



# PayPal Fourth Quarter 2024 Performance

Financial results & company highlights

February 4, 2025

## Non-GAAP Financial Measures

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 GAAP to non-GAAP reconciliation section of this presentation.

## Growth Rates

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.

## Forward-Looking Statements

This presentation contains forward-looking statements relating to, among other things, the future results of operations, financial condition, expectations and plans of PayPal Holdings, Inc. and its consolidated subsidiaries ("PayPal") that reflect current projections and forecasts. Forward-looking statements can be identified by words such as "may," "will," "would," "should," "could," "expect," "anticipate," "believe," "estimate," "intend," "continue," "strategy," "future," "opportunity," "plan," "project," "forecast" and other similar expressions. Forward-looking statements may include, but are not limited to, statements regarding our guidance and projected financial and operating results for first quarter and full year 2025; our capital return program; the timing and impact of product launches and acquisitions; and the projected future growth of PayPal's businesses. Forward-looking statements are based upon various estimates and assumptions, as well as information known to PayPal as of the date of this presentation and are inherently subject to numerous risks and uncertainties.

Our actual results could differ materially from those estimated or implied by forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to: our ability to compete in markets that are highly competitive and subject to rapid technological change, and to develop and deliver new or enhanced products and services on a timely basis; cyberattacks and security vulnerabilities, and associated impacts; the effect of global and regional political, economic, market and trade conditions including military conflicts, supply chain issues and related events that affect payments or commerce activity, including inflation and interest rates; the impact of catastrophic events, such as global pandemics, that may disrupt our business, as well as our customers, suppliers, vendors and other business partners; the stability, security and performance of our payments platform; the effect of extensive government regulation and oversight related to our business, products and services in a variety of areas, including, but not limited to, laws covering payments, lending and consumer protection; the impact of complex and changing laws and regulations worldwide, including, but not limited to, laws covering cybersecurity, privacy, data protection, and artificial intelligence; the impact of payment card, bank, or other network rules or practices; risks related to our credit products, including our ability to realize benefits from our agreements with third parties such as our agreement to sell our European BNPL loan receivables; changes in how consumers fund transactions; our ability to effectively detect and prevent the use of our services for fraud, abusive behaviors, illegal activities, or improper purposes; our ability to manage regulatory and litigation risks, and the outcome of legal and regulatory proceedings; our reliance on third parties in many aspects of our business; damage to our reputation or brands; fluctuations in foreign currency exchange rates; changes in tax rates and exposure to additional tax liabilities; changes to our capital allocation, management of operating cash or incurrence of indebtedness; our ability to timely develop and upgrade our technology systems, infrastructure and customer service capabilities; the impact of proposed or completed acquisitions, divestitures, strategic investments, or entries into new businesses or markets; and our ability to attract, hire, and retain talented employees. The forward-looking statements in this presentation do not include the potential impact of any acquisitions or divestitures that may be announced and/or contemplated after the date of this presentation.

More information about factors that could adversely affect PayPal's results of operations, financial condition and prospects or that could cause actual results to differ from those expressed or implied in forward-looking statements is included in PayPal's most recent annual report on Form 10-K, and its subsequent quarterly reports on Form 10-Q. All information in this presentation is as of February 4, 2025. 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 key messages

## Beginning 2025 with strong foundation for durable growth

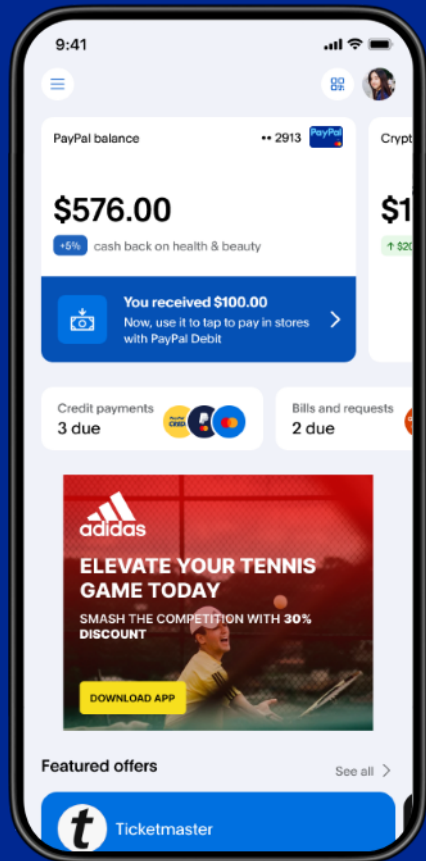
- ✓ Returned to profitable growth: TM\$ ex. interest on customer balances<sup>1</sup> +5% in FY'24
- ✓ Making progress: scaling checkout enhancements, improving PSP profitability, and monetizing Venmo
- ✓ Driving scale and adoption in 2025 while improving efficiency and investing in innovation and our brands
- ✓ Expecting at least +5% TM\$ ex. interest on customer balances<sup>1</sup>, \$6B-\$7B FCF, and ~\$6B share repurchase in FY'25
- ✓ Announcing new \$15B share repurchase authorization

(1) TM\$ is transaction margin dollars. Interest on customer balances is reported within other value added services (OVAS) revenue in this presentation and in our quarterly/annual SEC filings and primarily comprises interest and revenue earned on customer assets.

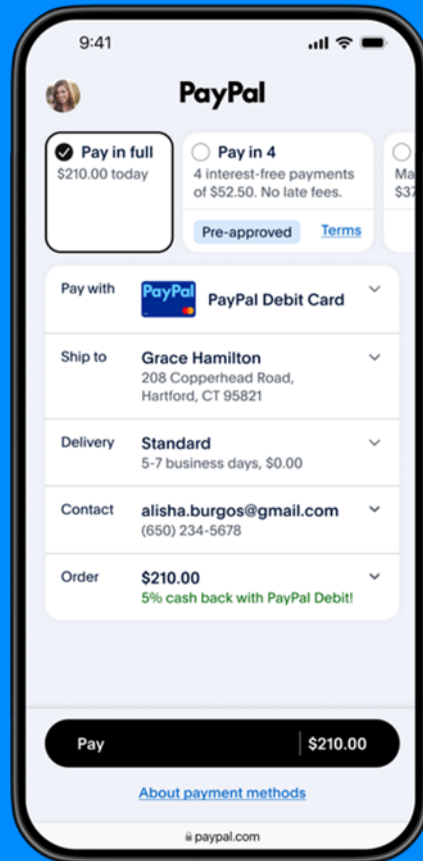


# Scaling innovation and partnerships

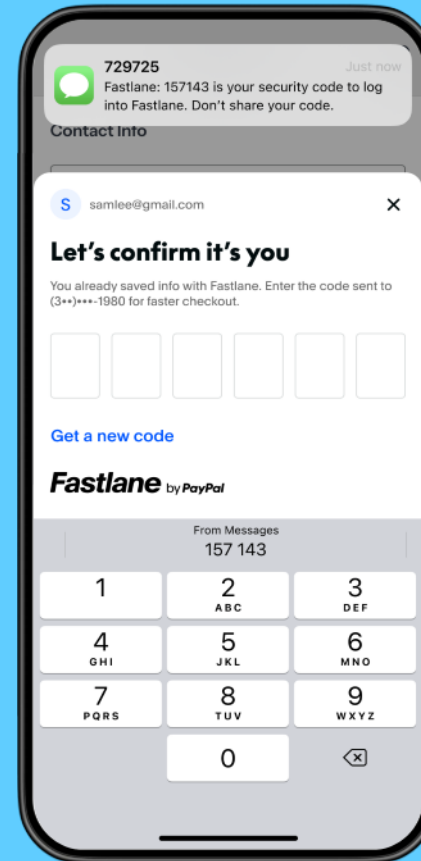
## PayPal Everywhere



## Enhanced checkout



## Fastlane



## Partnerships





# Focus areas for 2025

## Innovation

Continue to launch products to solve customer challenges

## Product adoption

Drive awareness and scale adoption of innovation

## Partnerships

Establish PayPal as the leading open commerce platform

## Efficiency and effectiveness

Focus resources into the most important initiatives

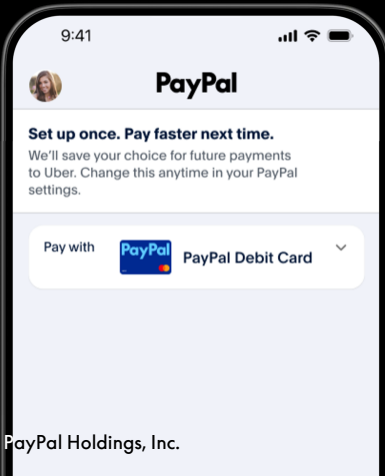


# Driving progress across key initiatives

## Win Checkout

Scaling highest-converting checkout experiences

25% of US branded checkout traffic on upgraded experience



## Scale Omni

Building momentum beyond ecommerce

Nearly 100% PayPal Debit Card TPV growth



## Grow Venmo

Driving adoption of monetized products

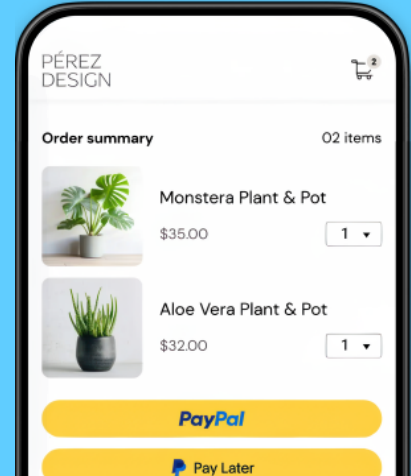
>30% Venmo Debit Card MAA growth  
>20% Pay with Venmo MAA growth



## Accelerate SMB

Solving SMB needs with end-to-end solution

45% of eligible SMB TPV on PayPal Complete Payments



# 4Q and FY'24 snapshot

(in millions, except % and per share data)

	4Q'24	Y/Y growth	FY'24	Y/Y growth
<b>Total payment volume (TPV)</b>	<b>\$437,836</b>	<b>7%; 7% FXN</b>	<b>\$1,681,150</b>	<b>10%; 10% FXN</b>
<b>Revenue</b>	<b>\$8,366</b>	<b>4%; 4% FXN</b>	<b>\$31,797</b>	<b>7%; 7% FXN</b>
<b>Transaction margin \$ (TM\$)</b>	<b>\$3,935</b>	<b>7%</b>	<b>\$14,658</b>	<b>7%</b>
<b>TM\$ ex. interest on customer balances<sup>1</sup></b>	<b>\$3,603</b>	<b>6%</b>	<b>\$13,374</b>	<b>5%</b>
<b>Non-GAAP EPS<sup>2</sup></b>	<b>\$1.19</b>	<b>5%</b>	<b>\$4.65</b>	<b>21%</b>
<b>Free cash flow<sup>2,3,4</sup></b>	<b>\$2,191</b>	<b>(11%)</b>	<b>\$6,767</b>	<b>60%</b>

All growth rates reference 4Q'24 year-over-year growth unless otherwise noted. Additional financial detail provided in Supplemental Information.

(1) Interest on customer balances is reported within OVAS revenue in this presentation and in our quarterly/annual SEC filings and primarily comprises interest and revenue earned on customer assets.

(2) For a reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures, please see the GAAP to non-GAAP Reconciliations on slides 22-25.

(3) 4Q'23 free cash flow of \$2.5B included a \$1.7B net positive impact from originating European buy now, pay later (BNPL) receivables as held for sale (HFS) and the subsequent sale of these receivables. Adjusted free cash flow, which excludes the net timing impact between the origination and sale of these receivables, was \$0.8B in 4Q'23 and \$2.1B in 4Q'24. See slide 25 for more detail.

(4) FY'23 free cash flow of \$4.2B included a \$0.3B net negative impact from originating European BNPL receivables as HFS and the subsequent sale of these receivables. Adjusted free cash flow was \$4.6B in FY'23 and \$6.6B in FY'24.

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

<i>(in millions, except % and TPA)</i>	4Q'24	FY'24
<b>Active accounts<sup>2</sup></b>	<b>434</b>	<b>434</b>
Y/Y growth	2%	2%
<b>Monthly active accounts (MAA)<sup>3</sup></b>	<b>229</b>	<b>223</b>
Y/Y growth	2%	2%
<b>Number of payment transactions</b>	<b>6,619</b>	<b>26,334</b>
Y/Y growth	(3%)	5%
<b>Transactions per active account (TPA)<sup>4</sup></b>	<b>60.6</b>	<b>60.6</b>
Y/Y growth	3%	3%
<b>TPA ex. PSP (unbranded card processing)<sup>4</sup></b>	<b>34.9</b>	<b>34.9</b>
Y/Y growth	4%	4%

- Active accounts<sup>2</sup> +1% (+3M) sequentially, including growth in PayPal merchant and consumer accounts
- MAA<sup>3</sup> +2%, driven by PayPal and Venmo consumer accounts
- Number of payment transactions -3%, reflecting price-to-value strategy driving lower Braintree transactions
- Number of payment transactions ex. PSP +7%
- TPA<sup>4</sup> +3% and +4% ex. PSP<sup>4</sup>, reflecting improved engagement and transaction growth in branded checkout and Venmo

All growth rates reference 4Q'24 year-over-year growth unless otherwise noted.

(1) Detailed definitions on slide 26.

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

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

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



# TPV mix across PayPal's payments platform

		4Q'23	4Q'24	FY'23	FY'24
		Prior year period	Current quarter	Prior year	Current year
Branded checkout	FXN GROWTH	5%	6%	6%	6%
	% OF TOTAL	30%	30%	29%	28%
PSP (unbranded card processing)	FXN GROWTH	29%	2%	30%	14%
	% OF TOTAL	35%	33%	35%	36%
Venmo	FXN GROWTH	8%	10%	9%	9%
	% OF TOTAL	17%	17%	18%	17%
P2P ex-Venmo	FXN GROWTH	1%	6%	(4%)	5%
	% OF TOTAL	8%	8%	8%	8%
Other merchant services	FXN GROWTH	12%	27%	7%	18%
	% OF TOTAL	9%	10%	9%	10%
eBay <sup>1</sup>	FXN GROWTH	(9%)	(1%)	(9%)	(4%)
	% OF TOTAL	2%	2%	2%	2%
<b>Total TPV</b>	<b>FXN GROWTH</b>	<b>13%</b>	<b>7%</b>	<b>12%</b>	<b>10%</b>

- Branded checkout TPV +6%, driven by continued strength across large enterprise platforms and marketplaces and acceleration in the U.S.
- Consistent with price-to-value strategy, PSP TPV decelerated while Braintree continued to contribute to TM\$ growth
- Venmo TPV accelerated, with 4% growth in MAAs
- P2P ex-Venmo TPV accelerated, benefiting from increased engagement among existing user base
- Other merchant services TPV accelerated, primarily driven by payouts

Percent of total may not sum to 100% due to rounding. Additional financial detail provided in Supplemental Information and definitions on slide 27.

All growth rates reference 4Q'24 year-over-year growth unless otherwise noted.

(1) There has been a <1% change to FY'23 eBay TPV growth rate included above due to a small change in the classification of volumes.

# 4Q'24 key financial results

(in millions, except % and per share data)

	4Q'24	FY'24
<b>Total revenue</b>	<b>\$8,366</b>	<b>\$31,797</b>
Y/Y growth	4%	7%
FXN Y/Y growth	4%	7%
<b>Transaction margin \$</b>	<b>\$3,935</b>	<b>\$14,658</b>
Y/Y growth	7%	7%
Y/Y growth ex. int. on cust. balances <sup>1</sup>	6%	5%
<b>Non-transaction related expenses<sup>2</sup></b>	<b>\$2,433</b>	<b>\$8,820</b>
Y/Y growth	10%	3%
<b>Non-GAAP operating income<sup>2</sup></b>	<b>\$1,502</b>	<b>\$5,838</b>
Y/Y growth	2%	14%
<b>Non-GAAP operating margin %<sup>2</sup></b>	<b>18.0%</b>	<b>18.4%</b>
Y/Y change	(34bps)	116bps
<b>Non-GAAP EPS<sup>2</sup></b>	<b>\$1.19</b>	<b>\$4.65</b>
Y/Y growth	5%	21%

- Transaction revenue +4%, driven by branded checkout and Venmo
- Other value-added services (OVAS) revenue +5%, driven by interest on customer balances and a return to growth in credit
- TM\$ +7%, driven by branded checkout, Venmo, interest on customer balances, credit, and Braintree
  - TM\$ ex. interest on customer balances<sup>1</sup> +6%
  - TM% +128bps to 47.0%
- Non-transaction opex +10%, driven by investments in key growth initiatives, including marketing
- Returned \$1.2B via share repurchases, \$6.0B on a trailing 12-month basis, reducing weighted average shares by 6%

All growth rates reference 4Q'24 year-over-year growth unless otherwise noted.

Additional financial detail provided in Supplemental Information.

(1) Interest on customer balances is reported within OVAS revenue in this presentation and in our quarterly/annual SEC filings and primarily comprises interest and revenue earned on customer assets.

(2) For a reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures, please see the GAAP to non-GAAP Reconciliations on slides 22-25.

# Guidance

	1Q'25
Transaction margin \$	\$3.60B - \$3.65B 4% - 5% growth
Non-GAAP effective tax rate	Approximately 25%
Non-GAAP EPS <sup>1</sup>	\$1.15 - \$1.17 6% - 8% growth
GAAP EPS	Approximately \$1.11 - \$1.13 1Q'24: \$0.83

	FY'25
Transaction margin \$	\$15.2B - \$15.4B 4% - 5% growth Includes (\$150M) from lower interest on customer balances <sup>2</sup> At least 5% TM\$ growth ex. interest on customer balances
Non-GAAP non-transaction operating expenses	Low single-digit growth FY'24: \$8.8B
Non-GAAP effective tax rate	Approximately 23%-24% FY'24: 21%
Non-GAAP EPS <sup>3</sup>	\$4.95 - \$5.10 6% - 10% growth
GAAP EPS <sup>4</sup>	\$4.80 - \$4.95 FY'24: \$3.99
Free cash flow	\$6B - \$7B
Share repurchase	~\$6B
CAPEX	~\$1B

(1) Estimated non-GAAP amounts for 1Q'25 reflect adjustments of ~\$50M.

(2) Interest on customer balances is reported within OVAS revenue in this presentation and in our quarterly/annual SEC filings and primarily comprises interest and revenue earned on customer assets.

(3) Estimated non-GAAP amounts for FY'25 reflect adjustments of ~\$200M.

(4) FY'24 GAAP EPS included ~\$0.23 negative impact from PayPal's strategic investment portfolio.

For a reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures, please see the GAAP to non-GAAP Reconciliations on slides 22-25.



# Demonstrating the strength of PayPal's global commerce platform

- ✓ Delivered strong FY'24 results, including +5% TM\$ ex. interest on customer balances<sup>1</sup>, while building momentum and foundation for durable growth
- ✓ Focused on scaling adoption while driving innovation and efficiency in FY'25
- ✓ More to come at PayPal Investor Day on February 25

(1) Interest on customer balances is reported within OVAS revenue in this presentation and in our quarterly/annual SEC filings and primarily comprises interest and revenue earned on customer assets.



# Q&A

# **Supplemental information**

# TPV, revenue, & take rate detail

(in millions, except %)

	3Q'23	4Q'23	1Q'24	2Q'24	3Q'24	4Q'24
<b>Total payment volume</b>	<b>\$387,701</b>	<b>\$409,832</b>	<b>\$403,860</b>	<b>\$416,814</b>	<b>\$422,641</b>	<b>\$437,836</b>
Y/Y growth	15%	15%	14%	11%	9%	7%
FXN Y/Y growth	13%	13%	14%	11%	9%	7%
<b>U.S. TPV</b>	<b>\$242,718</b>	<b>\$257,885</b>	<b>\$259,190</b>	<b>\$265,526</b>	<b>\$265,706</b>	<b>\$275,911</b>
Y/Y growth	10%	11%	12%	11%	9%	7%
<b>International TPV</b>	<b>\$144,983</b>	<b>\$151,947</b>	<b>\$144,671</b>	<b>\$151,288</b>	<b>\$156,934</b>	<b>\$161,925</b>
Y/Y growth	25%	22%	18%	10%	8%	7%
FXN Y/Y growth	19%	17%	17%	11%	8%	7%
<b>Cross-border TPV<sup>1</sup></b>	<b>\$46,522</b>	<b>\$49,059</b>	<b>\$48,163</b>	<b>\$49,089</b>	<b>\$50,186</b>	<b>\$53,022</b>
Y/Y growth	9%	8%	8%	5%	8%	8%
FXN Y/Y growth	4%	5%	7%	6%	7%	9%
<b>P2P TPV<sup>2</sup></b>	<b>\$96,637</b>	<b>\$95,895</b>	<b>\$96,361</b>	<b>\$100,802</b>	<b>\$102,353</b>	<b>\$102,663</b>
Y/Y growth	4%	6%	6%	6%	6%	7%
<b>Venmo TPV</b>	<b>\$69,483</b>	<b>\$68,891</b>	<b>\$69,265</b>	<b>\$73,290</b>	<b>\$74,848</b>	<b>\$75,610</b>
Y/Y growth	8%	8%	8%	8%	8%	10%
<b>Total take rate</b>	<b>1.91%</b>	<b>1.96%</b>	<b>1.91%</b>	<b>1.89%</b>	<b>1.86%</b>	<b>1.91%</b>
<b>Transaction take rate</b>	<b>1.72%</b>	<b>1.78%</b>	<b>1.74%</b>	<b>1.72%</b>	<b>1.67%</b>	<b>1.73%</b>
<b>Total revenue</b>	<b>\$7,418</b>	<b>\$8,026</b>	<b>\$7,699</b>	<b>\$7,885</b>	<b>\$7,847</b>	<b>\$8,366</b>
Y/Y growth	8%	9%	9%	8%	6%	4%
FXN Y/Y growth	9%	9%	10%	9%	6%	4%
<b>Transaction revenue</b>	<b>\$6,654</b>	<b>\$7,283</b>	<b>\$7,034</b>	<b>\$7,153</b>	<b>\$7,067</b>	<b>\$7,588</b>
Y/Y growth	7%	9%	11%	9%	6%	4%
<b>OVAS revenue</b>	<b>\$764</b>	<b>\$743</b>	<b>\$665</b>	<b>\$732</b>	<b>\$780</b>	<b>\$778</b>
Y/Y growth	25%	9%	(2%)	—%	2%	5%
<b>US revenue Y/Y growth</b>	<b>7%</b>	<b>8%</b>	<b>8%</b>	<b>8%</b>	<b>6%</b>	<b>2%</b>
<b>International revenue FXN Y/Y growth</b>	<b>11%</b>	<b>12%</b>	<b>14%</b>	<b>10%</b>	<b>6%</b>	<b>7%</b>
<b>% international</b>	<b>43%</b>	<b>42%</b>	<b>42%</b>	<b>42%</b>	<b>42%</b>	<b>43%</b>

- International TPV +7% FXN, driven by continued strength in Europe
- Cross-border TPV<sup>1</sup> +9% FXN, driven by intra-European corridors
- Transaction take rate -4bps driven by merchant mix<sup>3</sup> within branded checkout and Braintree, payouts, and lower growth in FX fees

All results & growth rates reference 4Q'24 results & year-over-year growth unless otherwise noted. Definitions on slide 27.

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

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

(3) Large enterprise merchants, platforms, and marketplaces within branded checkout and bill pay within Braintree.

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

(in millions, except % and TPA)

	1Q'22	2Q'22	3Q'22	4Q'22	1Q'23	2Q'23	3Q'23	4Q'23	1Q'24	2Q'24	3Q'24	4Q'24
<b>Active accounts</b>	<b>429</b>	<b>429</b>	<b>432</b>	<b>435</b>	<b>433</b>	<b>431</b>	<b>428</b>	<b>426</b>	<b>427</b>	<b>429</b>	<b>432</b>	<b>434</b>
Y/Y growth	9%	6%	4%	2%	1%	—%	(1%)	(2%)	(1%)	—%	1%	2%
<b>Monthly active accounts (MAA)</b>	<b>214</b>	<b>215</b>	<b>217</b>	<b>221</b>	<b>215</b>	<b>217</b>	<b>218</b>	<b>224</b>	<b>220</b>	<b>222</b>	<b>223</b>	<b>229</b>
Y/Y growth	4%	2%	2%	1%	1%	1%	1%	1%	2%	3%	2%	2%
<b>Number of payment transactions</b>	<b>5,161</b>	<b>5,513</b>	<b>5,643</b>	<b>6,032</b>	<b>5,835</b>	<b>6,074</b>	<b>6,275</b>	<b>6,798</b>	<b>6,505</b>	<b>6,580</b>	<b>6,631</b>	<b>6,619</b>
Y/Y growth	18%	16%	15%	13%	13%	10%	11%	13%	11%	8%	6%	(3%)
<b>Transactions per active account (TPA)</b>	<b>47.0</b>	<b>48.7</b>	<b>50.1</b>	<b>51.4</b>	<b>53.1</b>	<b>54.7</b>	<b>56.6</b>	<b>58.7</b>	<b>60.0</b>	<b>60.9</b>	<b>61.4</b>	<b>60.6</b>
Y/Y growth	11%	12%	13%	13%	13%	12%	13%	14%	13%	11%	9%	3%
<b>TPA ex. PSP (unbranded card processing)</b>	<b>31.4</b>	<b>31.4</b>	<b>31.4</b>	<b>31.3</b>	<b>31.7</b>	<b>32.2</b>	<b>32.9</b>	<b>33.5</b>	<b>33.9</b>	<b>34.2</b>	<b>34.5</b>	<b>34.9</b>
Y/Y growth	(5%)	(4%)	(2%)	(1%)	1%	2%	5%	7%	7%	6%	5%	4%



# Transaction margin (TM) detail

(in millions, except %)

	3Q'23	4Q'23	1Q'24	2Q'24	3Q'24	4Q'24
Transaction expense (TE)	\$3,603	\$3,958	\$3,917	\$3,942	\$3,841	\$3,997
TE rate	0.93%	0.97%	0.97%	0.95%	0.91%	0.91%
Transaction loss (TL)	\$329	\$277	\$260	\$259	\$264	\$331
TL rate	0.08%	0.07%	0.06%	0.06%	0.06%	0.08%
Credit loss	\$117	\$119	\$61	\$76	\$88	\$103
Credit loss rate	0.03%	0.03%	0.02%	0.02%	0.02%	0.02%
<b>Volume-based expenses</b>	<b>\$4,049</b>	<b>\$4,354</b>	<b>\$4,238</b>	<b>\$4,277</b>	<b>\$4,193</b>	<b>\$4,431</b>
Y/Y growth	21%	17%	14%	9%	4%	2%
<b>Transaction margin \$</b>	<b>\$3,369</b>	<b>\$3,672</b>	<b>\$3,461</b>	<b>\$3,608</b>	<b>\$3,654</b>	<b>\$3,935</b>
Y/Y growth	(3%)	—%	4%	8%	8%	7%
<b>Transaction margin</b>	<b>45.4%</b>	<b>45.8%</b>	<b>45.0%</b>	<b>45.8%</b>	<b>46.6%</b>	<b>47.0%</b>
Y/Y change (bps)	(558)	(397)	(213)	(19)	115	128
<b>TM\$ ex. interest on customer balances</b>	<b>\$3,123</b>	<b>\$3,386</b>	<b>\$3,189</b>	<b>\$3,267</b>	<b>\$3,315</b>	<b>\$3,603</b>
Y/Y growth	(8%)	(4%)	1%	5%	6%	6%

- TE rate -5bps, driven by favorable product mix and rate improvements
- TL rate +1bps, driven by an increase in fraud activity
- Credit loss rate -1bps, driven by improving portfolio performance

# Non-GAAP<sup>1</sup> operating margin detail

(in millions, except %)	3Q'23	4Q'23	1Q'24	2Q'24	3Q'24	4Q'24
Customer support and operations	\$474	\$465	\$454	\$436	\$427	\$451
Y/Y growth	(7%)	(14%)	(7%)	(11%)	(10%)	(3%)
Sales and marketing	\$400	\$425	\$379	\$406	\$468	\$586
Y/Y growth	(18%)	(9%)	(4%)	(4%)	17%	38%
Technology and development	\$730	\$764	\$735	\$713	\$742	\$772
Y/Y growth	(2%)	—%	3%	(3%)	2%	1%
General and administrative	\$496	\$547	\$457	\$563	\$512	\$587
Y/Y growth	9%	7%	(9%)	16%	3%	7%
Restructuring and other	\$17	\$3	\$37	\$30	\$28	\$37
Y/Y growth	-%	-%	-%	(12%)	65%	1133%
<b>Non-transaction related expenses</b>	<b>\$2,117</b>	<b>\$2,204</b>	<b>\$2,062</b>	<b>\$2,148</b>	<b>\$2,177</b>	<b>\$2,433</b>
Y/Y growth	(4%)	(4%)	(2%)	(1%)	3%	10%
<b>Total operating expenses</b>	<b>\$6,166</b>	<b>\$6,558</b>	<b>\$6,300</b>	<b>\$6,425</b>	<b>\$6,370</b>	<b>\$6,864</b>
Y/Y growth	11%	9%	8%	5%	3%	5%
<b>Non-GAAP operating income</b>	<b>\$1,252</b>	<b>\$1,468</b>	<b>\$1,399</b>	<b>\$1,460</b>	<b>\$1,477</b>	<b>\$1,502</b>
Y/Y growth	(3)%	6%	15%	24%	18%	2%
<b>Non-GAAP operating margin %</b>	<b>16.9%</b>	<b>18.3%</b>	<b>18.2%</b>	<b>18.5%</b>	<b>18.8%</b>	<b>18.0%</b>
Y/Y change (bps)	(201)	(47)	84	231	194	(34)
<b>Non-GAAP EPS</b>	<b>\$0.98</b>	<b>\$1.14</b>	<b>\$1.08</b>	<b>\$1.19</b>	<b>\$1.20</b>	<b>\$1.19</b>
Y/Y growth	8%	15%	27%	36%	22%	5%

(1) Non-transaction related expenses, total operating expenses, non-GAAP operating income, non-GAAP operating margin, and non-GAAP EPS are non-GAAP financial measures. For a reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures and additional detail, please see the GAAP to non-GAAP Reconciliations on slides 22-25.

# Free cash flow (FCF) and capital allocation detail

(in millions, except %)

	3Q'23	4Q'23	1Q'24	2Q'24	3Q'24	4Q'24
Free cash flow	\$1,101	\$2,469	\$1,763	\$1,368	\$1,445	\$2,191
Y/Y growth	(30%)	72%	76%	**	31%	(11%)
Adjusted free cash flow <sup>1</sup>	\$1,911	\$774	\$1,856	\$1,140	\$1,540	\$2,098
Y/Y growth	21%	(46%)	86%	31%	(19%)	171%

- Free cash flow of \$2.2B, which includes a \$0.1B net positive timing impact between originating European BNPL receivables as HFS and the subsequent sale of these receivables
- In 4Q'24, returned \$1.2B in capital to stockholders through share repurchases
  - On a trailing 12-month basis, share repurchases of \$6.0B reduced weighted average shares by 6%
- As of 4Q, cash, cash equivalents and investments totaled \$15.4B and debt totaled \$11.1B

All results & growth rates reference 4Q'24 results & year-over-year growth unless otherwise noted. Free cash flow and adjusted free cash flow are non-GAAP financial metrics. For a reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures and additional detail, please see the GAAP to non-GAAP Reconciliations on slides 22-25.

(1) Adjusted free cash flow excludes the net timing impact between originating European BNPL receivables as HFS and the subsequent sale of these receivables.

\*\* Not meaningful. 2Q'23 free cash flow of (\$0.4B) included a \$1.2B negative timing impact from European BNPL loans originated as HFS, which were sold in 4Q'23.

# Hedging impacts and credit reserve builds and releases

(in millions, except %)

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

	3Q'23	4Q'23	1Q'24	2Q'24	3Q'24	4Q'24
Favorable (unfavorable) impact to net revenues (exclusive of hedging impact)	\$ 141	\$ 120	\$ 32	\$ (33)	\$ 12	\$ (29)
Hedging impact	7	(6)	—	22	(12)	38
Favorable (unfavorable) impact to net revenues	148	114	32	(11)	—	9
Favorable (unfavorable) impact to operating expense	(57)	(57)	(13)	25	(10)	26
Net favorable (unfavorable) impact to operating income	\$ 91	\$ 57	\$ 19	\$ 14	\$ (10)	\$ 35

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

Net charge-offs <sup>(2)</sup>	\$ 163	\$ 142	\$ 123	\$ 91	\$ 81	\$ 77
Reserve build (release) <sup>(3)</sup>	(46)	(23)	(62)	(15)	7	26
Credit Losses	\$ 117	\$ 119	\$ 61	\$ 76	\$ 88	\$ 103

(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. Hedging impact is recognized in international transaction revenue. Based on exchange rates on derivative positions as of December 31, 2024, estimated next 12 months hedging gains are \$147M.

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

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



# **GAAP to non-GAAP reconciliations**

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

(In Millions/Unaudited)	Note	Three Months Ended								Year Ended December 31,				
		December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	2024	2023	2022
<b>GAAP operating expenses:</b>														
Transaction expense		\$ 3,997	\$ 3,841	\$ 3,942	\$ 3,917	\$ 3,958	\$ 3,603	\$ 3,541	\$ 3,283	\$ 3,324	\$ 2,988	\$ 15,697	\$ 14,385	\$ 12,173
Transaction and credit losses		434	352	335	321	396	446	398	442	388	367	1,442	1,682	1,572
Customer support and operations		451	427	436	454	465	474	492	488	541	509	1,768	1,919	2,120
Sales and marketing		626	508	446	421	466	442	465	436	524	544	2,001	1,809	2,257
Technology and development		773	746	718	742	770	739	743	721	822	801	2,979	2,973	3,253
General and administrative		594	519	570	464	554	507	491	507	515	463	2,147	2,059	2,099
Restructuring and other		50	63	113	212	(311)	39	24	164	25	56	438	(84)	207
<b>Total operating expenses</b>		<b>\$ 6,925</b>	<b>\$ 6,456</b>	<b>\$ 6,560</b>	<b>\$ 6,531</b>	<b>\$ 6,298</b>	<b>\$ 6,250</b>	<b>\$ 6,154</b>	<b>\$ 6,041</b>	<b>\$ 6,139</b>	<b>\$ 5,728</b>	<b>\$ 26,472</b>	<b>\$ 24,743</b>	<b>\$ 23,681</b>
<b>Non-GAAP operating expense adjustments:</b>														
Sales and marketing	(a)	(40)	(40)	(40)	(42)	(41)	(42)	(42)	(41)	(55)	(54)	(162)	(166)	(215)
Technology and development	(a)	(1)	(4)	(5)	(7)	(6)	(9)	(9)	(9)	(58)	(58)	(17)	(33)	(232)
General and administrative	(a)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(3)	(7)	(28)	(28)	(24)
	(d)	—	—	—	—	—	(4)	—	—	—	—	—	(4)	—
Restructuring and other	(b)	(13)	(36)	(83)	(175)	(2)	(3)	—	(117)	(8)	(23)	(307)	(122)	(122)
	(c)	—	1	—	—	(2)	(19)	10	(47)	(17)	(33)	1	(58)	(85)
	(d)	—	—	—	—	(21)	—	—	—	—	—	—	(21)	—
	(e)	—	—	—	—	339	—	—	—	—	—	—	339	—
<b>Total operating expenses</b>		<b>\$ (61)</b>	<b>\$ (86)</b>	<b>\$ (135)</b>	<b>\$ (231)</b>	<b>\$ 260</b>	<b>\$ (84)</b>	<b>\$ (48)</b>	<b>\$ (221)</b>	<b>\$ (141)</b>	<b>\$ (175)</b>	<b>\$ (513)</b>	<b>\$ (93)</b>	<b>\$ (678)</b>
<b>Non-GAAP operating expenses:</b>														
Transaction expense		3,997	3,841	3,942	3,917	3,958	3,603	3,541	3,283	3,324	2,988	\$ 15,697	\$ 14,385	\$ 12,173
Transaction and credit losses		434	352	335	321	396	446	398	442	388	367	1,442	1,682	1,572
Customer support and operations		451	427	436	454	465	474	492	488	541	509	1,768	1,919	2,120
Sales and marketing		586	468	406	379	425	400	423	395	469	490	1,839	1,643	2,042
Technology and development		772	742	713	735	764	730	734	712	764	743	2,962	2,940	3,021
General and administrative		587	512	563	457	547	496	484	500	512	456	2,119	2,027	2,075
Restructuring and other		37	28	30	37	3	17	34	—	—	—	132	54	—
<b>Total operating expenses</b>		<b>\$ 6,864</b>	<b>\$ 6,370</b>	<b>\$ 6,425</b>	<b>\$ 6,300</b>	<b>\$ 6,558</b>	<b>\$ 6,166</b>	<b>\$ 6,106</b>	<b>\$ 5,820</b>	<b>\$ 5,998</b>	<b>\$ 5,553</b>	<b>\$ 25,959</b>	<b>\$ 24,650</b>	<b>\$ 23,003</b>

- (a) Amortization of acquired intangible assets.
- (b) Restructuring.
- (c) Right-of-use asset impairment and other charges associated with exiting certain leased properties as well as gains and losses associated with early lease terminations and owned property held for sale or sold.
- (d) Fees related to credit externalization.
- (e) Gain on divestiture of business, net of transaction costs.

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

(In Millions, Except Percentages/Unaudited)	Three Months Ended										Year Ended December 31,		
	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	2024	2023	2022
GAAP net revenues	\$ 8,366	\$ 7,847	\$ 7,885	\$ 7,699	\$ 8,026	\$ 7,418	\$ 7,287	\$ 7,040	\$ 7,383	\$ 6,846	\$ 31,797	\$ 29,771	\$ 27,518
GAAP operating income	1,441	1,391	1,325	1,168	1,728	1,168	1,133	999	1,244	1,118	5,325	5,028	3,837
Amortization of acquired intangible assets	48	51	52	56	54	58	58	57	116	119	207	227	471
Restructuring <sup>(1)</sup>	13	35	83	175	4	22	(10)	164	25	56	306	180	207
Other	—	—	—	—	(318)	4	—	—	—	—	—	(314)	—
Total non-GAAP operating income adjustments	61	86	135	231	(260)	84	48	221	141	175	513	93	678
Non-GAAP operating income	\$ 1,502	\$ 1,477	\$ 1,460	\$ 1,399	\$ 1,468	\$ 1,252	\$ 1,181	\$ 1,220	\$ 1,385	\$ 1,293	\$ 5,838	\$ 5,121	\$ 4,515
GAAP operating margin	17.2 %	17.7 %	16.8 %	15.2 %	21.5 %	15.7 %	15.5 %	14.2 %	16.8 %	16.3 %	16.7 %	16.9 %	13.9 %
Non-GAAP operating margin	18.0 %	18.8 %	18.5 %	18.2 %	18.3 %	16.9 %	16.2 %	17.3 %	18.8 %	18.9 %	18.4 %	17.2 %	16.4 %

<sup>(1)</sup> In Q4 2024, within this reconciliation, we reclassified amounts related to right-of-use asset impairment and other charges associated with exiting certain leased properties as well as gains and losses associated with early lease terminations and owned property held for sale or sold from "Other" to "Restructuring".

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

(In Millions, Except Percentages and Per Share Amount/Unaudited)	Three Months Ended										Year Ended December 31,		
	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	2024	2023	2022
GAAP income before income taxes	\$ 1,410	\$ 1,311	\$ 1,399	\$ 1,209	\$ 1,793	\$ 1,241	\$ 1,303	\$ 1,074	\$ 1,110	\$ 1,578	\$ 5,329	\$ 5,411	\$ 3,366
GAAP income tax expense	289	301	271	321	391	221	274	279	189	248	1,182	1,165	947
GAAP net income (loss)	1,121	1,010	1,128	888	1,402	1,020	1,029	795	921	1,330	4,147	4,246	2,419
Non-GAAP adjustments to net income (loss):													
Non-GAAP operating income adjustments (see table above)	61	86	135	231	(260)	84	48	221	141	175	513	93	678
(Gains) losses on strategic investments	59	171	6	49	4	(24)	(133)	(48)	141	(495)	285	(201)	304
Other certain significant gains, losses, or charges	—	—	—	31	21	—	—	18	(21)	—	31	39	410
Tax effect of non-GAAP adjustments	(32)	(39)	(26)	(44)	66	(3)	27	(27)	(47)	44	(141)	63	(229)
Non-GAAP net income	\$ 1,209	\$ 1,228	\$ 1,243	\$ 1,155	\$ 1,233	\$ 1,077	\$ 971	\$ 959	\$ 1,135	\$ 1,054	\$ 4,835	\$ 4,240	\$ 3,582
Shares used in diluted share calculation:													
GAAP	1,014	1,024	1,047	1,072	1,084	1,098	1,114	1,134	1,144	1,157	1,039	1,107	1,158
Non-GAAP	1,014	1,024	1,047	1,072	1,084	1,098	1,114	1,134	1,144	1,157	1,039	1,107	1,158
Net income (loss) per diluted share:													
GAAP	\$ 1.11	\$ 0.99	\$ 1.08	\$ 0.83	\$ 1.29	\$ 0.93	\$ 0.92	\$ 0.70	\$ 0.81	\$ 1.15	\$ 3.99	\$ 3.84	\$ 2.09
Non-GAAP	\$ 1.19	\$ 1.20	\$ 1.19	\$ 1.08	\$ 1.14	\$ 0.98	\$ 0.87	\$ 0.85	\$ 0.99	\$ 0.91	\$ 4.65	\$ 3.83	\$ 3.09
GAAP effective tax rate	20 %	23 %	19 %	27 %	22 %	18 %	21 %	26 %	17 %	16%	22 %	22 %	28 %
Tax effect of non-GAAP adjustments to net income	1%	(1%)	—%	(5%)	(2%)	(1%)	(1%)	(3%)	1%	—%	(1%)	(2%)	(10%)
Non-GAAP effective tax rate	21 %	22 %	19 %	22 %	20 %	17 %	20 %	23 %	18 %	16 %	21 %	20 %	18 %

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

(In Millions/Unaudited)	Three Months Ended										Year Ended December 31,		
	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	2024	2023	2022
Net cash provided by (used in) operating activities	\$ 2,394	\$ 1,614	\$ 1,525	\$ 1,917	\$ 2,614	\$ 1,259	\$ (200)	\$ 1,170	\$ 1,591	\$ 1,755	\$ 7,450	\$ 4,843	\$ 5,813
Less: Purchases of property and equipment	(203)	(169)	(157)	(154)	(145)	(158)	(150)	(170)	(158)	(182)	(683)	(623)	(706)
Free cash flow	2,191	1,445	1,368	1,763	2,469	1,101	(350)	1,000	1,433	1,573	6,767	4,220	5,107
Net timing impact between originating European BNPL receivables as HFS and the subsequent sale of receivables	(93)	95	(228)	93	(1,695)	810	1,219	—	—	—	(133)	334	—
Adjusted free cash flow	2,098	1,540	1,140	1,856	774	1,911	869	1,000	1,433	1,573	6,634	4,554	5,107

# Definitions (page 1 of 2)

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

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

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

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

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

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

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

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

# Definitions (page 2 of 2)

**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.

**Branded checkout TPV** comprises PayPal branded checkout volume and does not include volume associated with Pay with Venmo, eBay, or PayPal P2P (peer to peer).

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

**P2P ex-Venmo TPV** primarily comprises PayPal P2P volume, with some contribution from Xoom.

**Other merchant services TPV** includes volumes associated with invoicing, Paidy, payouts (including Hyperwallet), point-of-sale solutions (including Zettle), QR code, etc.

**Total Take Rate** is total revenue divided by TPV.

**Transaction Take Rate** is transaction revenue divided by TPV.

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

**Transaction Loss Rate** is transaction losses divided by TPV.

**Credit Loss Rate** is credit losses divided by TPV.

**Transaction Margin or “TM”** is total revenue less transaction expense and transaction and credit losses, divided by total revenue.

**Transaction Margin Dollars (\$) or “TM\$”** is total revenue less transaction expense and transaction and credit losses.

**Transaction Margin Dollars excluding interest on customer balances** is total revenue excluding interest on customer balances, less transaction expense and transaction and credit losses. Interest on customer balances is captured as part of Other Value Added Services (OVAS) revenue in this presentation and in our quarterly/annual SEC filings.



# Upcoming calendar

**Investor Day**

**February 25, 2025**

**First Quarter 2025 Earnings**

**April 29, 2025**

**Second Quarter 2025 Earnings**

**July 29, 2025**

**Third Quarter 2025 Earnings**

**October 28, 2025**