

Dear Stockholders,

This year was transformative for eBay. When I returned to eBay two years ago as the President and CEO, we set a goal to fundamentally change the trajectory of our marketplace through a tech-led reimagination. Now, thanks to the tremendous efforts to accelerate our strategy, the tireless work and dedication of our employees, and the commitment and determination of our customers, we are realizing the fruits of our collective labor. We are incredibly excited about the progress we've made — and where we are headed next.

Every day, around the world, we connect people and build communities to create economic opportunity for all. Our platform serves over 147 million active buyers and 17 million sellers across 190 markets around the globe. And with approximately 1.5 billion live listings, no other company combines the scale, depth, breadth and unique inventory on a single, trusted platform the way we do.

Last year, our marketplace delivered robust financial results, while continuing to invest in our core business. Revenue was up 15% for the full year, and non-GAAP EPS was up 21%. We generated \$2.6 billion of free cash flow and returned \$7.5 billion to shareholders through repurchases and dividends. These significant returns to shareholders over the past year demonstrate our incredibly strong financial model, earnings power and solid cash flow generation.

At the same time, the generosity of our community was stronger than ever. Since 2003, when we first launched eBay for Charity, our community has donated more than \$1.1 billion, and last year, sellers and buyers contributed more than \$145 million to charities around the world. This marks another record-breaking year with an increase of 18% over the previous year — and our biggest year since the program was started almost 20 years ago. We're on track to hit our 2025 goal of raising another \$600 million. It's truly incredible how our community comes together to help those in need.

We realize that in order to continue the growth of our company, we must also focus on the sustainability of our community and planet. More and more people are selling and buying pre-owned goods in an effort to boost their income, save money and live sustainably. And now, we're significantly increasing our dedication in this space. Last year, the volume of pre-loved products on our marketplace grew faster than new products — driven by demand of younger consumers. We delivered \$2.7 billion of GMV in pre-owned electronics and apparel in the U.S., U.K. and Canada — and 540,000 metric tons of carbon emissions were avoided through people selling pre-owned electronics and apparel through C2C sales on eBay last year.

We have accelerated our goal to become the best global marketplace for our customers, powered by our continued focus on technology. We remain confident in our long-term vision to simplify the seller and buyer experience, increase customer satisfaction and improve our underlying growth trajectory. While we still have work to do, we're excited at the prospect of all we can achieve, together.

## Accelerating Our Strategic Vision

In 2021, we continued to accelerate our strategic vision and develop significant opportunities for our customers — always keeping their needs at the heart of everything we do.

Our strategy leverages three significant areas of change:

- First: We simplified our portfolio to drive focus and deliver on eBay's core marketplace.
  - In the past few years, we have divested non-core assets including Stubhub, eBay Classifieds and our South Korean businesses, creating \$20 billion in shareholder value. We reinvested a portion of the proceeds back into the business and returned capital to shareholders. In addition, we created a robust advertising business and built a modern payments platform.
- Second: We built a world-class leadership team with a vision for the future.
  - Our leadership team is now an equal complement of new talent and eBay veterans, all coming from highly complex, competitive and dynamic operating environments. With proven experience in ecommerce, retail, technology and financial services, our team shares a steadfast commitment to customer centricity. As a result, we're able to attract and grow incredible talent throughout our company at all levels, helping us further innovate in the years ahead.
- Third: We increased our focus on the categories where we are uniquely positioned to win.
  - Previously, we had strayed from our original vision of eBay as a marketplace that connects sellers and buyers of non-new in season goods — and instead focused on branded, new in season products. This strategy was not working. So we recentered on what we do best. We sized the incredible growth potential of non-new in season products and we've grown our focus categories through strategic innovations in product and technology. In fact, close to 90% of eBay's GMV is derived from non-new in season items. We estimate that our total addressable market, or TAM, in online retail across our three largest markets was approximately \$1.1 trillion in 2021. We firmly believe we will succeed on this path in the future.

We believe the tech-led reimagination we implemented is working, as evidenced by our compelling results to date.

Our focus categories bring together enthusiasts and passionate collectors over items of meaning and value. Over the past year, we have continued to lean into best-in-class satisfaction which has led to faster GMV growth. In fact, during Q4 of 2021, focus categories grew 15 points faster than the

rest of the marketplace. This success drives us to create world-class experiences across our global marketplace, faster than ever. We've addressed close to 20% of our total volume to date. And by the end of 2024, we plan to cover half of our global GMV with this playbook.

We are committed to understanding the customer and their needs, as we build product experiences that delight our customers and enhance the buying experience for our enthusiasts. Tech innovations, new product offerings and expansion of features have played a major role in our transformation.

- To continue to strengthen our relationship and build trust with this community, we expanded our Authenticity Guarantee service from watches and sneakers to include more markets and categories. In addition to our current programs, we're now also authenticating watches in the U.K. and Germany, we expanded sneaker authentication to Canada, Australia, the U.K. and Germany, and added authentication for select handbags in the U.S. In late 2021, we acquired Sneaker Con, a leading authenticator with operations in the U.S., U.K., Canada, Australia and Germany. By bringing additional capacity in house, we increased the scale, reach and flexibility of our offerings. Through Authenticity Guarantee, we handle nearly 5,000 items per day, with the help of 200+ authenticators in centers around the world.
- This past November, we launched eBay Refurbished, an extension of the original program that includes inventory from thoroughly vetted top-rated sellers and introduced standardized grading across four conditions — Certified Refurbished (our first enhanced experience), Excellent, Very Good and Good. eBay Refurbished provides more inventory that meets our rigorous standards, giving buyers more choice and greater confidence, along with a money-back guarantee and warranty. Significantly improving trust has increased customer satisfaction and accelerated GMV to positive double-digit rates.

## **Seller profile — Aditi Minda and Ashwini Gadia, Adastra Jewelry**

In 2014, sisters Aditi Minda and Ashwini Gadia opened their eBay store, [Adastra Jewelry](#), pivoting their careers from animation and screenwriting to handcrafted jewelry. They've broken gender barriers, fighting against the implicit biases they've seen in the traditionally male-dominated jewelry industry, to create a thriving business as they seek to empower other women to succeed. Now, they employ 70 people — including local artisans — and sell their creations all over the world from their offices in Mumbai. "eBay has given us a scope and a reach that I don't think any other platform would have been able to give us," Ashwini said.

- Motors Parts & Accessories (P&A) is one of our largest categories globally. One out of every three eBay shoppers buy parts and accessories with more than 40 million buyers in this category worldwide, contributing over \$10 billion in GMV annually. Starting in December, we began investing in top of funnel marketing across TV, radio and social channels in partnership with key industry influencers to highlight the valuable choices P&A enthusiasts have on eBay across hundreds of millions of listings. In addition, we implemented monetization changes to higher priced items and saw an increase in listings in the fourth quarter of 2021. eBay has increased the tools available for our Motors enthusiasts by expanding the My Garage feature to Canada, Italy, France and Spain and adding a motorcycle parts finder to the fitment shopping experience. We're enabling new cross-border trade corridors as a result of unifying our global categorization for parts and accessories.
- For sneakers, we introduced 3D True View on select listings, using AI to provide the ability for full 360 degree views and zoom capability so that buyers can see every detail on a shoe to increase trust and appeal.
- In luxury handbags, we saw accelerated growth in the U.S. We are also growing the number of brands covered by Authenticity Guarantee — and we began authenticating cross-border luxury handbag imports from Japan.
- For collectibles, our new Collection tool allows enthusiasts to view, manage and to use the Price Guide to track the value of their trading card collection. Also for trading cards and stamps, we simplified the shipping experience with new features and tools.

We are sharply focused on our best and most valuable buyers: our enthusiasts. These buyers drive 71% of our GMV, on average shopping on eBay over 30 days each year and spending more than \$3,000.

## Seller profile — John Derringer, Driven Products

John Derringer got his start on eBay selling used tires out of his woodshed. He's the perfect example of someone who starts occasionally selling on our marketplace then turns that side income into a thriving small business — someone we like to call an Accidental Entrepreneur. He now runs an eBay Motors Parts & Accessories store called [Driven Products](#) in Washington state and has his own office facility and warehouse. Sellers like John help power our marketplace, and we innovate with their success in mind.

Enthusiast buyers are extremely engaged and, on average, new enthusiasts increase their spend and purchase days by 50% after one year on eBay. We are investing in them in a variety of ways.

- We are always working to make it easier to simplify and personalize the eBay experience for our buyers, creating additional opportunities for them to customize eBay around their own needs and desires. By utilizing our visual technology and leveraging our vast image catalog, we are able to recommend more relevant items buyers may be interested in based solely on their search.
- We've also created a new loyalty program called Top Star specifically for our most frequent buyers. And we've seen great responses in categories like sneakers, where tens of thousands of people have asked to become more involved.
- In addition to broadening the inventory selection for buyers, our cross-border trade capabilities create a seamless global shopping experience. Nearly 90% of enthusiast buyers have purchased from international sellers. And with our new payments functionality, faster shipment features and forward deployment of inventory, it's now even easier to shop across borders.
- We are meeting our buyers where they are — specifically for our next generation of buyers, connecting with them to help drive discovery on our platform. We are becoming more active on social platforms including TikTok, where we recently launched a marketing campaign called “Step and Flex” — which received over 12 billion views and inspired about 2 million user-generated videos. In the coming year, you'll see us reaching out more and more to enthusiast buyers through our full funnel marketing campaigns.
- Buyer trust is essential in a third-party marketplace, and is an area of focus for our technology investments. In addition to our Authenticity Guarantee program which facilitates trust for our buyers, in late 2021, we also leveraged artificial intelligence to significantly decrease the time to detect and remove counterfeits. In the categories where it has been deployed to date, most listings are removed before a buyer has a chance to see them.

Our connection with our seller community is also unique. We don't compete with our sellers. We partner with them. When our sellers succeed, we succeed. And our seller base is incredibly diverse — ranging from Gen Zers who may be exploring new interests, to long established businesses that generate hundreds of millions in sales each year. Regardless of their size, we provide all of our sellers with a number of unique advantages and over the past year, we have created new tools to drive growth and build their brand at a lower cost.

- To help our sellers create a loyal customer base and strengthen brand awareness, we completely overhauled eBay Stores over the past year. Sellers can reach out and update their customers through Store Newsletters. They can introduce themselves and promote their products through new in-store videos and videos in listings. They can merchandize their own storefront, sending offers and coupons to interested buyers. And we've already seen results for sellers. Buyers who visit a store have a 20% higher repeat purchase rate with that same seller than those who didn't. Coded coupons make it possible for sellers to personalize and distribute offers to their target customers. Over six million unique buyers have made purchases using coded coupons since launch in early 2021.
- Using computer vision, we created our new image listing tool that allows sellers to start their listings using the camera on their mobile device. They simply scan top trading cards using our mobile apps for iOS and Android to create a listing in 40% less time as compared with the usual way of listing by entering keywords.
- In 2021, we implemented new transaction flows and policies to address unpaid items. Today, we've effectively eliminated unpaid items on fixed-price transactions, which removed friction for approximately 10 million transactions in 2021 and promoted customer satisfaction.
- Last year, we also began offering Terapeak Product Research to all Seller Hub users across a number of our markets — U.S., U.K., Germany, Australia, France, Italy, Spain and Canada.
- We are currently rolling out a brand-new way to list across all platforms that we're calling our Unified Listing Experience. This experience is built on a completely modern tech stack, and it uses AI to create a host of features and tools for sellers. Now, sellers can see the average price of what they're selling on our marketplace to better inform their own pricing decisions, and we're providing them with more recent sales trends and insights. We're already seeing the benefits for sellers using our new listing tool — with listing time now cut by 30% for business sellers. This modern tech stack allows us to innovate more quickly with the ability to customize the selling experience in each category — and it gives sellers consistency across platforms and the ability to take advantage of more advanced features as they grow.

And, we're dramatically simplifying the end-to-end customer experience.

- We started a pilot with our API sellers to add video to their listings. We saw hundreds of thousands of listings add video content in 2021. Buyers get a richer shopping experience on individual item pages. Looking ahead, we plan to enable more sellers to tell their story by adding videos through additional listing flows.

- We've begun a massive transformation of our infrastructure as we build world-class technologies. Using more than 26 years of aggregated data, we are leveraging our 83 billion retained listings, 37 billion points of feedback and 2.9 trillion customer behavior metrics to power more modern, compelling and seamless experiences for the next generation of our customers.
- We also completed the transition to a modern payments platform by migrating all remaining sellers away from the legacy system. This has resulted in a simpler seller experience, lower fees for most sellers, more choice for buyers and better-than-expected financial results. Now, we are processing all payments across 190 markets in twelve currencies around the world. And this drove \$2 billion of revenue in 2021.
- Our advertising business, including both first party and third party ad products, surpassed \$1 billion in 2021, making us one of the world's largest advertising platforms. Over three million sellers used Promoted Listings, our first-party Ads product. This product enables us to reduce our reliance on legacy third-party ads that take buyers off site while creating the foundation for an even larger business. Last year, we launched three new products in our suite of offerings: Promoted Listings Express, Promoted Listings Advanced and off-site ads. Through our portfolio of Promoted Listings offerings, we are providing sellers with data-driven recommendations to optimize their conversion and drive velocity. We are also testing and building more technology features to drive growth, position eBay as the seller's platform of choice and surface relevant inventory to buyers. And our Promoted Listings business alone led to over \$800 million in revenue for eBay.

## Creating a More Sustainable Future

We are doing all of this incredible work while staying true to what eBay has always been — a purpose-driven company. We exist to connect people and build communities in order to create opportunity for all.

A large part of our purpose lies in helping shape a more sustainable future for both our global community and the planet. Recommerce is central to this effort — and an area that has been part of our purpose from the very first day. As pioneers of circular commerce, or recommerce, every day we help extend the life of products through the sale of refurbished products and pre-owned items on our marketplace. By keeping products in circulation longer, we believe we contribute to a more robust economy that's essential for the sustainability of our planet.

In addition, we continue to integrate best practices within our own company walls; this year, we set a series of new 2025 sustainability goals. We are committed to helping create a healthier planet for our community and for generations to come. We're investing in clean energy, with a goal to source 100% renewable energy by 2025 — and we're already almost three quarters of the way there through power purchase agreements, renewable energy certificates and local green energy programs. In 2021, we set a science-based target to prevent the worst effects of climate change. And we committed to be carbon neutral at all our offices and data centers — which I'm thrilled to say we achieved at the end of last year. Our efforts are being recognized externally. For the third year running, we were again included in the Dow Jones Sustainability World and North America Indices, putting us in the top 10% of companies in our industry globally.

At the same time, we know we must focus on the overall health and welfare of our community. Therefore, our efforts go well beyond environmental sustainability.

For the past year, [eBay Foundation](#) has embarked on a new strategic vision focused on addressing and removing ongoing systemic barriers to entrepreneurship, particularly for underrepresented groups in the U.S. and for women globally. This represents an important shift that doesn't lose sight of our entrepreneurship but also sharpens our focus on who we serve — and how we serve them. In 2021, the Foundation granted \$14 million, including matching gifts. It also increased the employee matching gifts cap to \$10,000 per employee and engaged 36% of employees in one or more programs.

And to further bolster our efforts to support historically underserved communities, eBay invested \$25 million in the Clear Vision Impact Fund.

We're also using our technology to fuel positive change for our global community. As just one example, at the start of the pandemic, we partnered with the U.K. National Health Services to help deliver PPE to health care workers at no cost. Within 10 days, our engineering teams had created a custom portal. Since its creation, over six billion PPE items have been distributed through this portal.

Because, in the end, our community always comes first. Empowerment for all is at the very core of who we are as a company. At eBay, we continuously strive to be a richly diverse, truly equitable and a fearlessly inclusive place to work, grow, buy and sell. We know we must ensure that our entire customer and employee community has equal opportunities for success. So we are evolving our Diversity, Equity & Inclusion strategy to provide an even clearer path forward — based on strategic outcomes that address both individual needs and systemic change. This commitment is shared at the top levels of our leadership. Our Executive Leadership team is accountable for accelerating meaningful change throughout every level of our company in service of these goals — with executive compensation directly tied to their outcomes.

Over the past year, we've accomplished great things — all while managing the ever-changing dynamics of the pandemic — with the goal of making our business significantly stronger for the long-term. Through our tech-led reimagination, we've demonstrated we can improve customer satisfaction, accelerate our growth, help sellers thrive, and attract and retain enthusiast buyers with this strategy. We believe that the outcomes of all these efforts will be extremely rewarding for our sellers, buyers, employees and investors over the long run.

And all of these accomplishments are only possible because of the fantastic team I have the privilege to lead. Every day, eBay employees inspire me with their hard work, incredible innovation and commitment to our purpose. Together, we will continue to innovate on behalf of our customers. I can't wait to see what we will achieve in 2022 — and beyond.

Thank you for your continued support.



Jamie Iannone

## Key Strategic and Financial Outcomes of the Year

- Revenue was \$10.4 billion, up 17% on an as-reported basis and up 15% on an FX-Neutral basis.
- Gross merchandise volume (GMV) was \$87.4 billion, flat on an as-reported basis and down 3% on an FX-Neutral basis.
- GAAP operating margin was 28.1%, down nearly 2 points Y/Y. Non-GAAP operating margin was 33.4%, down nearly 2 points Y/Y.
- GAAP EPS per diluted share was \$0.38. Non-GAAP EPS per diluted share was \$4.02, up 21% Y/Y.
- Generated \$3.1 billion operating cash flow and \$2.6 billion of free cash flow from continuing operations.
- Repurchased approximately \$7.0 billion of common stock and paid \$466 million in cash dividends.
- Surpassed \$1 billion in advertising revenue.
- Completed the migration to our modern payments platform and delivered \$2.0 billion in revenue in 2021. Vested in and exercised the first tranche of the Adyen warrant, valued at nearly \$1.1 billion at the end of 2021.
- Completed the sale of the Classifieds business to AdeVinta for \$2.5 billion in cash and approximately 540 million shares of AdeVinta stock. Subsequently sold approximately 135 million shares to Permira for over \$2.3 billion, reducing our ownership of AdeVinta to 33%.
- Completed the sale of 80.01% of eBay Korea to Emart for approximately \$3.0 billion and recorded 19.99% retained interest, valued at approximately \$725 million as of the end of 2021.
- Acquired Sneaker Con's authentication business, Sneaker Con Digital, with operations in the U.S., U.K., Canada, Australia and Germany.

## 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 Statements

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 forward-looking statements can often be identified by the use of words such as “will,” “predict,” “continue,” “forecast,” “expect,” “believe,” “anticipate,” “outlook,” “could,” “target,” “project,” “intend,” “plan,” “seek,” “estimate,” “should,” “may,” and “assume,” as well as variations of such words and similar expressions. 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; 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, a copy 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](http://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.