017
GAAP income before income taxes	\$ 1,799	\$ 263	\$ 854	\$ 484	\$ 943	\$ 717	\$ 686	\$ 533	\$ 609	\$ 548	\$ 399	\$2,998	\$2,376	\$2,200
GAAP income tax expense	269	179	347	22	120	50	102	97	83	37	94	539	319	405
GAAP net income	1,530	84	507	462	823	667	584	436	526	511	305	2,459	2,057	1,795
Non-GAAP adjustments to net														
Non-GAAP operating income adjustments (see table above)	534	510	374	329	293	416	315	297	248	295	122	1,412	1,155	628
(Gains) losses on strategic investments ⁽¹⁾	(888)	124	(38)	228	(218)	(180)	(56)	—	(31)	—	—	(208)	(87)	—
Other certain significant gains, losses, or charges	(17)	259	230	—	—	—	(6)	14	32	3	—	230	43	224
Tax effect of non-GAAP adjustments ⁽¹⁾	104	(191)	(85)	(119)	(50)	(117)	(54)	(52)	(99)	(117)	(19)	(371)	(322)	(329)
Non-GAAP net income	\$ 1,263	\$ 786	\$ 988	\$ 900	\$ 848	\$ 786	\$ 783	\$ 695	\$ 676	\$ 692	\$ 408	\$ 3,522	\$ 2,846	\$ 2,318
Shares used in diluted share calculation	1,184	1,185	1,187	1,188	1,187	1,188	1,196	1,199	1,202	1,217	1,224	1,188	1,203	1,221
Net income per diluted share:														
GAAP	\$ 1.29	\$ 0.07	\$ 0.43	\$ 0.39	\$ 0.69	\$ 0.56	\$ 0.49	\$ 0.36	\$ 0.44	\$ 0.42	\$ 0.25	\$ 2.07	\$ 1.71	\$ 1.47
Non-GAAP	\$ 1.07	\$ 0.66	\$ 0.83	\$ 0.76	\$ 0.71	\$ 0.66	\$ 0.65	\$ 0.58	\$ 0.56	\$ 0.57	\$ 0.33	\$ 2.96	\$ 2.37	\$ 1.90
GAAP effective tax rate	15 %	68 %	41 %	5 %	13 %	7 %	15 %	18 %	14 %	7 %	24 %	18 %	13 %	18 %
Tax effect of non-GAAP adjustments to net income	(2)%	(56)%	(24)%	9 %	4 %	11 %	2 %	(2)%	4 %	11 %	(2)%	(2)%	4 %	— %
Non-GAAP effective tax rate	13 %	12 %	17 %	14 %	17 %	18 %	17 %	16 %	18 %	18 %	22 %	16 %	17 %	18 %

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

Reconciliation of GAAP Net Revenue to Non-GAAP Net Revenue by Geography

(In Millions/Unaudited)	Three Months Ended										Year Ended December 31,		
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	2019	2018	2017
U.S. net revenues	\$ 2,651	\$ 2,469	\$ 2,606	\$ 2,327	\$ 2,297	\$ 2,187	\$ 2,189	\$ 1,962	\$ 2,150	\$ 2,023	\$ 9,417	\$ 8,324	\$ 7,084
Non-GAAP adjustment ⁽¹⁾	—	—	—	—	—	—	—	—	—	—	—	—	(39)
Non-GAAP U.S. net revenues	\$ 2,651	\$ 2,469	\$ 2,606	\$ 2,327	\$ 2,297	\$ 2,187	\$ 2,189	\$ 1,962	\$ 2,150	\$ 2,023	\$ 9,417	\$ 8,324	\$ 7,045
International net revenues	\$ 2,610	\$ 2,149	\$ 2,355	\$ 2,051	\$ 2,008	\$ 1,941	\$ 2,037	\$ 1,721	\$ 1,707	\$ 1,662	\$ 8,355	\$ 7,127	\$ 6,010
Total net revenues	\$ 5,261	\$ 4,618	\$ 4,961	\$ 4,378	\$ 4,305	\$ 4,128	\$ 4,226	\$ 3,683	\$ 3,857	\$ 3,685	\$ 17,772	\$ 15,451	\$ 13,094
Non-GAAP adjustment ⁽¹⁾	—	—	—	—	—	—	—	—	—	—	—	—	(39)
Total non-GAAP net revenues	\$ 5,261	\$ 4,618	\$ 4,961	\$ 4,378	\$ 4,305	\$ 4,128	\$ 4,226	\$ 3,683	\$ 3,857	\$ 3,685	\$ 17,772	\$ 15,451	\$ 13,055

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

Reconciliation of GAAP Net Revenue to Non-GAAP Net Revenue by Type

(In Millions/Unaudited)	Three Months Ended										Year Ended December 31,		
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	2019	2018	2017
Transaction revenues	\$ 4,945	\$ 4,215	\$ 4,535	\$ 3,955	\$ 3,878	\$ 3,731	\$ 3,851	\$ 3,343	\$ 3,318	\$ 3,197	\$ 16,099	\$ 13,709	\$ 11,501
Revenues from other value added services	\$ 316	\$ 403	\$ 426	\$ 423	\$ 427	\$ 397	\$ 375	\$ 340	\$ 539	\$ 488	\$ 1,673	\$ 1,742	\$ 1,593
Non-GAAP adjustment ⁽¹⁾	—	—	—	—	—	—	—	—	—	—	—	—	(39)
Non-GAAP revenues from other value added services	\$ 316	\$ 403	\$ 426	\$ 423	\$ 427	\$ 397	\$ 375	\$ 340	\$ 539	\$ 488	\$ 1,673	\$ 1,742	\$ 1,554
Total net revenues	\$ 5,261	\$ 4,618	\$ 4,961	\$ 4,378	\$ 4,305	\$ 4,128	\$ 4,226	\$ 3,683	\$ 3,857	\$ 3,685	\$ 17,772	\$ 15,451	\$ 13,094
Non-GAAP adjustment ⁽¹⁾	—	—	—	—	—	—	—	—	—	—	—	—	(39)
Total non-GAAP net revenues	\$ 5,261	\$ 4,618	\$ 4,961	\$ 4,378	\$ 4,305	\$ 4,128	\$ 4,226	\$ 3,683	\$ 3,857	\$ 3,685	\$ 17,772	\$ 15,451	\$ 13,055

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

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

(In Millions/Unaudited)	Three Months Ended										Year Ended December 31,		
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	2019	2018	2017
Net cash provided by operating activities	\$ 2,383	\$ 1,504	\$ 1,264	\$ 1,096	\$ 1,174	\$ 1,027	\$ 1,134	\$ 4,670	\$ 28	\$ (349)	\$ 4,561	\$ 5,483	\$ 2,531
Less: Purchases of property and equipment, net	(193)	(206)	(174)	(173)	(139)	(218)	(224)	(223)	(198)	(178)	(704)	(823)	(667)
Free cash flow	\$ 2,190	\$ 1,298	\$ 1,090	\$ 923	\$ 1,035	\$ 809	\$ 910	\$ 4,447	\$ (170)	\$ (527)	\$ 3,857	\$ 4,660	\$ 1,864
Impact of held for sale accounting presentation related to our U.S. consumer credit receivables portfolio on cash flow from operating activities	—	—	—	—	—	—	—	(3,675)	907	1,260	—	(1,508)	1,299
Adjusted free cash flow	\$ 2,190	\$ 1,298	\$ 1,090	\$ 923	\$ 1,035	\$ 809	\$ 910	\$ 772	\$ 737	\$ 733	\$ 3,857	\$ 3,152	\$ 3,163

Q3-20 and FY-20 GAAP and Non-GAAP Guidance

	Three Months Ending September 30, 2020	
	GAAP	Non-GAAP(a)
Revenue Growth Rate (Spot)	~23%	~23%
Revenue Growth Rate (FXN)	~25%	~25%
Diluted EPS Growth Rate	~45%	~25%

(a) Estimated non-GAAP amounts above for the three months ending September 30, 2020, reflect adjustments of approximately \$530 million, primarily representing estimated stock-based compensation expense and related payroll taxes in the range of \$370 million.

	Twelve Months Ending December 31, 2020	
	GAAP	Non-GAAP(a)
Revenue Growth Rate (Spot)	~20%	~20%
Revenue Growth Rate (FXN)	~22%	~22%
Diluted EPS Growth Rate	~25%	~25%

(a) Estimated non-GAAP amounts above for the twelve months ending December 31, 2020, reflect adjustments of approximately \$2.11 billion, primarily representing estimated stock-based compensation expense and related payroll taxes in the range of \$1.47 billion.

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 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.

