

Dear Stockholders,

My first year as President and CEO of eBay was truly a year like no other. Throughout 2020, vast political, social and health issues swept the world. Yet even in the face of tremendous global challenges, our community united – to give, inspire and support – and propelled our purpose of creating economic opportunity for all. Sellers and buyers connected over items bought for both joy and necessity. And employees, forced to shelter at home and work in new ways, stepped up to meet customer needs and innovated to carry us forward.

eBay's growth reflected our community's strength. Our marketplace experienced unprecedented traffic levels during 2020. No other company operating predominantly as a third-party marketplace has the global scale we do. We welcomed 11 million incremental new buyers to the platform in 2020. At the end of the year, our marketplace hosted over 185 million active buyers, more than 19 million active sellers and nearly 1.7 billion live listings globally. Our customers come to our marketplace to find and to sell unique inventory at value, and to fuel their livelihoods.

Our community has also come to our marketplace to help reach out to others. eBay for Charity broke all previous records in 2020, with nearly \$123 million raised globally in charitable donations. With an increase of nearly 10% over the previous year, more than \$234 was raised every minute through our platform – and 100% of the funds go back to the nonprofits.

We added an incremental \$14 billion of GMV – more growth than in the past seven years combined. Organic FXN revenue grew 21%, and we were able to return nearly \$5.6 billion to stockholders through dividends and buybacks. We created more opportunities for people around the world to realize additional income, find items of value and enjoy a smoother, simpler experience on our marketplace. We see a great opportunity for eBay to capture more of the \$500 billion total addressable market (TAM) in the non-new-in-season market.

Last year, I outlined a new strategic multi-year vision for the company: To become the best global marketplace for buyers and sellers powered by a tech-led reimagination. This year, we are accelerating that vision. Our team is creating leading-edge new technology, products and tools, finding ways not just to delight our customers, but also to provide next-gen experiences for ecommerce that will take our marketplace and the entire industry forward. Twenty-five years ago, we revolutionized the internet with our founding vision. Today, we are ready to change the game for global ecommerce yet again. We look forward to bringing our stockholders with us on that journey, strengthening value as we foster growth and innovation.

Empowering Economic Opportunity for All

Every day, people build businesses on our marketplace and realize their entrepreneurial dreams.

In 2020, born out of the pandemic, we launched the Up & Running initiative to help more small businesses start and grow online. Through the program, new eBay sellers received fee discounts, guidance, resources and grants to run their business on eBay. Over the course of the past year, we invested more than \$100 million in small businesses through global programs like Up & Running, which inspired adaptations in over 25 markets worldwide. And at the end of last year, we announced further assistance through an Up & Running grant program to give a total of \$500,000 to small business sellers to help them succeed on our marketplace.

eBay pioneered buying, selling and repurposing used goods online – what we know as recommerce. In 2020, we saw an upswing in recommerce. Across generations and interest levels, both buyers and sellers are turning to recommerce as an additional avenue of economic opportunity. Our recent [Recommerce Report](#) shows that almost 90% of consumer sellers in the U.S. have sold pre-owned goods in the past year, at levels far greater than just a few years ago. And 72% of customer sellers in the U.S. on eBay said they started selling pre-owned goods last year to earn extra income.

Seller profile

Avid sports card collector Victor Rivera opened his official eBay store, [Plant Street Collectibles](#), in the summer of 2020 after being laid off during the pandemic from his full-time job. A longtime eBay shopper based in Winter Garden, Florida, he has already seen early success with his business. With his recent award of a \$10,000 eBay Up & Running grant to help with training, coaching and inventory sourcing, Victor is committed to helping his store thrive while he motivates others toward entrepreneurship. “eBay is such an amazing platform for people to use,” he said. “I want to help others recognize those opportunities out there.”

Uniting Around a New Vision

Our enduring commitment to build a trusted marketplace for our customers is at the core of our new strategic vision. With this in mind, we have focused on the following three priorities, and we have already begun to see results.

First, we worked to defend and grow our core by building compelling next-gen experiences for our enthusiasts, catering to them by focusing on consumer selling and key vertical experiences:

- In 2020, eBay launched “Authenticity Guarantee,” our new independent authentication service on all watches sold over \$2,000 in the U.S. In Q4, we saw a double-digit acceleration in watches’ growth.
- We also expanded Authenticity Guarantee to the collectible sneakers category. In Q4 alone, we saw triple-digit growth year over year for sneakers over \$100. On average, these customers spent a total of \$2,500 on eBay, approximately 80% of which was in categories outside of sneakers, demonstrating cross-category interest of dedicated enthusiasts.
- Additionally, to meet consumer demand for top products at value prices, eBay launched “Certified Refurbished.” This initiative allows our buyers to shop top brands with total confidence by providing a two-year warranty, trusted quality, eBay Money Back Guarantee and 30-day hassle-free returns.
- To further provide convenience and value, another area of non-new-in-season inventory we’ve focused on is outlet fashion. Building on its success in the U.S., eBay launched an optimized Brand Outlet experience in the U.K. with 150 fashion brands offering deep discounts. This contributed to strong double-digit GMV growth in fashion, ahead of market rates in the U.K.

Seller profile

A former employee of the Royal Air Force and the Ministry of Defense, seller Jeanette Gettings opened her store, [Just Because](#), in 2017 to make people happy with thoughtful gift items. Her Wolverhampton, U.K. retail shop pairs perfectly with her eBay store and she was given eBay’s Retail Revival Seller Award in 2019 in recognition of her overall success. It’s that combination of online sales with in-person shopping that’s helping her thrive and providing an anchor for her local community. “If I hadn’t had eBay, I would have lost the shop. With eBay sales coming in throughout the pandemic, that allowed me to restock the shop, pay the bills and then reopen the brick-and-mortar store. Online sales kept both stores going,” she said.

Second, we are committed to becoming the partner of choice for sellers:

- eBay's managed payments platform has continued to expand and scale globally following the expiration of the PayPal Operating Agreement in July 2020, delivering buyers and sellers a simplified end-to-end payments experience. As a result, as of December 31, 2020, there were over 1 million sellers active in managed payments. By offering payments technology on our platform, buyers now have more flexibility and choice in how they'd like to pay and sellers have a more streamlined way to run their businesses – and we have built and continue to evolve sophisticated risk-minimizing capabilities using our machine learning platform and leveraging state-of-the-art machine learning algorithms in computer vision and natural language processing that will further strengthen our trusted marketplace for everyone. We remain on track to transition payments for the majority of our sellers in 2021, to complete the full roll-out of payments by 2022 and to deliver at least an incremental \$2B in revenue and \$500 million in operating income in 2022.
- Our advertising business reached a new milestone in 2020, passing \$1 billion in revenue for the year. We remain focused on growing our Promoted Listings while reducing non-strategic, third-party advertising. In 2020, Promoted Listings grew 86% for the year on an FX-neutral basis. We provide sellers with data-driven recommendations to optimize their conversion, while testing and building more technology features to drive future growth. Sellers who have adopted Promoted Listings are seeing, on average, a double-digit sales increase. In parallel, deep learning models are increasingly driving improvements in advertising recommendations seen by buyers based on their activity allowing for more relevance.
- Additionally, a new collaboration with UPS launched in the U.S. is helping provide sellers with more options to support their shipping needs and access to discounted rates, saving them time and money. And, in the U.K. and Australia, we launched eBay Virtual Tracking Number for sellers using Royal Mail and Australia Post to substantially increase package tracking and provide sellers and buyers with ease and confidence.
- We are continuing to build services in the selling flows that help our sellers improve the quality of their listings with insights on seasonality of their items and other relevant data to help guide them on competitive pricing using machine learning models, as well as descriptions, image selection and titles for their items. This includes helping sellers understand what information to include when listing a product (Item Specifics) to ensure the product has the best chance of

being discovered and purchased by buyers. In 2020, on average, sellers have added over 20% more pieces of item specific information to their listings resulting in a clear impact on sales growth.

- eBay also launched new features like Image Clean-Up, using computer vision to enable sellers to create cleaner images in their listings and optimize for Google Shopping; and Time Away, which allows sellers to update their listings and protect their on-time delivery record while they are on vacation which provides buyers with more accurate shipping estimates.

And third, we are cultivating life-long, trusted relationships with our buyers. To achieve this, we are leveraging technology to remove friction throughout the buying journey:

- A major focus for us has been the eBay app experience. In 2020, almost half of our global GMV was transacted in the app, and it continues to grow faster than the overall business as buyer and seller preferences evolve. We have maintained high ratings in both iOS and Android, and our app was downloaded more than 50 million times in 2020.
- In 2020, eBay launched new features like Great Price Signal to highlight competitively priced items from trusted sellers and Secure Local Pickup to help connect local buyers and sellers, allowing them to receive items quicker and more securely through the use of a QR code pickup verification. More than 1 million QR codes have been scanned since Secure Local Pickup's launch in July. We also introduced Dark Mode/Dark Theme to meet the shopping preferences of our customers.
- To drive engagement from buyers on mobile, we have simplified item pages, made it easier to watch or share an item, and provided buyers with more direct access to eBay Stores. Additionally, we improved conversion by streamlining sort and filter options, allowing app users to find what they are looking for faster.
- We also improved search results which led to material increases in conversion. By including more behavioral data, we were able to optimize machine learning algorithms at the top of the funnel that led to improved buyer engagement and ultimately led to increased purchases. These technology advances generate significant impact, as every incremental point of conversion creates almost \$1 billion more GMV annually. More importantly, buyers are discovering the items they are searching for in faster and simpler ways.

Giving and Building a Brighter Future

Even while we are focused on delivering our vision, we remain committed to leveraging the power of our platform to support our communities.

We will continue to help enable our customer community to give back. The generosity shown by our buyers and sellers is amazing – the spirit of a global community centered around connection and economic opportunity for all is clearly alive and well. We will further this effort with our commitment to distribute \$600 million to nonprofits through eBay for Charity by 2025.

Our employees have given back in record amounts through the eBay Foundation, which helps to build economically vibrant and thriving communities. In 2020, the eBay Foundation granted over \$16 million to support small businesses, untapped communities and COVID-19 relief efforts, and it offered an additional \$2,500 per employee in matching gifts for a total of up to \$5,000 per employee. Over \$1 million of employee giving was matched by the eBay Foundation in 2020, with more than 2,500 global employees donating their time and money. To date, the eBay Foundation has awarded more than \$65 million to more than 1,800 nonprofits.

We also used innovation to help power our communities. One way we did this last year was by helping to quickly and efficiently distribute personal protective equipment (PPE) to front line workers in the U.K. eBay partnered with the U.K.'s National Health Service, the Department for Health and Social Care and logistics partners on this effort. By the end of 2020, the NHS PPE Portal, powered by eBay, reached a significant milestone. Together, we delivered more than one billion PPE items to more than 45,000 primary care providers in the U.K.

In addition, we focused our sustainability initiatives on goals that will help strengthen our business and provide the most value to all our stakeholders. We continue our work to reach a goal of 100% renewable energy by 2025 in addition to creating \$3 billion in positive economic impacts and avoiding 3 million metric tons of carbon emissions through recommerce on our platform. In the past year alone, we avoided approximately 720,000 metric tons of carbon emissions through people selling their pre-owned electronics and apparel on eBay. And our commitment to climate action and transparency is being recognized externally. We were once again included in the Dow Jones Sustainability World and North America Indices and recognized in the Carbon Disclosure Project's A List for the first time.

All of this work is part of our core values. We empower others and put people at the heart of everything we do, whether those people are our customers, our communities or our own team. Diversity, equity and inclusion are woven into the very fabric of our DNA. We remain committed to being a richly diverse, truly equitable and fearlessly inclusive place to work, grow, buy and sell. And this year, our Executive Leadership Team's individual goals will focus on accelerating meaningful change in diversity, equity and inclusion throughout every level of our company. We want eBay to be for everyone.

Twenty-five years ago, eBay revolutionized shopping. With the click of a button, we enabled buyers and sellers to connect across borders through a safe and secure marketplace. Now, we are investing in the next generation. We're creating technology so customers have a faster and better shopping experience. We are setting out on a multi-year journey to build on our strengths to become the best global marketplace to buy and sell, and our community is continuing to grow and thrive.

All of these accomplishments are possible due to the fantastic team I have the privilege of leading. Our employees lived our purpose in 2020 – and I look forward to what we can do together for our customers in 2021 and beyond. I could not be more excited about our future.

Thank you for your continued support.



Jamie Iannone

Key strategic and financial outcomes of the year

- Revenue was \$10.3 billion, up 19% on an as-reported basis and up 20% on an FX-Neutral basis.
- GMV was \$100 billion, up 17% on both an as-reported basis and an FX-Neutral basis.
- GAAP operating margin was 26.4%, up nearly 5 points Y/Y. Non-GAAP operating margin was 31.3%, up 3 points Y/Y.
- GAAP EPS per diluted share was \$3.54, up 100% Y/Y. Non-GAAP EPS per diluted share was \$3.41 up 49% Y/Y.
- Achieved \$1 billion dollars in advertising revenue and positioned for the next \$1B.
- Repurchased approximately \$5.1 billion of its common stock and paid \$447 million in cash dividends.
- Announced the transfer of assets of its Classifieds business to Adevinta.
- Completed the sale of StubHub.
- Successfully sunsetted its operating agreement with PayPal.

Non-GAAP Financial Measures

This letter includes financial measures defined as “non-GAAP financial measures” by the Securities and Exchange Commission (SEC). For a reconciliation of these non-GAAP financial measures, please refer to our [Q4 earnings statement](#).

Forward Looking Statement

This letter contains forward-looking statements relating to, among other things, the future performance of eBay Inc. and its consolidated subsidiaries that are based on the company’s current expectations, forecasts and assumptions and involve risks and uncertainties. These statements include, but are not limited to, statements regarding the future performance of eBay Inc. and its consolidated subsidiaries and management’s vision for the future of eBay and our ability to accomplish our vision. Actual results could differ materially from those predicted or implied and reported results should not be considered as an indication of future performance. Other factors that could cause or contribute to such differences include, but are not limited to: changes in political, business and economic conditions, the duration of the COVID-19 pandemic and the effects of COVID-19 on our business and operations and on the general economy, including effects on our sellers and customers, any regional or general economic downturn or crisis and any conditions that affect e-commerce growth or cross-border trade; the company’s ability to realize expected growth opportunities in payments intermediation and advertising; fluctuations in foreign currency exchange rates; the company’s need to successfully react to the increasing importance of mobile commerce and the increasing social aspect of commerce; an increasingly competitive environment for its business; changes to the company’s capital allocation, including the timing, declaration, amount and payment of any future dividends or levels of the company’s share repurchases, or management of operating cash; the company’s ability to increase operating efficiency to drive margin improvements and enable reinvestments; the company’s ability to manage its indebtedness, including managing exposure to interest rates and maintaining its credit ratings; the company’s need to manage a large enterprise with a broad range of businesses of varying degrees of maturity and in many different geographies; the ability to successfully intermediate payments on our marketplace platform; the company’s need and ability to manage regulatory, tax, data security and litigation risks; whether the operational, marketing and strategic benefits of the separation of the eBay and PayPal businesses can be achieved; the company’s ability to timely upgrade and develop its technology systems, infrastructure and customer service capabilities at reasonable cost while maintaining site stability and performance and adding new products and features; and the company’s ability to integrate, manage and grow businesses that have been acquired or may be acquired in the future.

The forward-looking statements in this letter do not include the potential impact of any acquisitions or divestitures that may be announced and/or completed after the date hereof.

More information about factors that could affect the company’s operating results is included under the captions “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the company’s most recent Annual Report on Form 10-K and subsequent quarterly reports on Form 10-Q, copies of which may be obtained by visiting the company’s Investor Relations website at <https://investors.ebayinc.com> or the SEC’s website at www.sec.gov. Undue reliance should not be placed on the forward-looking statements in this press release, which are based on information available to the company on the date hereof. The company assumes no obligation to update such statements.