

# Q2-22

# Investor Update

August 2, 2022



# Non-GAAP Financial Measures; Forward-Looking Statements

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

As previously disclosed, beginning with the first quarter of 2020, we modified the presentation of our non-GAAP results to exclude the impact of all gains and losses on our strategic investments. In addition, beginning with the fourth quarter of 2020, 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 third quarter and full year 2022; anticipated cost savings and operating margin expansion; our capital return program; the impact and timing of product launches and acquisitions; and the projected future growth of PayPal's businesses. Forward-looking statements are based upon various estimates and assumptions, as well as information known to PayPal as of the date of this presentation and are inherently subject to numerous risks and uncertainties. Our actual results could differ materially from those estimated or implied by forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to: our ability to compete in markets that are highly competitive and subject to rapid technological change, and to develop and deliver new or enhanced products and services on a timely basis; cyberattacks and security vulnerabilities, and associated impacts; the effect of global and regional political, economic, market and trade conditions, supply chain issues and related events that affect payments or commerce activity, including inflation and rising interest rates; the impact of natural disasters or other business interruptions on our business and financial condition, as well as our customers, suppliers, vendors and other business partners; the continuing effects of the COVID-19 pandemic and the proliferation of variants; the impact of the Russia-Ukraine conflict; the stability, security and performance of our payments platform; the effect of extensive government regulation and oversight related to our business, products and services in a variety of areas, including, but not limited to, laws covering payments, lending and consumer protection; the impact of complex and changing laws and regulations worldwide, including, but not limited to, laws covering privacy, data protection, and cybersecurity, which expose us to potential liabilities, increased costs, and other adverse effects on our business; the impact of payment card, bank, or other network rules or practices; changes in how consumers fund transactions; our ability to effectively detect and prevent the use of our services for fraud, abusive behaviors, illegal activities, or improper purposes; our ability to manage regulatory and litigation risks, and the outcome of legal and regulatory proceedings; our ability to manage relationships with third parties and their ability to meet their obligations to us; damage to our reputation or brands; fluctuations in foreign currency exchange rates; changes in tax rates and exposure to additional tax liabilities; changes to our capital allocation, management of operating cash or incurrence of indebtedness; our ability to timely develop and upgrade our technology systems, infrastructure and customer service capabilities; the impact of proposed or completed acquisitions, divestitures, strategic investments, or entries into new businesses or markets; and our ability to attract, hire, and retain talented employees. The forward-looking statements in this presentation do not include the potential impact of any acquisitions or divestitures that may be announced and/or contemplated after the date of this presentation.

More information about factors that could adversely affect PayPal's results of operations, financial condition and prospects or that could cause actual results to differ from those expressed or implied in forward-looking statements is included under the captions "Risk Factors", "Legal Proceedings," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in PayPal's most recent annual report on Form 10-K, and its subsequent quarterly reports on Form 10-Q, copies of which may be obtained by visiting PayPal's Investor Relations website at <https://investor.pypl.com> or the SEC's website at [www.sec.gov](http://www.sec.gov). All information in this presentation is as of August 2, 2022. 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.

# Highlights

## Solid second quarter, with two points of sequential revenue acceleration and 22% growth in free cash flow

- Q2 results & metrics**
- TPV growth: 3-year spot CAGR of 25%, and 28% ex-eBay<sup>(1)</sup>
  - Revenue growth: 3-year spot CAGR of 16%, and 22% ex-eBay
  - PayPal core daily active accounts<sup>(2)</sup> up >40% relative to pre-pandemic period (Q2-19)
  - Non-GAAP EPS of \$0.93, ~\$0.07 stronger than guidance
  - \$1.3B in free cash flow (FCF), 22% growth and 19% of revenue

## Leadership, resiliency, and shareholder value initiatives

- Management updates**
- Blake Jorgensen appointed Chief Financial Officer (CFO)
  - Conducting search for new Chief Product Officer (CPO) following Mark Britto's plan to retire at end of year
- Productivity initiatives**
- FY-22 guidance incorporates \$900M of cost savings, with annualized benefit of at least \$1.3B in FY-23
  - Plan to deliver operating margin expansion in FY-23
- Capital return program**
- New \$15 billion share repurchase authorization
  - FY-22 share repurchases expected to reach ~\$4.0B
  - Commitment to work with Elliott Investment Management L.P. on a comprehensive evaluation of capital return alternatives

## Raising FY-22 non-GAAP EPS guidance; targeting non-GAAP operating margin expansion in Q4

- Full year outlook**
- Expect ex-eBay revenue growth of ~14.5% FXN<sup>(3)</sup>, FCF >\$5.0B, and ~10M NNAs
  - Raising non-GAAP EPS guidance range; targeting non-GAAP operating margin expansion in Q4
  - Revenue growth expected to accelerate each quarter; targeting 14% FXN growth in Q4

Non-GAAP operating margin and expenses, 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.  
(1) All references to eBay in this presentation refer to eBay Marketplaces on our payments platform (2) Daily active accounts represents the average 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 during the designated period (3) Foreign currency-neutral

# Second Quarter 2022 Summary

Three-year CAGRs highlight solid performance

## Active Accounts

**429M**

Includes **35M** active merchant accounts

**6%** increase y/y

**0.4M**

Net new active accounts (NNAs)

## Customer Engagement

**48.7**

Payment transactions per active account (TPA)

**12%** increase y/y

PayPal core daily active accounts are **>40%** higher relative to pre-pandemic period (Q2-19)

## Total Payment Volume

**\$340B**

**9%** spot and **13%** FXN y/y growth

**11%** spot and **15%** FXN y/y growth ex-eBay

3-year spot CAGR of **25%**

3-year ex-eBay spot CAGR of **28%**

## Revenue

**\$6.8B**

**9%** spot and **10%** FXN y/y growth

**14%** spot y/y growth ex-eBay

3-year spot CAGR of **16%**

3-year ex-eBay spot CAGR of **22%**

## Non-GAAP EPS

**\$0.93**

**19%** decrease y/y

Includes ~\$0.11 per share headwind from lower eBay transaction margin dollars and lapping ~\$0.11 benefit from credit loss reserve releases in Q2-21

3-year transaction margin dollar CAGR of **12%**

## Free Cash Flow

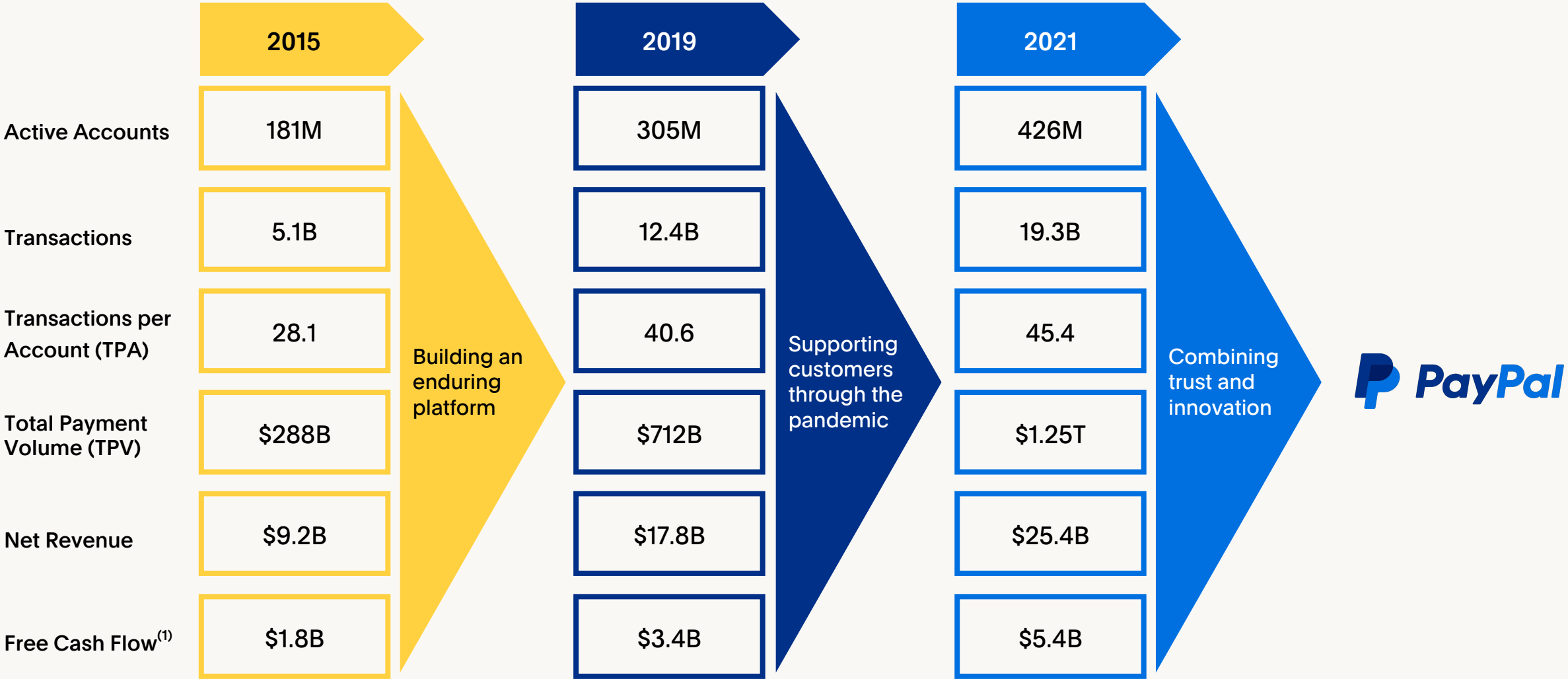
**\$1.3B**

**22%** increase y/y

**19%** of revenue

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.

# PayPal delivers results at massive scale



(1) Free cash flow is a non-GAAP financial measure. Please see the Reconciliation of Operating Cash Flow to Free Cash Flow within Supplemental Information for a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.

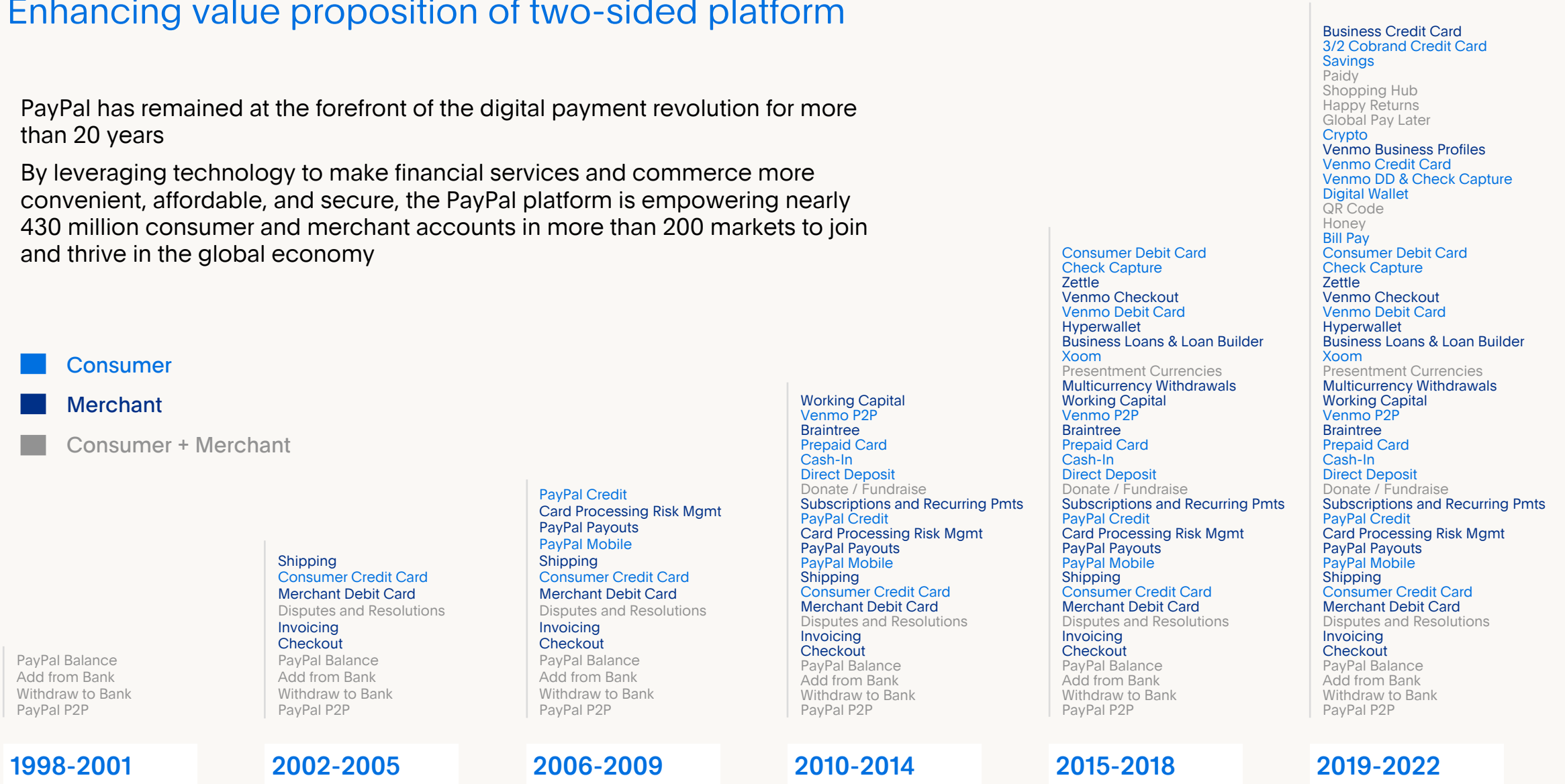
# PayPal's evolution into today's global payments leader

## Enhancing value proposition of two-sided platform

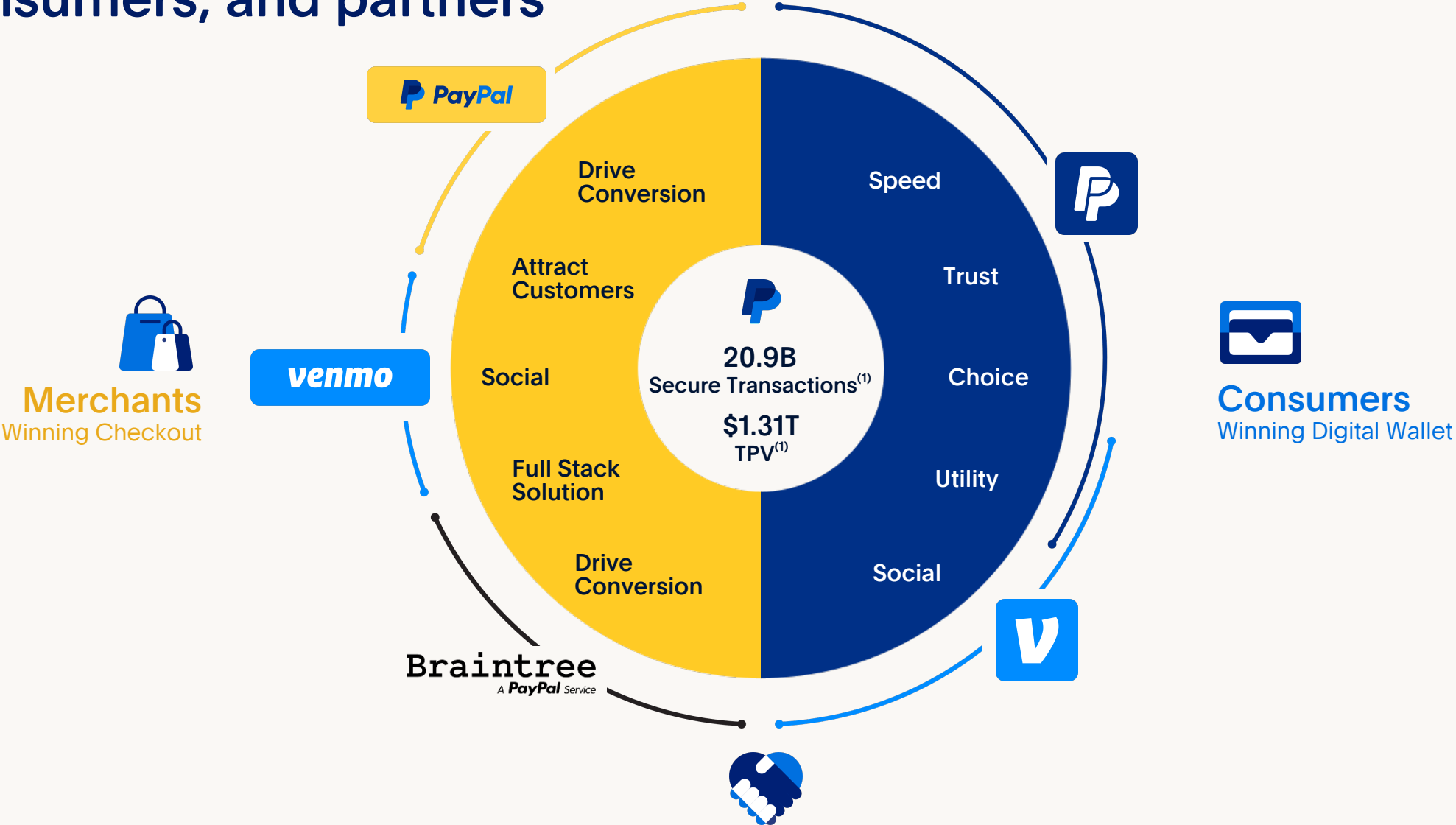
PayPal has remained at the forefront of the digital payment revolution for more than 20 years

By leveraging technology to make financial services and commerce more convenient, affordable, and secure, the PayPal platform is empowering nearly 430 million consumer and merchant accounts in more than 200 markets to join and thrive in the global economy

- Consumer
- Merchant
- Consumer + Merchant



# PayPal is driving a digital payments paradigm for merchants, consumers, and partners



(1) Last twelve months transactions and TPV (Q3-21 to Q2-22)

# Leadership, Resiliency, and Shareholder Value Initiatives

Board of Directors and Management aligned to strengthen PayPal's position



## Management updates

- Appointing Blake Jorgensen as CFO, effective August 3
  - Blake has extensive experience driving operational excellence and shareholder value, having served as CFO at industry-leading companies including Electronic Arts Inc., Levi Strauss & Co., and Yahoo! Inc.
- Conducting search for a new Chief Product Officer following Mark Britto's plan to retire at the end of the year



## Efficiency opportunities & growth initiatives

- FY-22 financial outlook incorporates ~\$900 million of savings across transactional and non-transactional operating expenses
- On an annualized basis, these FY-22 savings, in conjunction with additional initiatives, are expected to generate savings of at least ~\$1.3 billion in FY-23
- Expect to reinvest a portion of the gross savings into high-conviction growth opportunities and to drive operating margin expansion in FY-23



## Invigorated capital return program

- Includes a new \$15 billion share repurchase authorization and a comprehensive evaluation of capital return alternatives
  - Returned \$2.25 billion to shareholders in the form of share repurchases in the first half of 2022, representing ~95% of free cash flow generated in the period
- FY-22 share repurchases expected to reach ~\$4 billion

- Investor Day to be held in early 2023 to share financial and strategic update and provide details related to the review of capital return alternatives
- Entering into an Information Sharing Agreement with Elliott to continue collaboration across a range of value-creation opportunities



# Expanding support for SMBs around the world

New and enhanced products to drive growth and resiliency for SMBs

## PayPal Business Cashback Mastercard<sup>®</sup> Credit Card U.S.



Unlimited 2% cash back on purchases



No annual fee & free employee cards



Fraud liability protection

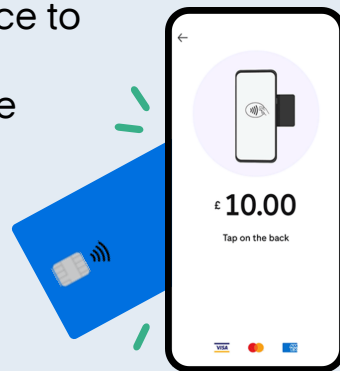


Enhanced benefits from Mastercard<sup>(1)</sup>

## Tap to Pay with Zettle

Netherlands, Sweden, & UK

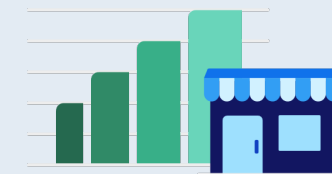
Leveraging near-field communication (NFC), Tap to Pay enables individual sellers and small businesses to accept contactless payments using the Zettle Go app by tapping a customer's card or payment device to the back of an Android phone with no additional hardware or fees



## PayPal Working Capital

France & Netherlands

PayPal Working Capital (PayPal Funding Pro) expanded to France and the Netherlands, providing SMBs with simple and flexible funding in minutes. Since PayPal Working Capital launched in 2013, PayPal has provided SMBs access to more than \$25.6B in capital through over 1.3M loans in the U.S., Australia, UK and Germany



**GOAL 9:**  
Industry, Innovation and Infrastructure

**Target 9.3:** Increase the access of small-scale industrial and other enterprises to financial services and their integration into value chains and markets

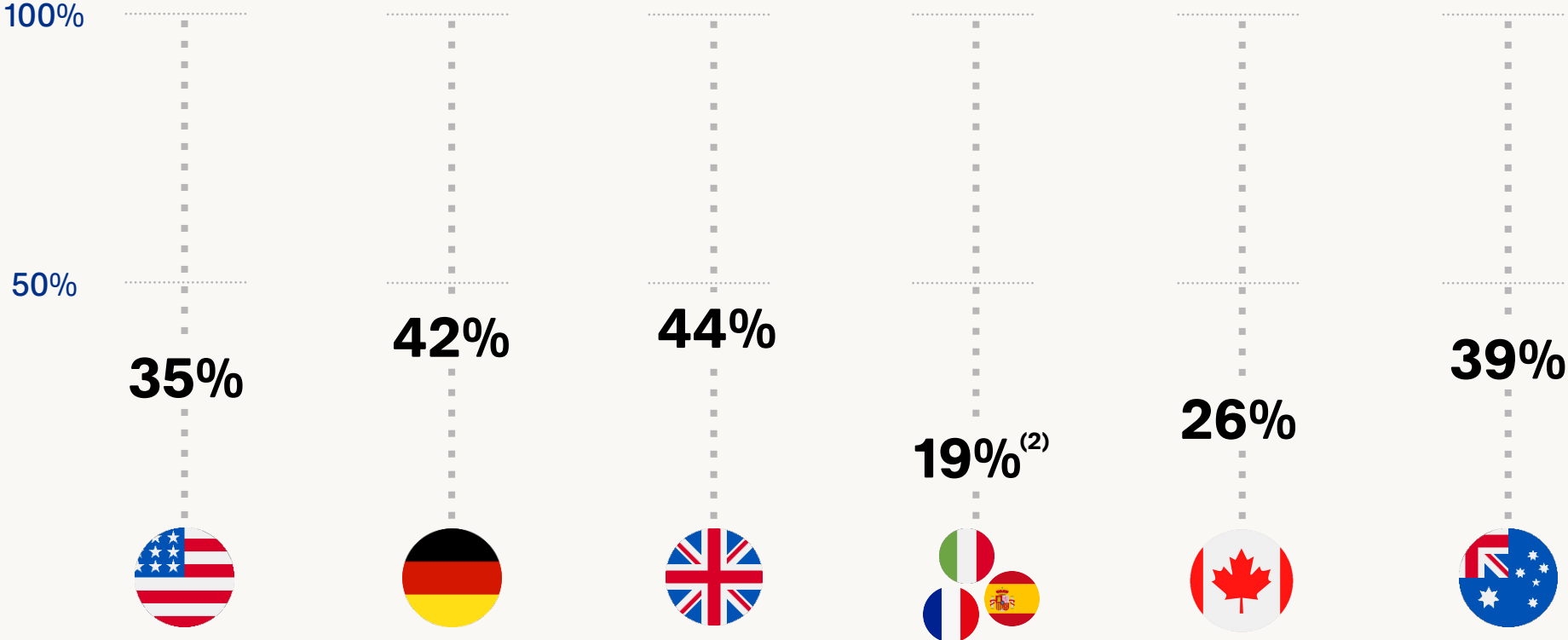
Empowering SMBs is a priority ESG topic for PayPal and is central to PayPal's mission to democratize financial services. PayPal supports SMBs globally through access to capital and tools to drive growth

The PayPal Business Cashback Mastercard is issued by WebBank pursuant to a license by Mastercard International and serviced by Concerto Card Company. Mastercard is a registered trademark.

(1) 2-year Extended Warranty on Purchases, cell phone protection, Mastercard ID Theft Protection<sup>™</sup>, and more from Mastercard

# Leaning into engagement, with room to grow in core markets

PayPal consumer penetration across core developed markets remains below 50%<sup>(1)</sup>

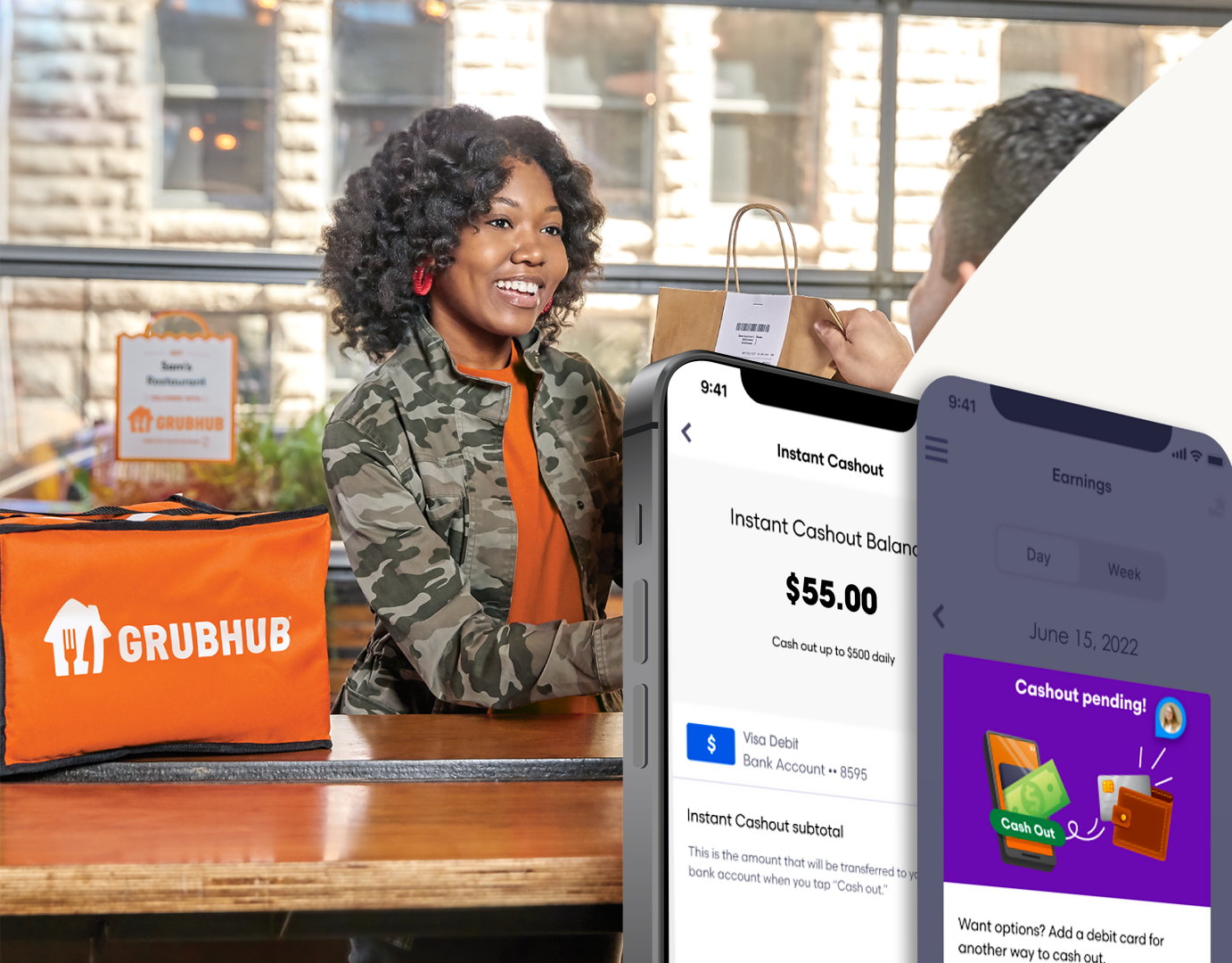


(1) PayPal consumer penetration % calculation is based on the number of unique PayPal consumer users that have conducted at least one transaction in the past 12 months divided by the adult population (ages 18+) in each country, according to UN World Population Prospects 2022 data; penetration analysis is based on PayPal only and does not include other products/services (e.g., Venmo)

(2) Average PayPal consumer penetration % in France, Italy, and Spain

Note: Order based on adult population in each country (largest to smallest, with France, Italy, and Spain representing the average adult population)





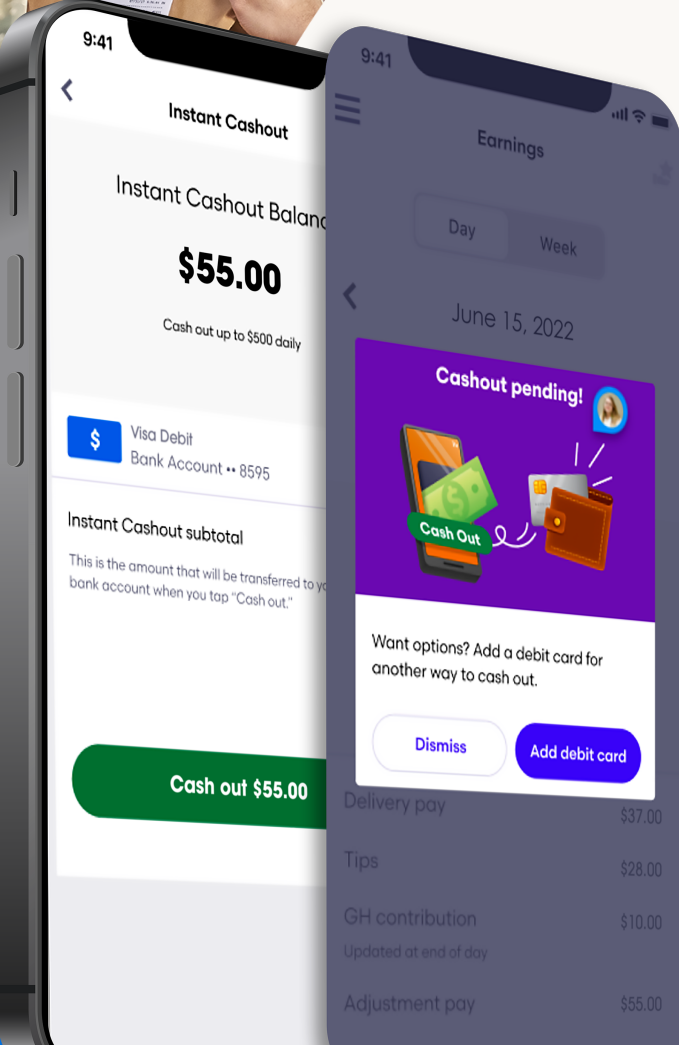
# GRUBHUB

## Supporting choice and flexibility for Grubhub's customers and drivers

PayPal and Grubhub have nurtured a strong relationship over the last 10 years that has resulted in millions of customers opting to use PayPal or Venmo at checkout to order the food they love.

Currently, **95% of Grubhub transactions are processed by Braintree**. Braintree facilitates high authorization rates and low risk of losses for the company, providing both speed and security for Grubhub and its customers.

For Grubhub's drivers, cashing out is one of the most important features – and now, drivers can immediately access their earnings with the launch of Instant Cashout via Direct to Debit, enabled by Hyperwallet from PayPal and Visa Direct. With the support of PayPal's Hyperwallet, Grubhub is increasing financial stability and flexibility for its drivers by offering real-time payouts of their tips and earnings.



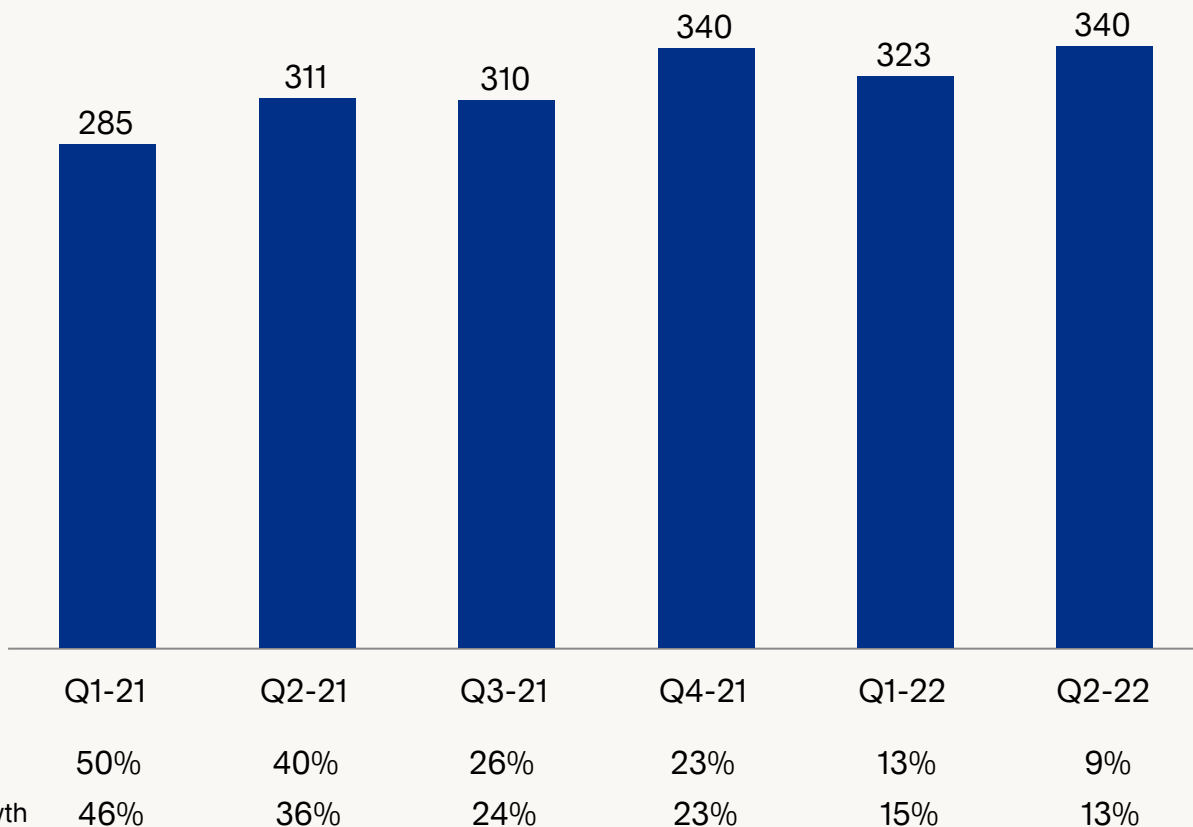
# Business Update

Q2-22

# Q2-22 Total Payment Volume (TPV)

3-year CAGR of 25% at spot and 28% ex-eBay

Total Payment Volume (TPV) (\$B)



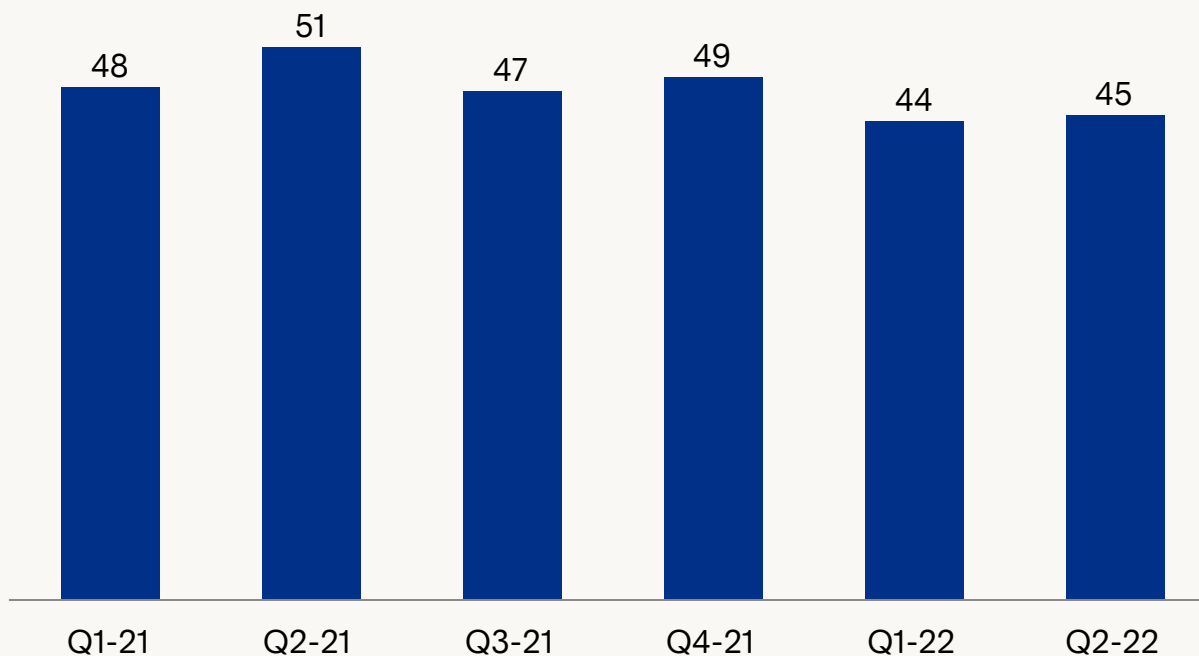
- TPV increased 9% on a spot basis and 13% FXN to \$340 billion
  - 3-year CAGR of 25% at spot, with volume processed in the quarter nearly doubling from Q2-19 to Q2-22
- Excluding eBay, TPV increased 11% on a spot basis and 15% FXN, on top of 48% spot and 43% FXN growth in Q2-21; 3-year CAGR of 28% at spot
- P2P volume, which includes PayPal, Venmo, and Xoom, increased 3% to \$93B, on top of 41% growth in Q2-21, and represented 27% of TPV; 3-year CAGR of 26% at spot
- Venmo volume increased 6% to \$61B, on top of 58% growth in Q2-21; 3-year CAGR of 36% at spot
  - Venmo commerce volume grew >250% in Q2-22<sup>(1)</sup>

(1) Venmo TPV is primarily comprised of P2P activity. Commerce volume includes business profiles, goods & services transactions, and Pay with Venmo.

# Q2-22 TPV: Cross-Border Trade (CBT)

3-year CAGR of 14% at spot and 16% ex-eBay

Cross-Border Trade TPV (\$B)



	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22
Y/Y Growth	51%	38%	19%	5%	(7%)	(12%)
FXN Y/Y Growth	44%	30%	17%	7%	(4%)	(6%)
Share of Total TPV	17%	16%	15%	14%	14%	13%
Ex-eBay FXN Y/Y Growth	41%	28%	19%	14%	4%	2%

- CBT TPV was \$45 billion, down 6% FXN, driven by softness in U.S.-China, UK-EU and UK-China corridors, partly offset by intra-European corridors
  - On a 3-year CAGR basis, CBT TPV grew 14% at spot
  - Excluding eBay, cross-border TPV increased 2% FXN, on top of 28% growth in Q2-21, and 16% on a 3-year CAGR basis at spot
  - CBT TPV represented 13% of TPV in Q2-22, compared to 16% in Q2-21
  - Cross-border trade is primarily comprised of e-commerce goods-related activity and has limited exposure to the recovery of travel

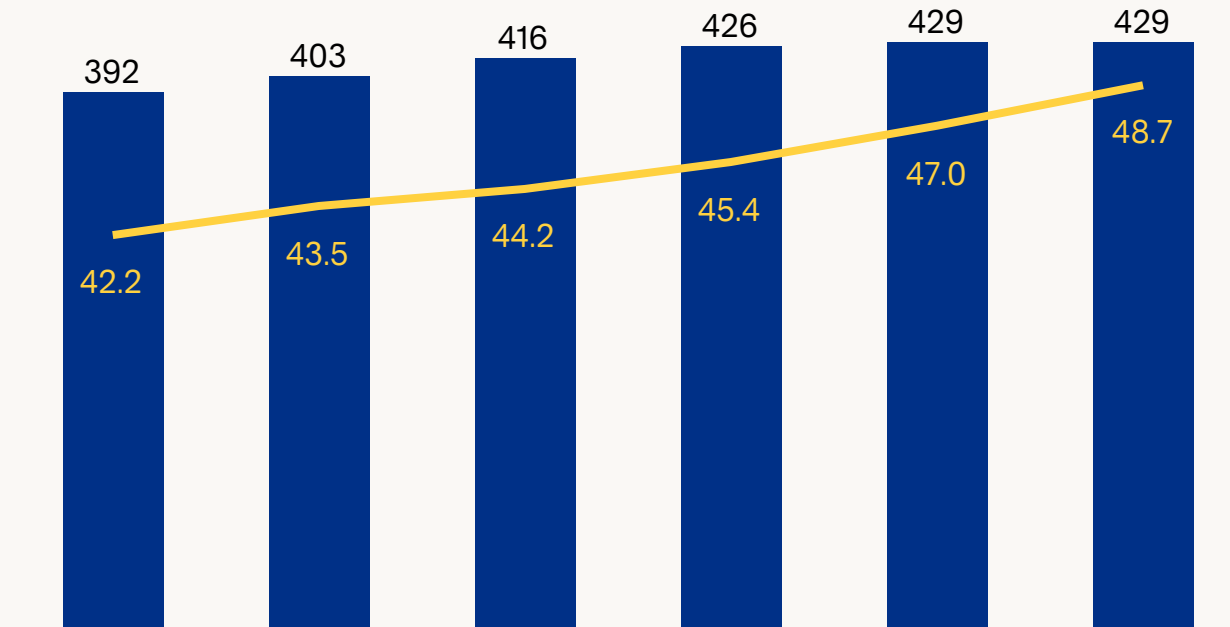
Note: In a typical purchase transaction, cross border TPV is counted in the region where the merchant is located. For example, in the case of a U.S. seller and a German buyer, the TPV is counted in the U.S.



# Q2-22 Customer Engagement

Transactions per active account (TPA) reached 48.7, growing 12%

Active Accounts (M) and TPA



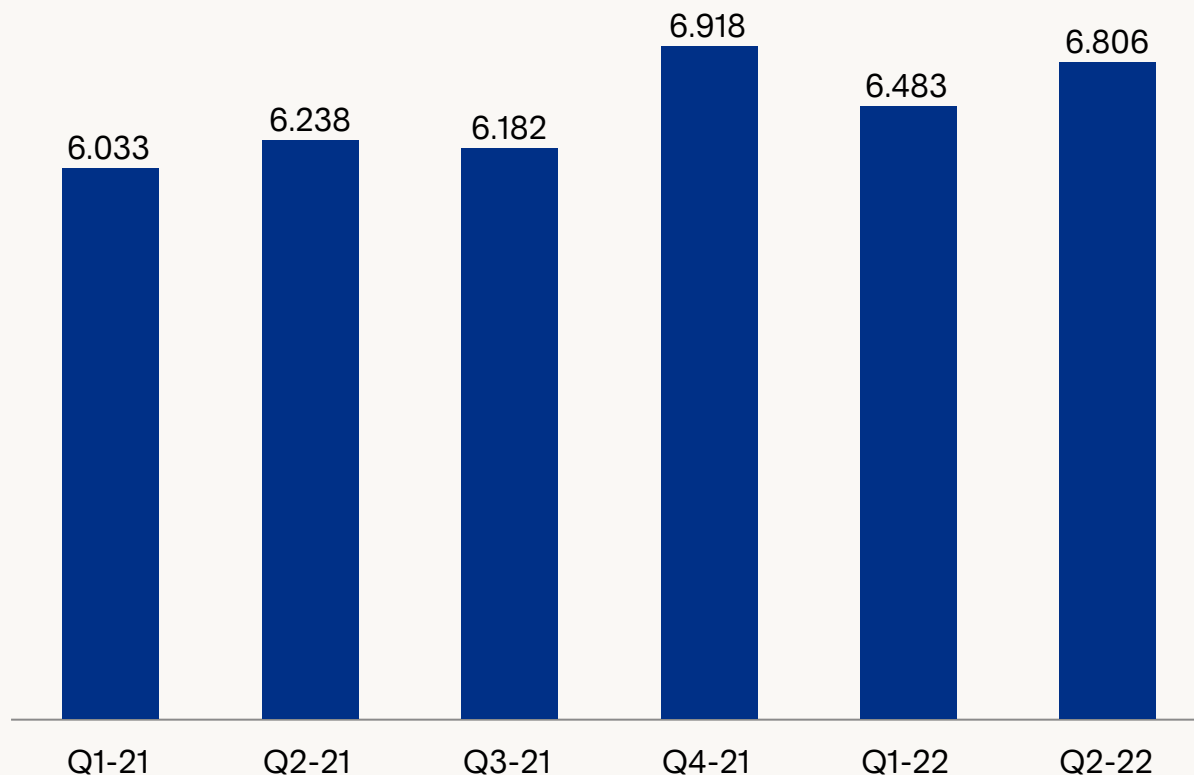
Y/Y Growth	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22
Active Accounts	21%	16%	15%	13%	9%	6%
TPA	7%	11%	10%	11%	11%	12%
Transactions	34%	27%	22%	21%	18%	16%

- Ended the quarter with 429 million active accounts, up 6%, including 35 million merchant accounts
- Added 0.4 million net new active accounts in Q2-22, primarily driven by Venmo. Includes impact from pull back on incentive-driven campaigns, leading to minimally engaged users naturally rolling off
- Processed 5.5 billion payment transactions, up 16%, despite 43% decline in eBay transactions. Ex-eBay, transactions grew 20%. On a 3-year CAGR basis, transactions grew 23% and 28% ex-eBay
- 12% growth in TPA was driven by strong transaction growth from Braintree. Growth in PayPal transactions ex-eBay also helped to offset decline in eBay transactions
- PayPal core daily active accounts increased >40% relative to Q2-19 and ~13% on a 3-year CAGR basis, demonstrating elevated activity and engagement relative to pre-pandemic period

# Q2-22 Revenue

3-year CAGR of 16% at spot and 22% excluding eBay

Total Revenue (\$B)



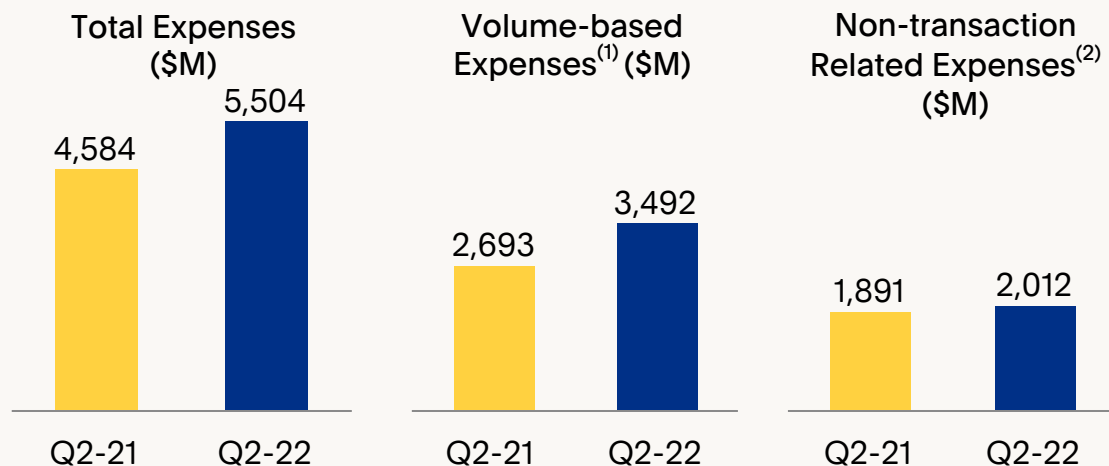
Y/Y Growth	31%	19%	13%	13%	7%	9%
FXN Y/Y Growth	29%	17%	13%	13%	8%	10%

- Total revenue grew 9% at spot and 16% on a 3-year CAGR basis
  - Ex-eBay revenue grew 14%, and 22% on a 3-year CAGR basis
  - Transaction revenue grew 8%, driven primarily by Braintree. Ex-eBay transaction revenue grew 13%
  - Other Value Added Services (OVAS) revenue increased 21%
- Total take rate was flat year over year. Benefits from FX hedge gains, P2P mix and Venmo helped offset pressure from lower FX fees and eBay volume/yield (3bps drag)
  - eBay volumes declined 39% and eBay take rate in Q2-22 was 2.13% vs. 3.22% in Q2-21
- Hedging gains, recognized in international transaction revenue, were \$107 million in Q2-22 versus hedging losses of \$89 million in Q2-21
- Exiting Q2, at exchange rates as of June 30, 2022, we estimate that our derivative positions will result in the recognition of \$372 million of hedging gains in international transaction revenue over the next 12 months

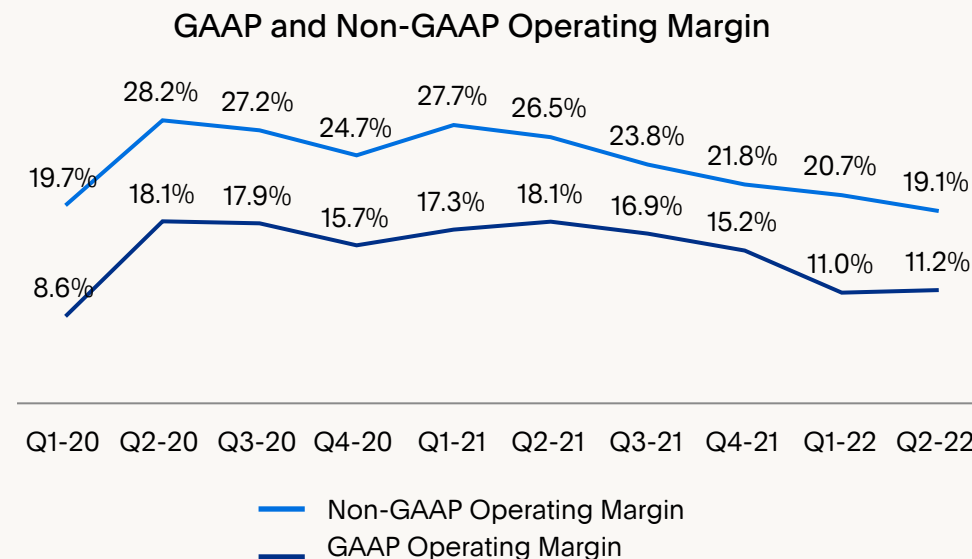


# Q2-22 Non-GAAP Expense Detail

Non-GAAP operating margin of 19.1%



	Q2-21	Q2-22	Q2-21	Q2-22	Q2-21	Q2-22
Y/Y Growth	21.4%	20.1%	18.0%	29.7%	26.7%	6.4%
% of Revenue	73.5%	80.9%	43.2%	51.3%	30.3%	29.6%



- Volume-based expenses grew 29.7%, resulting from increased funding costs driven by volume and funding mix (unbranded processing growth), and lapping the release of \$156 million dollars of credit reserves in Q2-21
- Non-transaction related expenses grew 6.4%, representing 29.6% of revenue, an improvement of ~80bps from Q2-21, driven by an increased focus on cost control with leverage across sales and marketing and customer support and operations, partially offsetting deleverage on technology and development spend
- Non-GAAP operating margin of 19.1%, contracting ~740bps vs. non-GAAP operating margin performance in Q2-21 of 26.5%, driven primarily by higher transaction expense rate from volume mix (unbranded processing growth) as well as lapping the release of credit reserves in Q2-21 and increased investment in technology and development

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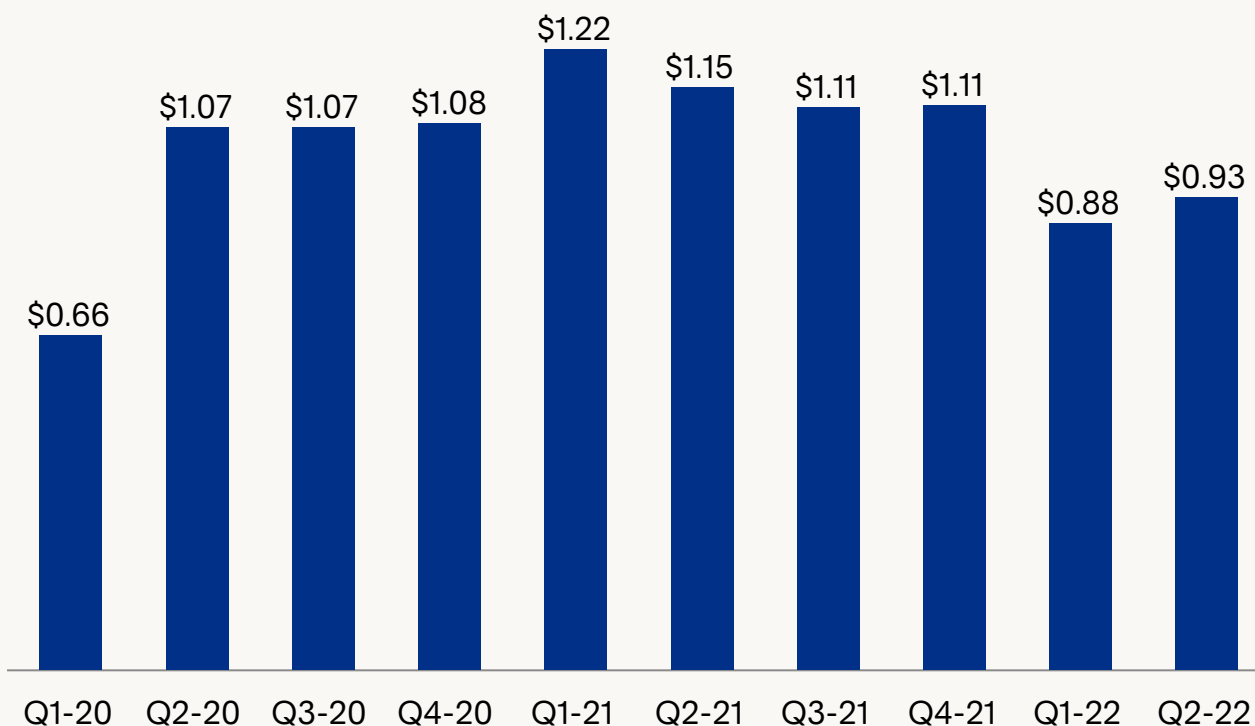
(1) Volume-based expenses include transaction expense and transaction and credit losses.

(2) Non-transaction related expenses include customer support & operations, sales & marketing, technology & development, and general & administrative.

# Q2-22 EPS

Non-GAAP EPS of \$0.93, down 19% y/y and 3-year CAGR of 9%

## Non-GAAP EPS



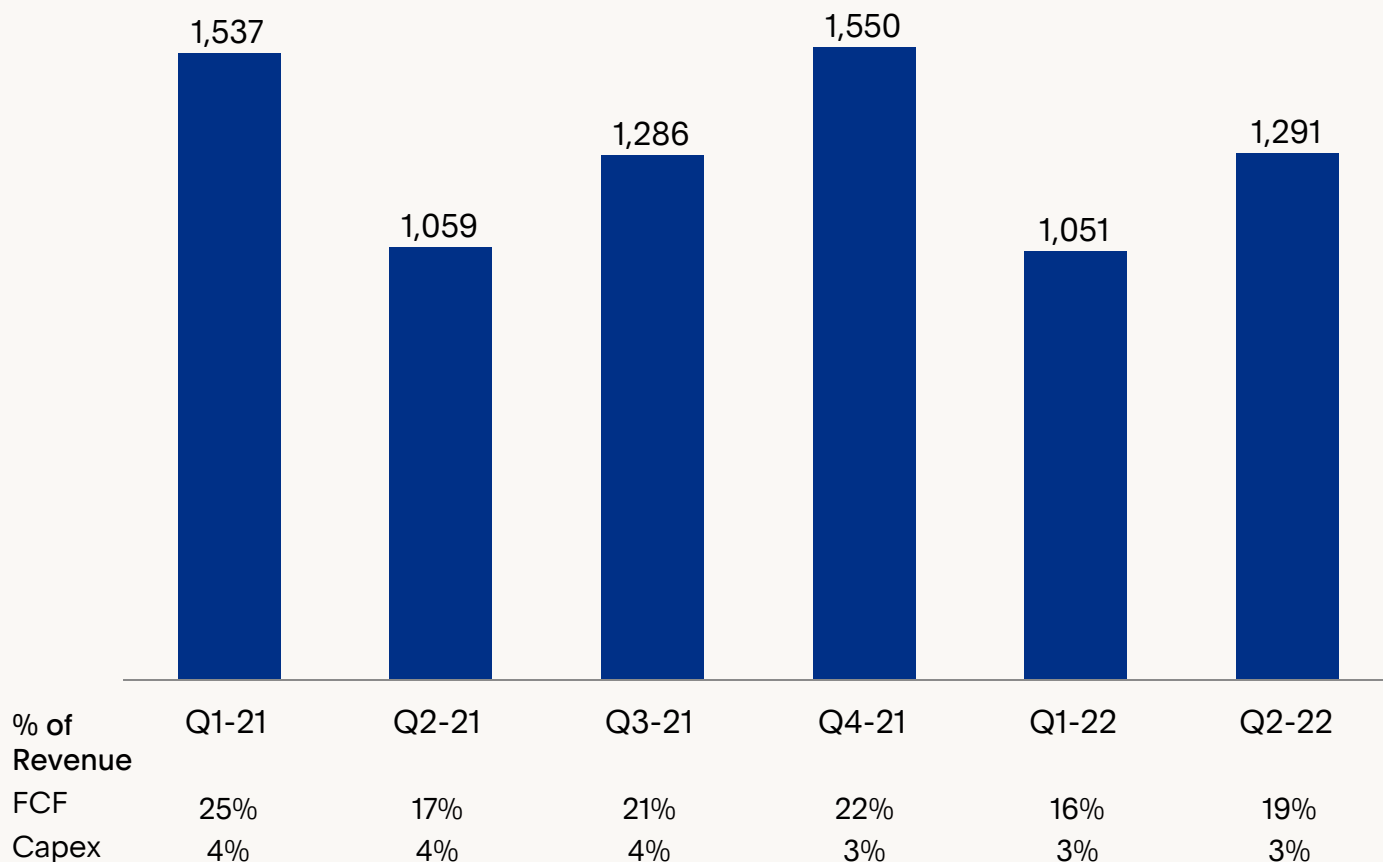
- Non-GAAP EPS declined \$0.22 relative to Q2-21, which includes impacts from:
  - ~\$0.11 headwind from lower eBay transaction margin dollars
  - Lapping ~\$0.11 benefit from release of credit loss reserves in Q2-21
- In addition to the eBay (~\$0.11) and lapping (~\$0.11) headwinds, Q2-22 GAAP EPS of (\$0.29) also includes a negative impact of ~\$0.37 associated with a discrete tax charge related to acquired intellectual property and a net negative impact of ~\$0.65 related to PayPal's strategic investment portfolio
  - In Q2-22, GAAP EPS includes a net loss of ~\$0.45 related to strategic investments
  - In Q2-21, GAAP EPS included a net gain of ~\$0.20 related to strategic investments

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# Q2-22 Free Cash Flow

FCF of \$1.3 billion, 22% increase

Free Cash Flow (\$M)

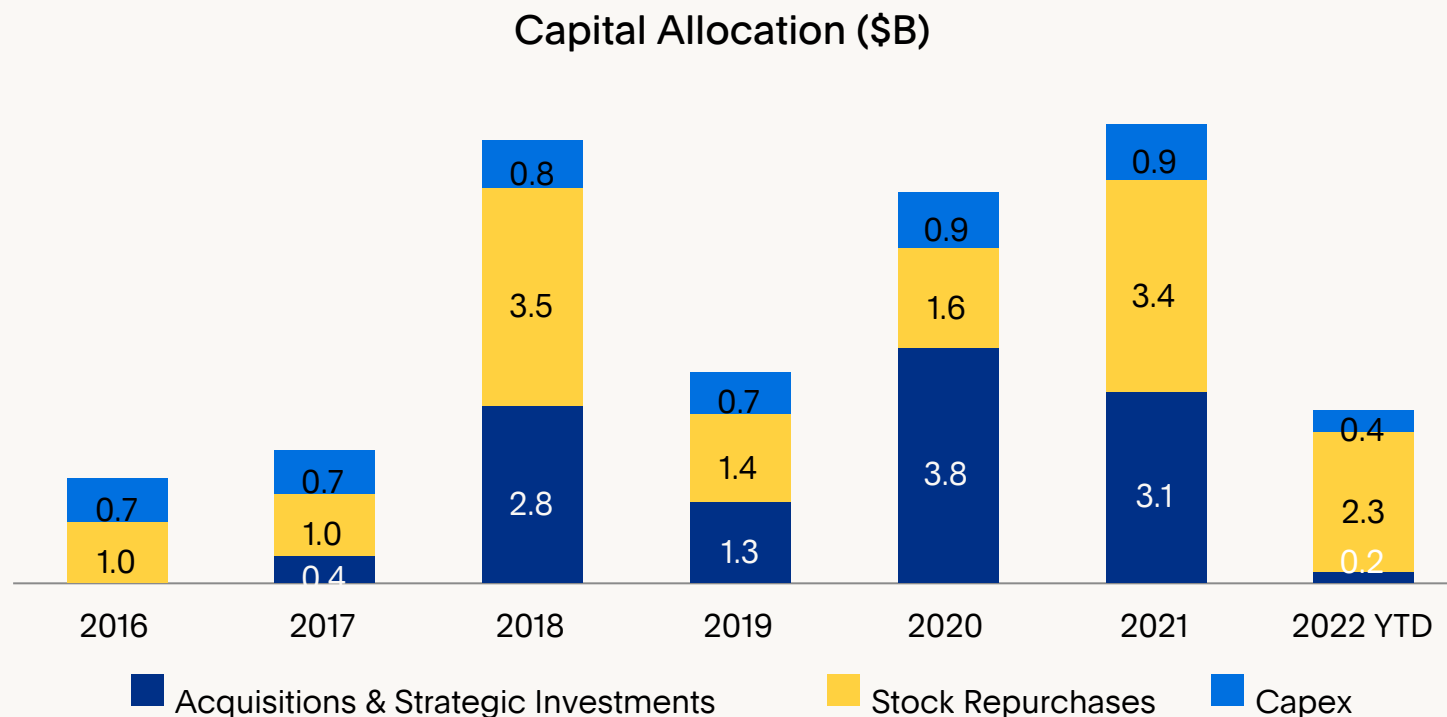


- Free Cash Flow (FCF) of \$1.3 billion, increasing 22%, driven by higher cash earnings and favorable changes in working capital relative to Q2-21
- In Q2-22, for every \$1 of revenue, PayPal generated 19 cents of FCF
- \$15.6 billion in cash and cash equivalents (\$4.6B), short-term (\$4.7B) and long-term investments (\$6.3B)
- Long-term debt of ~\$10.2 billion, and short-term debt of ~\$400 million as of June 30, 2022
  - Long-term debt includes \$3.0 billion of issuance in May 2022. Approximately \$1.6 billion in proceeds used to redeem maturities coming due in September 2022 and June 2023

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.



# Q2-22 Capital Allocation



- Generated ~\$26 billion in FCF since becoming an independent company in July 2015
- In Q2-22, returned \$750 million in capital to stockholders by repurchasing ~8 million shares at an average price of \$98.71 per share
- Since separation, allocated \$14.2 billion to share repurchases and \$12.9 billion to acquisitions and investments
- PayPal Board of Directors recently approved a new \$15 billion share repurchase authorization, which combined with \$2.8 billion remaining on the 2018 authorization, brings PayPal's aggregate outstanding authorization to nearly \$18 billion

Free cash flow is a non-GAAP financial measure. Please see the Supplemental Information for a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.

# FY-22 Guidance

Raising expected non-GAAP EPS to ~\$3.87-\$3.97

Net Revenue (\$B)	<b>~\$27.85</b>
Net Revenue Growth (FXN)	<b>~11%</b>
Non-GAAP EPS	<b>~\$3.87-\$3.97</b>
Free Cash Flow (\$B)	<b>&gt;\$5.0</b>

- GAAP EPS: ~\$1.52-\$1.62
- Non-GAAP effective tax rate: ~16%-18%
- Capex: ~3% of revenue

- **TPV:** Expect TPV growth of ~12% at spot and ~16% FXN
- **Revenue:** Expect revenue growth of ~10% at spot and ~11% FXN, the low end of the prior currency-neutral guidance
  - Revenue growth expected to accelerate each quarter, targeting ~14% FXN growth in Q4
  - Includes an expected eBay revenue decline of ~\$750M (H1-22 decline of ~\$625M, with ~\$125M expected in H2-22)
  - Excluding eBay, revenue expected to grow ~13.5% at spot and ~14.5% FXN
- **Non-GAAP Operating Margin:** Expect op margin of at least ~20%, with the high end of the non-GAAP EPS range contemplating 20.5% and expansion in Q4-22
  - Outlook incorporates ~\$900M of savings across transactional and non-transactional operating expenses
- **Non-GAAP EPS:** Raising expected range to ~\$3.87-\$3.97, compared to \$4.60 in FY-21
  - In FY-21, GAAP and non-GAAP EPS included a benefit of ~\$0.21 from the release of credit loss reserves
- **NNAs:** Expect to add ~10 million NNAs
- **Share Repurchases:** Expected to reach ~\$4.0B

Non-GAAP EPS, non-GAAP operating margin 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.

# Q3-22 Guidance

Revenue growth expected to accelerate to ~12% FXN

Net Revenue (\$B)	~\$6.80
Net Revenue Growth (FXN)	~12%
Non-GAAP EPS	~\$0.94-\$0.96

- **Revenue:** Expect revenue growth of ~10% at spot and ~12% FXN to ~\$6.80B
  - Excluding eBay, revenue expected to grow ~12% at spot and ~13.5% FXN
  - Includes 150 bps headwind from revenue attributable to the Paycheck Protection Program recognized in Q3-21<sup>(1)</sup>
- **EPS:** Expect GAAP EPS in the range of ~\$0.61-\$0.63, compared to \$0.92 in the prior year period, and non-GAAP EPS in the range of ~\$0.94-\$0.96, compared to \$1.11 in the prior year period
  - In the third quarter of 2021, GAAP EPS included a net gain of ~\$0.13 relating to PayPal's strategic investment portfolio
  - In the third quarter of 2021, GAAP EPS and non-GAAP EPS included ~\$0.04 from release of credit loss reserves
  - GAAP EPS guidance does not include any expectation of net realized and unrealized gains and losses on PayPal's strategic investment portfolio

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.

(1) In Q3-21, Other Value Added Services benefited from revenue associated with U.S. Small Business Association Paycheck Protection Program (PPP) loan forgiveness and extinguishment of a portion of servicing obligations with respect to PPP loans

# Supplemental Information

## Q2-22 PayPal Metrics<sup>(1)</sup>

(in millions, except %)

	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22
<b>Active Accounts</b>	<b>392</b>	<b>403</b>	<b>416</b>	<b>426</b>	<b>429</b>	<b>429</b>
Y/Y Growth	21%	16%	15%	13%	9%	6%
<b>Net New Active Accounts</b>	<b>14.5</b>	<b>11.4</b>	<b>13.3</b>	<b>9.8</b>	<b>2.4</b>	<b>0.4</b>
<b>Number of Payment Transactions</b>	<b>4,371</b>	<b>4,735</b>	<b>4,900</b>	<b>5,343</b>	<b>5,161</b>	<b>5,513</b>
Y/Y Growth	34%	27%	22%	21%	18%	16%
<b>Total Payment Volume</b>	<b>\$285,447</b>	<b>\$310,992</b>	<b>\$309,910</b>	<b>\$339,530</b>	<b>\$322,981</b>	<b>\$339,791</b>
Y/Y Growth	50%	40%	26%	23%	13%	9%
FXN Y/Y Growth	46%	36%	24%	23%	15%	13%
<b>US TPV</b>	<b>\$171,124</b>	<b>\$188,506</b>	<b>\$192,428</b>	<b>\$211,323</b>	<b>\$207,845</b>	<b>\$219,307</b>
Y/Y Growth	46%	42%	29%	30%	21%	16%
<b>International TPV</b>	<b>\$114,323</b>	<b>\$122,486</b>	<b>\$117,482</b>	<b>\$128,207</b>	<b>\$115,136</b>	<b>\$120,484</b>
Y/Y Growth	56%	38%	21%	12%	1%	(2)%
FXN Y/Y Growth	45%	26%	18%	14%	5%	8%
<b>Total Take Rate</b>	<b>2.11%</b>	<b>2.01%</b>	<b>1.99%</b>	<b>2.04%</b>	<b>2.01%</b>	<b>2.00%</b>
<b>Transaction Take Rate</b>	<b>1.97%</b>	<b>1.86%</b>	<b>1.81%</b>	<b>1.88%</b>	<b>1.86%</b>	<b>1.85%</b>
Transaction Expense Rate	0.80%	0.81%	0.83%	0.87%	0.87%	0.90%
Transaction and Credit Loss Rate	0.10%	0.05%	0.09%	0.10%	0.11%	0.13%
<b>Transaction Margin</b>	<b>57.8%</b>	<b>56.8%</b>	<b>54.2%</b>	<b>52.3%</b>	<b>50.9%</b>	<b>48.7%</b>

- 45% of active accounts were outside the U.S. as of June 30, 2022
- Average Payment Volume (APV) was \$62, down 6% y/y, driven primarily by higher Braintree mix
- Total take rate was flat year over year. Benefits from FX hedge gains, P2P mix and Venmo helped offset pressure from lower FX fees and lower eBay volume/yield (3bps drag)
  - Relative to Q1-22, Braintree accounted for less pressure primarily due to volume mix and OVAS was a larger benefit
  - eBay volumes declined 39% and eBay take rate in Q2-22 was 2.13% vs. 3.22% in Q2-21
- Transaction expense rate increase of ~8bps year over year driven primarily by volume mix (e.g., unbranded share gain) and funding mix effects

(1) Definitions included in Supplemental Information.





## Q2-22 Financial Detail

(in millions, except %)

	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22
Transaction Revenue	\$5,621	\$5,797	\$5,607	\$6,377	\$5,998	\$6,272
Y/Y Growth	33%	17%	10%	12%	7%	8%
Other Value Added Services (OVAS)	\$412	\$441	\$575	\$541	\$485	\$534
Y/Y Growth	2%	40%	50%	25%	18%	21%
<b>Total Revenue</b>	<b>\$6,033</b>	<b>\$6,238</b>	<b>\$6,182</b>	<b>\$6,918</b>	<b>\$6,483</b>	<b>\$6,806</b>
Y/Y Growth	31%	19%	13%	13%	7%	9%
FXN Y/Y Growth	29%	17%	13%	13%	8%	10%
US Revenue Y/Y Growth	24%	23%	23%	27%	20%	18%
International Revenue FXN Y/Y Growth	35%	10%	2%	(1%)	(5%)	1%
% International	49%	48%	44%	44%	43%	43%
Volume-based expenses	\$2,548	\$2,693	\$2,832	\$3,302	\$3,186	\$3,492
Non-transaction related expenses	\$1,812	\$1,891	\$1,880	\$2,109	\$1,954	\$2,012
<b>Total Operating Expenses<sup>(1)</sup></b>	<b>\$4,360</b>	<b>\$4,584</b>	<b>\$4,712</b>	<b>\$5,411</b>	<b>\$5,140</b>	<b>\$5,504</b>
Y/Y Growth	18%	21%	19%	17%	18%	20%
<b>Non-GAAP Op. Income<sup>(1)</sup></b>	<b>\$1,673</b>	<b>\$1,654</b>	<b>\$1,470</b>	<b>\$1,507</b>	<b>\$1,343</b>	<b>\$1,302</b>
<b>Non-GAAP Op. Margin %<sup>(1)</sup></b>	<b>28%</b>	<b>27%</b>	<b>24%</b>	<b>22%</b>	<b>21%</b>	<b>19%</b>
<b>Non-GAAP EPS<sup>(1)</sup></b>	<b>\$1.22</b>	<b>\$1.15</b>	<b>\$1.11</b>	<b>\$1.11</b>	<b>\$0.88</b>	<b>\$0.93</b>
Y/Y Growth	84%	8%	4%	4%	(28)%	(19)%
CAPEX	\$221	\$247	\$227	\$213	\$191	\$175
<b>Free Cash Flow<sup>(1)</sup></b>	<b>\$1,537</b>	<b>\$1,059</b>	<b>\$1,286</b>	<b>\$1,550</b>	<b>\$1,051</b>	<b>\$1,291</b>

(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.

## Q2-22 Hedging impacts and credit reserve builds and releases

(in millions, except %)

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

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

Hedging impact

Favorable (unfavorable) impact to net revenues

Favorable (unfavorable) impact to operating expense

Net favorable (unfavorable) impact to operating income

	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22
	\$ 190	\$ 237	\$ 61	\$ (48)	\$ (123)	\$ (242)
	(59)	(89)	(44)	2	47	107
	131	148	17	(46)	(76)	(135)
	(73)	(101)	(29)	22	57	131
	\$ 58	\$ 47	\$ (12)	\$ (24)	\$ (19)	\$ (4)

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

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

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

Credit Losses

	\$ 76	\$ 52	\$ 38	\$ 53	\$ 52	\$ 60
	(84)	(156)	(63)	(9)	(5)	8
	\$ (8)	\$ (104)	\$ (25)	\$ 44	\$ 47	\$ 68

(1) Foreign currency movements relative to the US dollar. We calculate the year-over-year impact of foreign currency movements on our business using prior period foreign currency exchange rates applied to current period transactional currency amounts.

(2) Net charge-offs includes the principal charge-offs partially offset by recoveries for consumer and merchant receivables.

(3) Reserve build (release) represents change in allowance for principal receivables excluding foreign currency remeasurement.

# Reconciliation of GAAP Operating Expenses to Non-GAAP Operating Expenses

(In Millions/Unaudited)	Note	Three Months Ended									Year Ended December 31,					
		June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	2021	2020		2019	
<b>GAAP operating expenses:</b>																
Transaction expense		\$ 3,044	\$ 2,817	\$ 2,952	\$ 2,564	\$ 2,524	\$ 2,275	\$ 2,330	\$ 2,022	\$ 1,843	\$ 1,739	\$ 10,315	\$ 7,934	\$ 6,790	(a)	Stock-based compensation expense.
Transaction and credit losses		448	369	350	268	169	273	366	344	440	591	1,060	1,741	1,380		
Customer support and operations		536	534	532	504	521	518	507	449	423	399	2,075	1,778	1,615	(b)	Employer payroll taxes on stock-based compensation.
Sales and marketing		595	594	666	549	628	602	605	471	414	371	2,445	1,861	1,401		
Technology and development		815	815	796	755	746	741	732	674	631	605	3,038	2,642	2,085	(c)	Amortization and impairment of acquired intangible assets.
General administrative		514	607	570	498	522	524	569	503	512	486	2,114	2,070	1,711		
Restructuring and other changes		90	36	2	1	1	58	44	19	47	29	62	139	71		
<b>Total operating expenses</b>		<b>\$ 6,042</b>	<b>\$ 5,772</b>	<b>\$ 5,868</b>	<b>\$ 5,139</b>	<b>\$ 5,111</b>	<b>\$ 4,991</b>	<b>\$ 5,153</b>	<b>\$ 4,482</b>	<b>\$ 4,310</b>	<b>\$ 4,220</b>	<b>\$ 21,109</b>	<b>\$ 18,165</b>	<b>\$ 15,053</b>	(d)	Restructuring.
<b>Non-GAAP operating expense adjustments:</b>																
Customer support and operations	(a)	(67)	(73)	(58)	(56)	(77)	(72)	(71)	(63)	(64)	(52)	(263)	(250)	(198)	(e)	Acquisition related transaction expense.
	(b)	—	(6)	(2)	(1)	(3)	(16)	(1)	—	(1)	(7)	(22)	(9)	(9)		
Sales and marketing	(a)	(42)	(45)	(41)	(38)	(48)	(48)	(41)	(45)	(47)	(39)	(175)	(172)	(127)	(f)	Net gain related to the sale of our U.S. Consumer Credit receivables portfolio.
	(b)	(1)	(5)	(1)	(2)	(5)	(13)	(1)	(1)	(3)	(7)	(21)	(12)	(12)		
	(c)	(53)	(53)	(51)	(39)	(39)	(38)	(40)	(43)	(44)	(43)	(167)	(170)	(135)		
Technology and development	(a)	(129)	(136)	(112)	(117)	(147)	(139)	(145)	(138)	(133)	(113)	(515)	(529)	(420)	(g)	Award for a legal proceeding and expenses related to pre-acquisition contingencies of an acquired company.
	(b)	(1)	(12)	(2)	—	(5)	(34)	(2)	(1)	(1)	(17)	(41)	(21)	(17)		
	(c)	(59)	(57)	(58)	(64)	(63)	(61)	(61)	(63)	(64)	(64)	(246)	(252)	(75)		
General administrative	(a)	(88)	(188)	(120)	(100)	(129)	(119)	(130)	(127)	(116)	(87)	(468)	(460)	(305)		
	(b)	(1)	(14)	(3)	(2)	(3)	(26)	(4)	(1)	—	(14)	(34)	(19)	(16)	(h)	Asset impairment charges for right-of-use lease assets and related leasehold improvements in conjunction with exiting certain leased properties, charges associated with early lease termination, and a charge associated with exiting a leased property.
	(c)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(28)	(28)	(1)		
	(e)	—	—	—	—	—	—	—	—	—	(20)	—	(20)	(3)		
	(g)	—	—	—	—	—	—	—	—	(7)	(11)	—	(18)	(23)		
Restructuring and other charges	(d)	(71)	(20)	—	—	5	(32)	(35)	(19)	(26)	(29)	(27)	(109)	(78)		
	(f)	—	—	—	—	—	—	—	—	—	—	—	—	7		
	(h)	(19)	(16)	(2)	(1)	(6)	(26)	(9)	—	(21)	—	(35)	(30)	—		
<b>Total operating expenses</b>		<b>\$ (538)</b>	<b>\$ (632)</b>	<b>\$ (457)</b>	<b>\$ (427)</b>	<b>\$ (527)</b>	<b>\$ (631)</b>	<b>\$ (547)</b>	<b>\$ (508)</b>	<b>\$ (534)</b>	<b>\$ (510)</b>	<b>\$ (2,042)</b>	<b>\$ (2,099)</b>	<b>\$ (1,412)</b>		
<b>Non-GAAP operating expenses:</b>																
Transaction expense		3,044	2,817	2,952	2,564	2,524	2,275	2,330	2,022	1,843	1,739	\$ 10,315	\$ 7,934	\$ 6,790		
Transaction and credit losses		448	369	350	268	169	273	366	344	440	591	1,060	1,741	1,380		
Customer support and operations		469	455	472	447	441	430	435	386	358	340	1,790	1,519	1,408		
Sales and marketing		499	491	573	470	536	503	523	382	320	282	2,082	1,507	1,127		
Technology and development		626	610	624	574	531	507	524	472	433	411	2,236	1,840	1,573		
General and administrative		418	398	440	389	383	372	428	368	382	347	1,584	1,525	1,363		
<b>Total operating expenses</b>		<b>\$ 5,504</b>	<b>\$ 5,140</b>	<b>\$ 5,411</b>	<b>\$ 4,712</b>	<b>\$ 4,584</b>	<b>\$ 4,360</b>	<b>\$ 4,606</b>	<b>\$ 3,974</b>	<b>\$ 3,776</b>	<b>\$ 3,710</b>	<b>\$ 19,067</b>	<b>\$ 16,066</b>	<b>\$ 13,641</b>		

# Reconciliation of GAAP Operating Margin to Non-GAAP Operating Margin

(In Millions, Except Percentages/Unaudited)	Three Months Ended										Year Ended December 31,		
	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	2021	2020	2019
GAAP net revenues	\$ 6,806	\$ 6,483	\$ 6,918	\$ 6,182	\$ 6,238	\$ 6,033	\$ 6,116	\$ 5,459	\$ 5,261	\$ 4,618	\$ 25,371	\$ 21,454	\$ 17,772
GAAP operating income	764	711	1,050	1,043	1,127	1,042	963	977	951	398	4,262	3,289	2,719
Stock-based compensation expense and related employer payroll taxes	329	479	339	316	417	467	395	376	365	336	1,539	1,472	1,104
Amortization of acquired intangible assets	119	117	116	110	109	106	108	113	115	114	441	450	211
Restructuring	71	20	—	—	(5)	32	35	19	26	29	27	109	78
Other	19	16	2	1	6	26	9	—	28	11	35	48	16
Acquisition related transaction expense	—	—	—	—	—	—	—	—	—	20	—	20	3
Total non-GAAP operating income adjustments	538	632	457	427	527	631	547	508	534	510	2,042	2,099	1,412
Non-GAAP operating income	\$ 1,302	\$ 1,343	\$ 1,507	\$ 1,470	\$ 1,654	\$ 1,673	\$ 1,510	\$ 1,485	\$ 1,485	\$ 908	\$ 6,304	\$ 5,388	\$ 4,131
GAAP operating margin	11.2 %	11.0 %	15.2 %	16.9 %	18.1 %	17.3 %	15.7 %	17.9 %	18.1 %	8.6 %	16.8 %	15.3 %	15.3 %
Non-GAAP operating margin	19.1 %	20.7 %	21.8 %	23.8 %	26.5 %	27.7 %	24.7 %	27.2 %	28.2 %	19.7 %	24.8 %	25.1 %	23.2 %

# Reconciliation of GAAP Net Income (Loss) to Non-GAAP Net Income, GAAP Diluted EPS to Non-GAAP Diluted EPS, and GAAP Effective Tax Rate to Non-GAAP Effective Tax Rate

(In Millions, Except Percentages and Per Share Amount/Unaudited)	Three Months Ended								Year Ended December 31,				
	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	2021	2020	2019
GAAP income before income taxes	\$ 49	\$ 629	\$ 706	\$ 1,165	\$ 1,356	\$ 872	\$ 1,859	\$ 1,144	\$ 1,799	\$ 263	\$ 4,099	\$ 5,065	\$ 2,998
GAAP income tax expense (benefit)	390	120	(95)	78	172	(225)	292	123	269	179	(70)	863	539
GAAP net income (loss)	(341)	509	801	1,087	1,184	1,097	1,567	1,021	1,530	84	4,169	4,202	2,459
Non-GAAP adjustments to net income:													
Non-GAAP operating income adjustments (see table above)	538	632	457	427	527	631	547	508	534	510	2,042	2,099	1,412
(Gains) losses on strategic investments	672	(14)	290	(173)	(283)	120	(941)	(209)	(888)	124	(46)	(1,914)	(208)
Other certain significant gains, losses, or charges	431	—	—	43	(7)	—	—	—	(17)	259	36	242	230
Tax effect of non-GAAP adjustments	(221)	(95)	(229)	(65)	(59)	(393)	108	(45)	104	(191)	(746)	(24)	(371)
Non-GAAP net income	\$ 1,079	\$ 1,032	\$ 1,319	\$ 1,319	\$ 1,362	\$ 1,455	\$ 1,281	\$ 1,275	\$ 1,263	\$ 786	\$ 5,455	\$ 4,605	\$ 3,522
Shares used in diluted share calculation:													
GAAP	1,158	1,172	1,183	1,187	1,186	1,190	1,191	1,190	1,184	1,185	1,186	1,187	1,188
Non-GAAP	1,160	1,172	1,183	1,187	1,186	1,190	1,191	1,190	1,184	1,185	1,186	1,187	1,188
Net income (loss) per diluted share:													
GAAP	\$ (0.29)	\$ 0.43	\$ 0.68	\$ 0.92	\$ 1.00	\$ 0.92	\$ 1.32	\$ 0.86	\$ 1.29	\$ 0.07	\$ 3.52	\$ 3.54	\$ 2.07
Non-GAAP	\$ 0.93	\$ 0.88	\$ 1.11	\$ 1.11	\$ 1.15	\$ 1.22	\$ 1.08	\$ 1.07	\$ 1.07	\$ 0.66	\$ 4.60	\$ 3.88	\$ 2.96
GAAP effective tax rate	796 %	19 %	(13)%	7 %	13 %	(26)%	16 %	11 %	15 %	68 %	(2)%	17 %	18 %
Tax effect of non-GAAP adjustments to net income	(782)%	(2)%	22 %	— %	2 %	36 %	(3)%	1 %	(2)%	(56)%	13 %	(5)%	(2)%
Non-GAAP effective tax rate	14 %	17 %	9 %	7 %	15 %	10 %	13 %	12 %	13 %	12 %	11 %	12 %	16 %

## Reconciliation of Operating Cash Flow to Free Cash Flow

(In Millions/Unaudited)	Three Months Ended										Year Ended December 31,			
	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	2021	2020	2019	2015
Net cash provided by operating activities	\$ 1,466	\$ 1,242	\$ 1,763	\$ 1,513	\$ 1,306	\$ 1,758	\$ 1,347	\$ 1,314	\$ 1,772	\$ 1,421	\$ 6,340	\$ 5,854	\$ 4,071	\$ 2,546
Less: Purchases of property and equipment	(175)	(191)	(213)	(227)	(247)	(221)	(226)	(241)	(193)	(206)	(908)	(866)	(704)	(722)
Free cash flow	1,291	1,051	1,550	1,286	1,059	1,537	1,121	1,073	1,579	1,215	5,432	4,988	3,367	1,824

## Q3-22 and FY-22 GAAP and Non-GAAP Guidance

	Three Months Ending September 30, 2022	
	GAAP	Non-GAAP <sup>(a)</sup>
Revenue Growth Rate (Spot)	~10%	~10%
Revenue Growth Rate (FXN)	N/A	~12%
Diluted EPS \$	~\$0.61-\$0.63	~\$0.94-\$0.96

	Twelve Months Ending December 31, 2022	
	GAAP	Non-GAAP <sup>(b)</sup>
Revenue Growth Rate (Spot)	~10%	~10%
Revenue Growth Rate (FXN)	N/A	~11%
Diluted EPS \$	~\$1.52-\$1.62	~\$3.87-\$3.97

(a) Estimated non-GAAP amounts for the three months ended September 30, 2022, reflect adjustments of approximately \$450 million, primarily representing estimated stock-based compensation expense and related payroll taxes of approximately \$320 million

(b) Estimated non-GAAP amounts for the twelve months ended December 31, 2022, reflect adjustments of approximately \$2.1 billion, primarily representing estimated stock-based compensation expense and related payroll taxes of approximately \$1.5 billion

# Definitions

Our key metrics are calculated using internal company data based on the activity we measure on our platform and may be compiled from multiple systems, including systems that are organically developed or acquired through business combinations. While the measurement of our key metrics is based on what we believe to be reasonable methodologies and estimates, there are inherent challenges and limitations in measuring our key metrics globally at our scale. The methodologies used to calculate our key metrics require judgment.

We regularly review our processes for calculating these key metrics, and from time to time we may make adjustments to improve their accuracy or relevance. For example, we continuously apply models, processes and practices designed to detect and prevent fraudulent account creation on our platforms, and work to improve and enhance those capabilities. When we detect a significant volume of illegitimate activity, we generally remove the activity identified from our key metrics. Although such adjustments may impact key metrics reported in prior periods, we generally do not update previously reported key metrics to reflect these subsequent adjustments unless the retrospective impact of process improvements or enhancements is determined by management to be material.

**Active Accounts:** An active account is an account registered directly with PayPal or a platform access partner that has completed a transaction on our platform, not including gateway-exclusive transactions, within the past 12 months. A platform access partner is a third party whose customers are provided access to PayPal's platform or services through such third party's login credentials, including entities that utilize Hyperwallet's payout capabilities. A user may register on our platform to access different products and may register more than one account to access a product. Accordingly, a user may have more than one active account. The number of active accounts provides management with additional perspective on the overall scale of our platform, but may not have a direct relationship to our operating results.

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

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

**Number of Payment Transactions per Active Account:** Number of payment transactions per active account or "TPA" reflects the total number of payment transactions within the previous 12-month period, divided by active accounts at the end of the period. The number of payment transactions per active account provides management with insight into the average number of times an account engages in payments activity on our payments platform in a given period.

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

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

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

**Transaction Expense Rate:** Transaction expense rate is transaction expense divided by TPV.

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

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



