

# eBay Inc.

## FY2023 Financial Statements Analysis



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## Table of Contents

Report Overview & Background.....	4
Description.....	4
Methodology.....	4
Company Overview.....	4
eBay Inc.....	4
Business.....	4
Competition .....	4
Employees & Labor Relations.....	5
Property .....	5
Key Risk Factors Unique to eBay Inc.....	5
Acquisitions History.....	5
Horizontal Analysis.....	7
Balance Sheet Chart .....	7
P/L Chart.....	7
Cash Flow Chart (left to right).....	8
Historical Financial Ratios .....	8
Long-Term Debt (Most Recent Years).....	9
Maturities of Long-Term Debt / Estimated Debt Service Requirements .....	9
KPIs.....	9
Key Financial Insights .....	10
Final Notes .....	15
Capital Structure .....	15
Revenue & Profitability .....	15
Liquidity & Solvency .....	15
Cash Flow .....	15
Supplemental Data.....	16
eBay Inc.....	16
Other KPIs .....	16
Historical Operating Expenses.....	16
Historical Balance Sheet.....	16
Historical P/L Statement.....	17
Historical Equity Statement.....	17

Historical Cash Flow Statement .....	18
DuPont Analysis (2023) .....	19
eBay Inc. ....	19
Financial Ratios Formula .....	20
Activity Ratios.....	20
Liquidity Ratios.....	20
Solvency Ratios .....	21
Profitability Ratios.....	22
Valuation Ratios .....	22

# Report Overview & Background

## Description

This report is designed to provide a detailed overview of the XXX industry.

## Methodology

This report solely relies on data from each company's financial statements.

## Company Overview

### eBay Inc.

#### Business

eBay is a global commerce leader that connects people and builds communities to create economic opportunity for all. The company's technology empowers millions of buyers and sellers in more than 190 markets around the world, providing everyone the opportunity to grow and thrive. Its Marketplace platforms, including online marketplace located at [www.ebay.com](http://www.ebay.com) and its localized counterparts, off-platform businesses in Japan and the United States, and suite of mobile apps, together, create one of the world's largest marketplaces for discovering great value and unique selection. In 2023, eBay enabled more than \$73 billion of gross merchandise volume.

eBay's online marketplace platform follows a **consumer-to-consumer model** but also allows online retailers to use it as a secondary sales channel. eBay was the first online marketplace to utilize an auction system where the highest bidder wins an item. Many sellers also offer a "Buy It Now" function, allowing users to bypass the auction and purchase items immediately. eBay does not own inventory; it simply acts as a mediator between buyers and sellers.

The company generates revenue primarily through fees collected on paid sales, product listing, and advertising.

#### *Transaction Fees*

eBay earns a commission on every sale made by sellers on the platform. This commission is earned in the form of the Final Value Fee and is gauged as a percentage of the total amount of the sale.

#### *Advertising*

eBay allows sellers to advertise their products on its online marketplace platform in trade for money.

#### *Listing Fees*

eBay enables every type of seller to list certain amount of products on its online marketplace platform free of cost. Once the limit is exhausted, the company charges a listing fee for each listing (limits can increase based on seller performance).

## Competition

eBay's users can list, sell, buy, and pay for similar items through a variety of competing online, mobile and offline channels. These include, but are not limited to, retailers, distributors, liquidators, import and export companies, auctioneers, catalog and mail-order companies, directories, search engines, commerce participants (consumer-to-consumer, business-to-consumer, and business-to-business), shopping channels and networks. Additional competition from other online, mobile and offline channels as its product offerings continue to broaden into new categories of items and new commerce formats. In the United States, these include, but are

not limited to, Amazon, Facebook, Instagram, Google, TikTok, Walmart, Target, Best Buy, Macy's, Etsy, Shopify, Wayfair, Temu, Shein, and Rakuten, among others.

The company believes the principal competitive factors in the basis of price, product selection and services, and global scale.

### Employees & Labor Relations

As of December 31, 2023, the company employed approximately 12,300 people globally. Approximately 7,500 of them were in the United States.

### Property

eBay owns and leases various properties in the United States and 23 other countries around the world. The company uses the properties for executive and administrative offices, data centers, product development offices and customer service offices. The following table presents the aggregate square footage of its owned and leased properties as of December 31, 2023 (in millions):

	United States	Other Countries	Total
Owned facilities	1.3	—	1.3
Leased facilities	0.8	0.9	1.7
Total facilities	2.1	0.9	3.0

### Key Risk Factors Unique to eBay Inc.

***The company is exposed to fluctuations in foreign currency exchange rates, which could negatively impact its financial results***

Since the company generates approximately half of its revenues outside the United States but report its financial results in U.S. dollars, its financial results are impacted by fluctuations in foreign currency exchange rates, or foreign exchange rates.

***Substantial and increasingly intense competition worldwide in ecommerce may harm its business***

The company must attract both buyers and sellers to use its platforms. Consumers have more and more alternatives, and merchants have more channels to reach consumers. The company expects competition to continue to intensify. The barriers to entry into these channels can be low, and businesses can easily launch online sites or mobile platforms and applications at nominal cost by using commercially available software or partnering with any of a number of successful ecommerce, search, advertising or social companies. As the company responds to changes in the competitive environment, it may, from time to time, make pricing, service, policy or marketing decisions or acquisitions that may be controversial with and lead to dissatisfaction among sellers or buyers, which could reduce activity on its platform and harm its reputation and profitability.

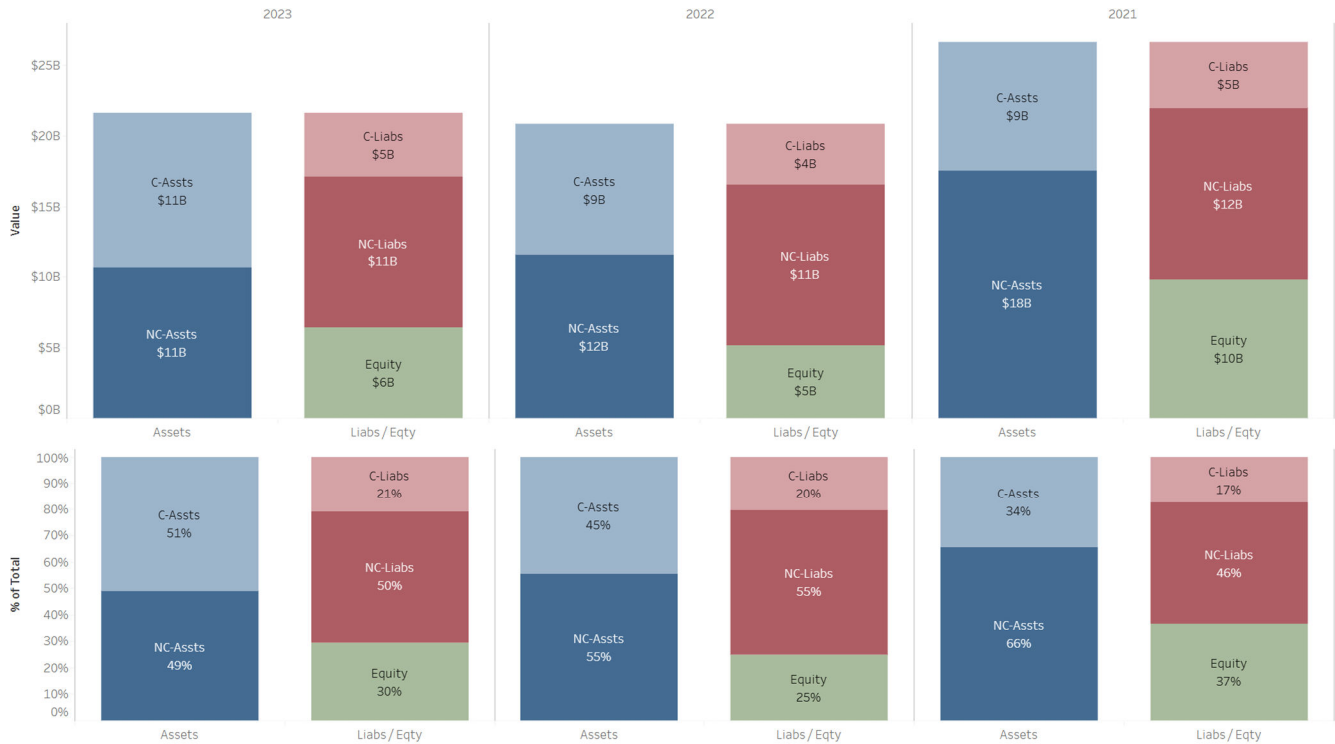
### Acquisitions History

eBay's past acquisitions include PayPal (online payment service), Skype Technologies (voice-over-IP service), StubHub (online ticket marketplace), GSI Commerce (e-commerce services), Motors.co.uk (online car marketplace), Terapeak (e-commerce data analytics), Sneaker Con (sneaker authentication service), TCGPlayer (trading card marketplace). Of these, the company still retains ownership of Terapeak, Sneaker Con, and TCGPlayer as of December 31, 2023.

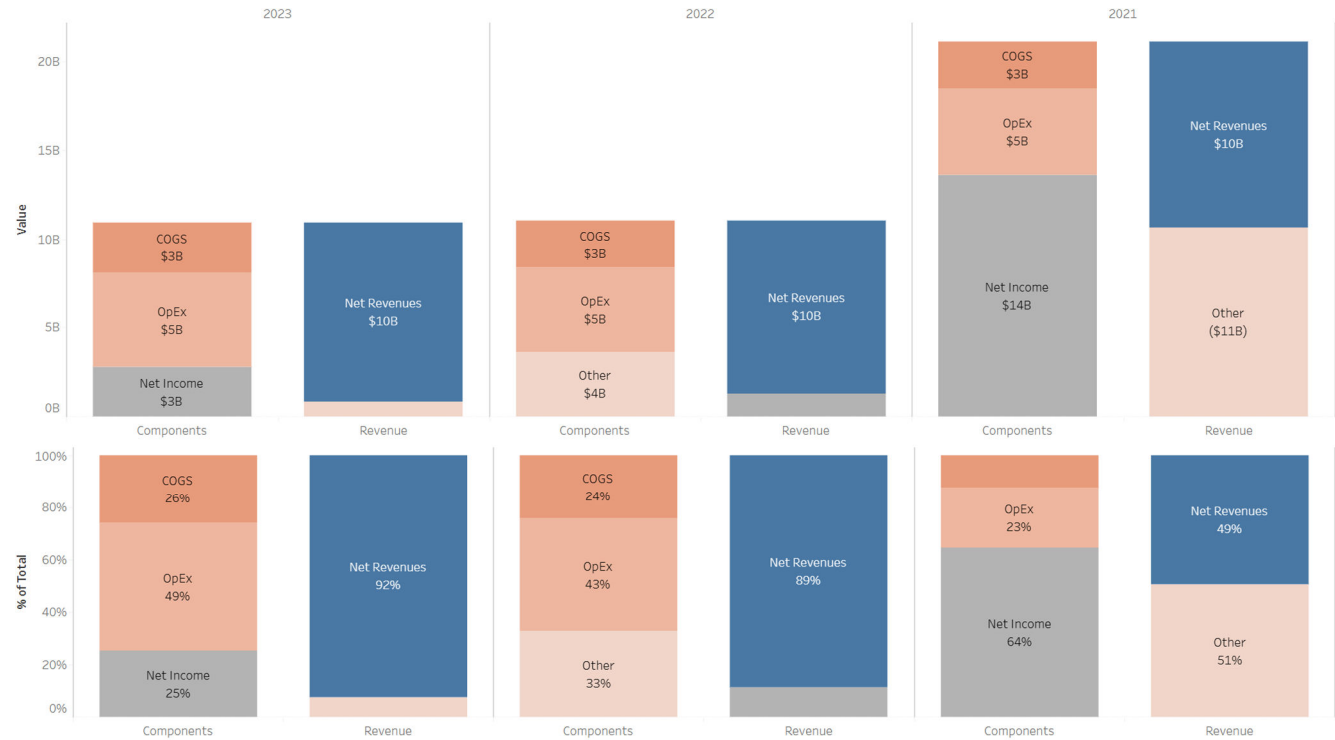
It appears that the company's acquisitions primarily aim to 1) enhance payment & transaction capabilities, 2) expand into new market segments, 3) boost logistics & operations, 4) improve trust & authentication, and 5) leveraging data & analytics.

# Horizontal Analysis

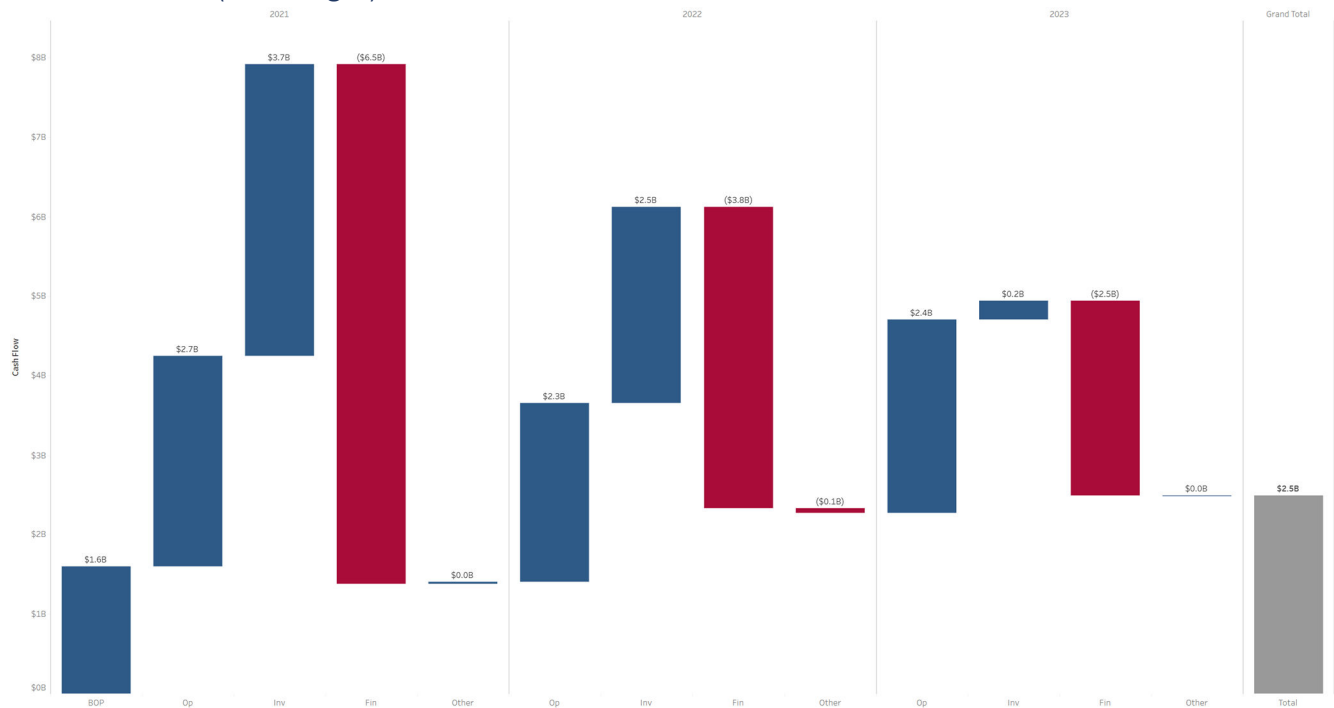
## Balance Sheet Chart



## P/L Chart



## Cash Flow Chart (left to right)



## Historical Financial Ratios

	Ratio	2023	2022	2021	3 Yrs Avg
<b>Activity Ratio</b>	DSO	32.05	26.90	17.01	25.32
	DIO	n/a	n/a	n/a	n/a
	DPO	34.01	35.61	37.19	35.61
	Cash Conversion Cycle	-1.96	-8.71	-20.18	-10.28
	Fixed Assets Turnover	8.15	7.92	8.24	8.10
	Working Capital Turnover	1.76	2.06	2.71	2.18
	Total Assets Turnover	0.48	0.41	0.45	0.45
	Equity Turnover	1.75	1.31	1.56	1.54
<b>Liquidity Ratio</b>	Current Ratio	2.44	2.18	1.97	2.19
	Quick Ratio	2.41	2.15	1.95	2.17
	Cash Ratio	0.44	0.50	0.30	0.41
	Debt-to-Equity	1.29	1.83	0.96	1.36
<b>Solvency Ratio</b>	Debt-to-Capital	0.56	0.65	0.49	0.57
	Debt-to-Assets	0.38	0.45	0.35	0.40
	Financial Leverage	3.68	3.18	3.44	3.43
	Interest Coverage	55.17	-10.70	1.49	15.32
<b>Profitability</b>	Gross Profit Margin	72.0%	72.6%	74.6%	73.1%
	Operating Profit Margin	19.2%	24.0%	28.1%	23.7%
	EBIT Margin	36.0%	-18.0%	2.3%	6.8%
	Pre-Tax Margin	36.7%	-16.3%	3.8%	8.0%
	Net Profit Margin	27.4%	-13.0%	130.6%	48.3%
	Return on Assets	13.0%	-5.3%	59.2%	22.3%
	Operating Return on Assets	9.1%	9.9%	12.7%	10.6%
	Return on Total Capital	13.3%	13.9%	18.9%	15.4%
<b>Valuation</b>	Return on Equity	47.9%	-17.0%	204.0%	78.3%
	Earnings Per Share (Basic)	5.22	-2.27	20.87	7.94
	Earnings Per Share (Diluted)	5.19	-2.27	20.54	7.82
	P/E Ratio	52.39	0.00	51.35	34.58
	Dividend Payout Ratio (DPR)	19.1%	-38.5%	3.4%	-5.3%
	Dividend Yield	2.3%	2.1%	1.1%	1.8%

\* conditional formatting applied by row



## Long-Term Debt (Most Recent Years)

(In Millions)

	Coupon Rate	As of December 31, 2023	Effective Interest Rate	As of December 31, 2022	Effective Interest Rate
<b>Long-Term Debt</b>					
Floating Rate Notes:					
Senior notes due 2023	LIBOR plus 0.87%	\$ —	— %	\$ 400	3.786 %
Fixed Rate Notes:					
Senior notes due 2023	2.750 %	—	— %	750	2.866 %
Senior notes due 2024	3.450 %	750	3.531 %	750	3.531 %
Senior notes due 2025	1.900 %	800	1.803 %	800	1.803 %
Senior notes due 2025	5.900 %	425	6.036 %	425	6.036 %
Senior notes due 2026	1.400 %	750	1.252 %	750	1.252 %
Senior notes due 2027	3.600 %	850	3.689 %	850	3.689 %
Senior notes due 2027	5.950 %	300	6.064 %	300	6.064 %
Senior notes due 2030	2.700 %	950	2.623 %	950	2.623 %
Senior notes due 2031	2.600 %	750	2.186 %	750	2.186 %
Senior notes due 2032	6.300 %	425	6.371 %	425	6.371 %
Senior notes due 2042	4.000 %	750	4.114 %	750	4.114 %
Senior notes due 2051	3.650 %	1,000	2.517 %	1,000	2.517 %
Total senior notes		7,750		8,900	
Hedge accounting fair value adjustments <sup>(1)</sup>		2		5	
Unamortized premium/(discount) and debt issuance costs		(29)		(34)	
Less: Current portion of long-term debt		(750)		(1,150)	
Total long-term debt		6,973		7,721	
<b>Short-Term Debt</b>					
Current portion of long-term debt		750		1,150	
Total short-term debt		750		1,150	
<b>Total Debt</b>		<b>\$ 7,723</b>		<b>\$ 8,871</b>	

(1) Includes the fair value adjustments to debt associated with terminated interest rate swaps which are being recorded as a reduction to interest expense over the remaining term of the related notes.

## Maturities of Long-Term Debt / Estimated Debt Service Requirements

	December 31, 2023
Fiscal Years:	
2024	\$ 750
2025	1,225
2026	750
2027	1,150
2028	—
Thereafter	3,875
Total future maturities	<u>\$ 7,750</u>

## KPIs

Gross Merchandise Volume (GMV) and take rate are significant factors that the company believes affect its net revenues.

**GMV** consists of the total value of all paid transactions between users on its platforms during the applicable period inclusive of shipping fees and taxes. Despite GMV's divergence from revenue, the company still believes that GMV provides a useful measure of the overall volume of paid transactions that flow through its platforms in a given period.

**Take rate** is defined as net revenues divided by GMV and represents net revenue as a percentage of overall volume on its platforms. The company believes that take rate provides a useful measure of its ability to monetize volume through marketplace services on its platforms in a given period. The company uses take rate to identify key revenue drivers on its marketplace.

KPIs				% Change		
	2023	2022	2021	2023	2022	2021
Net revenues	\$ 10,112	\$ 9,795	\$ 10,420	+3.2%	-6.0%	n/a
GMV	\$ 73,206	\$ 73,900	\$ 87,365	-0.9%	-15.4%	n/a
Take Rate	13.81%	13.25%	11.93%	+0.6 bps	+1.3 bps	n/a

Net revenues increased primarily due to the investment in focus categories and a higher take rate driven by the expansion of promoted listings and payment services and the launch of eBay International Shipping. The increase in net revenues was partially offset by a reduction in traffic in most markets resulting from geopolitical events, inflationary pressure, foreign exchange rate volatility, elevated interest rates and lower consumer confidence. Net revenues continued to outpace GMV in 2023 due to the benefit of a higher take rate.

As of December 31, 2023, the company derives a majority of GMV from the following product categories: parts & accessories, collectibles, fashion, electronics, and home & garden.

## Key Financial Insights

*Refer to the Supplemental Data section for additional details on eBay's Balance Sheet, Income Statement, Equity Statement, and Cash Flow Statement to better understand the insights discussed below.*

### (BL) **The company had a significant decrease in total assets (or liabilities and equity) in 2022.**

A decline of approximately \$6 billion in total assets in 2022 was primarily driven by a decrease in eBay's equity investment in Adevinata and a decrease in short-term investments.

In June 2021, the company completed the sale of its Classifieds business to Adevinata, an online classifieds group, in exchange for \$2.5 billion in cash and a 44% equity stake in Adevinata, equivalent to approximately 540 million shares, valued at \$10.8 billion. eBay chose the fair value option, meaning they tracked the investment based on Adevinata's stock price and exchange rate.

eBay later sold 135 million shares to Permira for \$2.3 billion, which reduced eBay's ownership from 44% to 33%. Adevinata's stock price declined, causing eBay to record \$3.07 billion in unrealized losses in 2021 and \$2.69 billion in 2022. By December 31, 2021, the fair value of the investment was \$5.4 billion. By December 2022, eBay moved its Adevinata investment from non-current assets to current assets because it planned to sell more shares after its contractual holding period ended in October 2023. As a result, fluctuations in eBay's balance sheet was driven partially by stock price changes, sales of shares, and reclassification from non-current to current assets related to Adevinata.

According to eBay's annual report, its short-term investments primarily include restricted cash, corporate debt securities, and government and agency securities. The majority are corporate debt securities, generally considered low-risk based on their credit ratings from the major rating agencies. The value of eBay's available-for-sale corporate debt securities declined from \$4.2 billion to \$2.4 billion.

(BL) **About one-third of the company's assets were non-current assets in 2021, but it has been around 50% in 2022 and 2023.**

This change is primarily attributed to eBay's equity investment in Adevinta, as described above.

(BL) **About one-third of the company's assets obtained through equity financing (37%, 25%, and 30% in 2021, 2022, 2023, respectively).**

eBay's equity primarily consists of retained earnings and additional paid-in capital, largely offset by treasury stock at cost. Since equity is mainly derived from retained earnings and paid-in capital, it appears that eBay has historically grown without excessive reliance on debt.

The presence of significant treasury stock indicates that eBay has spent substantial capital repurchasing its own shares, reducing reported equity. While this can boost EPS, it also reduces book value.

(PL) **The company had other income, instead of expense, in 2021 and 2023.**

The significant other income in 2021 was primarily due to income from discontinued operations, while the increase in 2023 was primarily attributed to a rise in gains from equity investments and warrant.

In June 2021, eBay completed the transfer of its Classifieds business to Adevinta. In November 2021, the company also completed the sale of 80.01% of the outstanding equity interests of eBay Korea to Emart. The company has classified the results of its eBay Korea and Classifieds businesses as discontinued operations and are included under other income. The following table presents financial results from discontinued operations, net of income taxes (in millions).

	Year ended December 31,		
	2023	2022	2021 <sup>(1)(2)</sup>
eBay Korea income (loss) from discontinued operations, net of income taxes	\$ —	\$ —	\$ 2,870
Classifieds income (loss) from discontinued operations, net of income taxes	(3)	5	10,485
Other income (loss) from discontinued operations, net of income taxes <sup>(3)</sup>	(5)	—	1
Income (loss) from discontinued operations, net of income taxes	<u>\$ (8)</u>	<u>\$ 5</u>	<u>\$ 13,356</u>

(1) Includes eBay Korea financial results through the transaction close on November 14, 2021 and the related gain on sale.

(2) Includes Classifieds financial results through the transaction close on June 24, 2021 and the related gain on sale.

(3) Includes immaterial StubHub, PayPal and Enterprise related activity.

Gain (loss) on equity investments and warrant, net primarily consists of gains and losses related to various equity investments, including eBay's stakes in Adevinta, KakaoBank (a South Korean financial institution specializing in mobile banking services and financial technology), and Gmarket (a South Korean e-commerce platform). It also includes gains and losses due to changes in fair value of the warrant received from Adyen (a Dutch online payment company). The following table presents gain (loss) on equity investments and warrant, net (in millions, except percentages).

	Year Ended December 31,				
	2023	% Change	2022	% Change	2021
Unrealized change in fair value of equity investment in Adevinta	\$ 1,782	166 %	\$ (2,693)	12 %	\$ (3,070)
Unrealized change in fair value of equity investment in Adyen	—	**	(118)	**	(10)
Unrealized change in fair value of equity investment in Gmarket	(96)	67 %	(294)	**	(3)
Unrealized change in fair value of equity investment in KakaoBank	(11)	95 %	(218)	(154)%	403
Change in fair value of warrant	150	165 %	(230)	(165)%	354
Realized change in fair value of shares sold in Adevinta <sup>(1)</sup>	—	**	2	(78)%	9
Realized change in fair value of shares sold in Adyen	—	**	(143)	**	—
Realized change in fair value of shares sold in KakaoBank	13	117 %	(75)	(190)%	83
Impairment of equity investment in Paytm Mall	—	**	—	**	(160)
Gain (loss) on other investments <sup>(2)</sup>	(6)	65 %	(17)	(159)%	29
Total gain (loss) on equity investments and warrant, net	<u>\$ 1,832</u>	<u>148 %</u>	<u>\$ (3,786)</u>	<u>60 %</u>	<u>\$ (2,365)</u>

(1) Gain (loss) on sale of shares in Adevinta included: (i) in 2022, a \$2 million gain on the change in fair value of shares sold; (ii) in 2021, an \$88 million gain recognized on the sale of the shares offset by a \$79 million loss on the change in fair value of the shares sold.

(2) Gain (loss) on other investments primarily included: (i) in 2022, primarily downward adjustments of \$13 million recorded on equity investments under the fair value option and \$7 million recorded on equity investments without readily determinable fair values; (ii) in 2021, primarily a \$41 million upward adjustment and a \$10 million impairment recorded on equity investments without readily determinable fair values.

\*\* Not meaningful

**(PL) The company had negative net income in 2022.**

This was primarily due to losses on equity investments and warrant, net in 2022. As shown in the last chart, the increase in total losses on equity investments and warrant, net in 2022 compared to 2021 was primarily driven by a \$158 million and \$621 million increase in realized and unrealized losses, respectively, recorded related to the change in fair value of its equity investment in KakaoBank, a \$584 million increase in the loss recorded related to the change in fair value of the Adyen warrant, and a \$291 million increase in the loss recorded related to the change in fair value of its equity investment in Gmarket, partially offset by a \$377 million decrease in the unrealized loss recorded related to the change in fair value of its equity investment in Adevinta.

These total losses, along with interest and other, net, income tax benefit (provision), and income from discontinued operations, net of income taxes, exceeded the company's operating income, resulting in a negative net income in 2022.

**(PL) It appears that the company usually has more operating expenses than COGS.**

COGS represents costs associated with customer support, site operations and payment processing. Significant components of these costs primarily consist of employee compensation (including stock-based compensation), contractor costs, facilities costs, depreciation of equipment and amortization expense, bank transaction fees, credit card interchange and assessment fees, authentication costs, shipping costs and digital services tax.

Operating expenses primarily consist of sales and marketing, product development, general and administrative, provision for transaction losses, amortization of acquired intangible assets.

Sales and marketing expenses primarily consist of advertising and marketing program costs (both online and offline), employee compensation (including stock-based compensation), certain user coupons and rewards, contractor costs, facilities costs and depreciation on equipment. Online marketing expenses represent traffic

acquisition costs in various channels such as paid search, affiliates marketing and display advertising. Offline advertising primarily includes brand campaigns and buyer/seller communications.

Product development expenses primarily consist of employee compensation (including stock-based compensation), contractor costs, facilities costs and depreciation on equipment. Product development expenses are net of required capitalization of major platform and other product development efforts, including the development and maintenance of its technology platform. Its top technology priorities include the implementation of its strategic plan including payment intermediation capabilities, improved seller tools and buyer experiences.

General and administrative expenses primarily consist of employee compensation (including stock-based compensation), contractor costs, facilities costs, depreciation of equipment, legal expenses, restructuring, insurance premiums and professional fees.

Provision for transaction losses primarily consists of transaction loss expense associated with its buyer protection programs, losses from its managed payments services, fraud and bad debt expense associated with its accounts receivable balance.

The following tables present COGS and operating expenses:

	Year Ended December 31,				
	2023	% Change	2022	% Change	2021
Cost of net revenues <sup>(1)(2)</sup>	\$ 2,833	6 %	\$ 2,680	1 %	\$ 2,650
% of net revenues	28 %		27 %		25 %

(1) Cost of net revenues were net of immaterial hedging activity during the years ended December 31, 2023, 2022 and 2021, respectively.

(2) Foreign currency movements relative to the U.S. dollar had an unfavorable impact of \$2 million, a favorable impact of \$81 million and an unfavorable impact of \$31 million on cost of net revenues during the years ended December 31, 2023, 2022 and 2021, respectively.

	Year Ended December 31,				
	2023	% Change	2022	% Change	2021
Sales and marketing	\$ 2,217	4 %	\$ 2,136	(2)%	\$ 2,170
% of net revenues	22 %		22 %		21 %
Product development	1,544	16 %	1,330	0 %	1,325
% of net revenues	15 %		14 %		13 %
General and administrative	1,196	24 %	963	5 %	921
% of net revenues	12 %		10 %		9 %
Provision for transaction losses	360	8 %	332	(21)%	422
% of net revenues	4 %		3 %		4 %
Amortization of acquired intangible assets	21	**	4	(56)%	9
Total operating expenses <sup>(1)(2)</sup>	<u>\$ 5,338</u>	12 %	<u>\$ 4,765</u>	(2)%	<u>\$ 4,847</u>

(1) Operating expenses were net of immaterial hedging activity during the years ended December 31, 2023, 2022 and 2021, respectively.

(2) Foreign currency movements relative to the U.S. dollar had a favorable impact of \$16 million and \$193 million and an unfavorable impact of \$82 million on operating expenses during the years ended December 31, 2023, 2022 and 2021, respectively.

\*\* Not meaningful

eBay's low COGS and high operating expenses reflect its tech-driven marketplace model rather than a traditional retail business. The company invests heavily in marketing, technology, and risk management to keep the platform competitive, leading to higher operating expenses relative to COGS.

**(CF) The company's cash flow activities have been following the same pattern over the last three years (+ operating cash flows, + investing cash flows, - financing cash flows).**

eBay's steady positive cash flows from operating activities indicate strong operational performance.



The positive cash flows from investing activities in 2021 were primarily due to net cash provided by discontinued investing activities, while in 2022 and 2023, they were primarily driven by maturities and sales of investments. The company has been actively purchasing and selling investments, with proceeds and purchases both exceeding \$10 billion. The largely offsetting effects of purchases of investments and maturities and sale of investments results from the management of its investments. As its immediate cash needs change, purchase and sale activity will fluctuate.

The company's primary financing activities include repurchases of common stock, repayment of debt, and payments for dividends. Its stock repurchase programs are intended to programmatically offset the impact of dilution from its equity compensation programs and, subject to market conditions and other factors, to make opportunistic and programmatic repurchases of its common stock to reduce its outstanding share count.

# Final Notes

## Capital Structure

- Balanced mix of current and non-current assets.
- Current assets mainly include cash and cash equivalents, short-term investments, and equity investments with readily determinable fair values, reflecting the company's active investment strategy.
- Non-current assets are primarily composed of goodwill and deferred tax assets, indicating the company's strategy to grow through acquisitions.
- About 30% of total assets are financed through equity, consisting primarily of significant retained earnings and paid-in capital, which suggest reinvestment and investor confidence, largely offset by treasury stock at cost.

## Revenue & Profitability

- High profitability due to its tech-based business model, with an operating profit margin around 25%.
- The company's net profit margin fluctuates due to its active equity and other investments.

## Liquidity & Solvency

- Strong free cash flow and working capital.

## Cash Flow

- Steady cash flows from operating activities
- Very active in investing activities including equity investments, corporate debt securities, commercial paper and government and agency securities.
- Primary financing activities involve share repurchases to offset the impact of dilution from its equity compensation programs and reduce its outstanding share count and debt repayments.

# Supplemental Data

## eBay Inc.

### Other KPIs

(In Millions)

Net Revenues by Geography				% Change		
	2023	2022	2021	2023	2022	2021
U.S.	\$ 5,073	\$ 4,842	\$ 5,048	+4.8%	-4.1%	n/a
International	\$ 5,039	\$ 4,953	\$ 5,372	+1.7%	-7.8%	n/a
	<b>\$ 10,112</b>	<b>\$ 9,795</b>	<b>\$ 10,420</b>	<b>+3.2%</b>	<b>-6.0%</b>	<b>n/a</b>

### Historical Operating Expenses

(In Millions)

Operating expenses:				% of Total			% Change		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Sales and marketing	\$ 2,217	\$ 2,136	\$ 2,170	42%	45%	45%	+3.8%	-1.6%	n/a
Product development	1,544	1,330	1,325	29%	28%	27%	+16.1%	+0.4%	n/a
General and administrative	1,196	963	921	22%	20%	19%	+24.2%	+4.6%	n/a
Provision for transaction losses	360	332	422	7%	7%	9%	+8.4%	-21.3%	n/a
Amortization of acquired intangible assets	21	4	9	0%	0%	0%	+425.0%	-55.6%	n/a
<b>Total operating expenses</b>	<b>\$ 5,338</b>	<b>\$ 4,765</b>	<b>\$ 4,847</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>+12.0%</b>	<b>-1.7%</b>	<b>n/a</b>

### Historical Balance Sheet

CONSOLIDATED BALANCE SHEET - USD (\$ in Millions)					% of Total				% Change			
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020
<b>Current assets:</b>												
Cash and cash equivalents	\$ 1,985	\$ 2,154	\$ 1,379	\$ 1,101	9.2%	10.3%	5.2%	5.7%	-7.8%	+56.2%	+25.2%	n/a
Short-term investments	2,556	2,625	5,944	2,392	11.8%	12.6%	22.3%	12.4%	-2.6%	-55.8%	+148.5%	n/a
Equity investments with readily determinable fair values	4,474	2,692	0	0	20.7%	12.9%	0.0%	0.0%	+66.2%	n/a	n/a	n/a
Customer accounts and funds receivable	1,013	763	681	290	4.7%	3.7%	2.6%	1.5%	+32.8%	+12.0%	+134.8%	n/a
Other current assets	988	1,056	1,107	1,142	4.6%	5.1%	4.2%	5.9%	-6.4%	-4.6%	-3.1%	n/a
<b>Total current assets</b>	<b>11,016</b>	<b>9,290</b>	<b>9,111</b>	<b>7,190</b>	<b>51.0%</b>	<b>44.6%</b>	<b>34.2%</b>	<b>37.2%</b>	<b>+18.6%</b>	<b>+2.0%</b>	<b>+26.7%</b>	<b>n/a</b>
<b>Non-current assets:</b>												
Long-term investments	1,133	1,797	2,575	833	5.2%	8.6%	9.7%	4.3%	-37.0%	-30.2%	+209.1%	n/a
Property and equipment, net	1,243	1,238	1,236	1,292	5.7%	5.9%	4.6%	6.7%	+0.4%	+0.2%	-4.3%	n/a
Goodwill	4,267	4,262	4,178	4,285	19.7%	20.4%	15.7%	22.2%	+0.1%	+2.0%	-2.5%	n/a
Operating lease right-of-use assets	493	513	289	430	2.3%	2.5%	1.1%	2.2%	-3.9%	+77.5%	-32.8%	n/a
Deferred tax assets	3,089	3,169	3,255	3,537	14.3%	15.2%	12.2%	18.3%	-2.5%	-2.6%	-8.0%	n/a
Equity investment in Adevinata	0	0	5,391	0	0.0%	0.0%	20.2%	0.0%	n/a	-100.0%	n/a	n/a
Other assets	379	581	591	1,194	1.8%	2.8%	2.2%	6.2%	-34.8%	-1.7%	-50.5%	n/a
<b>Total non-current assets</b>	<b>10,604</b>	<b>11,560</b>	<b>17,515</b>	<b>11,571</b>	<b>49.0%</b>	<b>55.4%</b>	<b>65.8%</b>	<b>59.9%</b>	<b>-8.3%</b>	<b>-34.0%</b>	<b>+51.4%</b>	<b>n/a</b>
<b>Total assets</b>	<b>21,620</b>	<b>20,850</b>	<b>26,626</b>	<b>19,310</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>+3.7%</b>	<b>-21.7%</b>	<b>+37.9%</b>	<b>n/a</b>
<b>Current liabilities:</b>												
Short-term debt	750	1,150	1,355	6	3.5%	5.5%	5.1%	0.0%	-34.8%	-15.1%	+22483.3%	n/a
Accounts payable	267	261	262	278	1.2%	1.3%	1.0%	1.4%	+2.3%	-0.4%	-5.8%	n/a
Customer accounts and funds payable	1,054	768	707	379	4.9%	3.7%	2.7%	2.0%	+37.2%	+8.6%	+86.5%	n/a
Accrued expenses and other current liabilities	2,196	1,866	1,927	1,865	10.2%	8.9%	7.2%	9.7%	+17.7%	-3.2%	+3.3%	n/a
Income taxes payable	253	226	371	167	1.2%	1.1%	1.4%	0.9%	+11.9%	-39.1%	+122.2%	n/a
<b>Total current liabilities</b>	<b>4,520</b>	<b>4,271</b>	<b>4,622</b>	<b>4,002</b>	<b>20.9%</b>	<b>20.5%</b>	<b>17.4%</b>	<b>20.7%</b>	<b>+5.8%</b>	<b>-7.6%</b>	<b>+15.5%</b>	<b>n/a</b>
<b>Non-current liabilities:</b>												
Operating lease liabilities	387	418	200	316	1.8%	2.0%	0.8%	1.6%	-7.4%	+109.0%	-36.7%	n/a
Deferred tax liabilities	2,408	2,245	3,116	2,368	11.1%	10.8%	11.7%	12.3%	+7.3%	-28.0%	+31.6%	n/a
Long-term debt	6,973	7,721	7,727	7,740	32.3%	37.0%	29.0%	40.1%	-9.7%	-0.1%	-0.2%	n/a
Other liabilities	936	1,042	1,183	1,260	4.3%	5.0%	4.4%	6.5%	-10.2%	-11.9%	-6.1%	n/a
<b>Total non-current liabilities</b>	<b>10,704</b>	<b>11,426</b>	<b>12,226</b>	<b>11,684</b>	<b>49.5%</b>	<b>54.8%</b>	<b>45.9%</b>	<b>60.5%</b>	<b>-6.3%</b>	<b>-6.5%</b>	<b>+4.6%</b>	<b>n/a</b>
<b>Total liabilities</b>	<b>15,224</b>	<b>15,697</b>	<b>16,848</b>	<b>15,749</b>	<b>70.4%</b>	<b>75.3%</b>	<b>63.3%</b>	<b>81.6%</b>	<b>-3.0%</b>	<b>-6.8%</b>	<b>+7.0%</b>	<b>n/a</b>
<b>Stockholders' equity:</b>												
Common stock, \$0.001 par value	2	2	2	2	0.0%	0.0%	0.0%	0.0%	+0.0%	+0.0%	+0.0%	n/a
Additional paid-in capital	17,792	17,279	16,659	16,497	82.3%	82.9%	62.6%	85.4%	+3.0%	+3.7%	+1.0%	n/a
Treasury stock at cost	(48,114)	(46,702)	(43,371)	(36,515)	-222.5%	-224.0%	-162.9%	-189.1%	-3.0%	-7.7%	-18.8%	n/a
Retained earnings	36,531	34,315	36,090	22,961	169.0%	164.6%	135.5%	118.9%	+6.5%	-4.9%	+57.2%	n/a
Accumulated other comprehensive income	185	259	398	616	0.9%	1.2%	1.5%	3.2%	-28.6%	-34.9%	-35.4%	n/a
<b>Total stockholders' equity</b>	<b>6,396</b>	<b>5,153</b>	<b>9,778</b>	<b>3,561</b>	<b>29.6%</b>	<b>24.7%</b>	<b>36.7%</b>	<b>18.4%</b>	<b>+24.1%</b>	<b>-47.3%</b>	<b>+174.6%</b>	<b>n/a</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 21,620</b>	<b>\$ 20,850</b>	<b>\$ 26,626</b>	<b>\$ 19,310</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>+3.7%</b>	<b>-21.7%</b>	<b>+37.9%</b>	<b>n/a</b>
<b>Working capital</b>	<b>\$ 6,496</b>	<b>\$ 5,019</b>	<b>\$ 4,489</b>	<b>\$ 3,188</b>					<b>+29.4%</b>	<b>+11.8%</b>	<b>+40.8%</b>	<b>n/a</b>



## Historical P/L Statement

CONSOLIDATED STATEMENT OF INCOME - USD (\$) shares in Millions, \$ in Millions Income Statement [Abstract]	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020	% Change			
					Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2019
Net revenues	\$ 10,112	\$ 9,795	\$ 10,420	\$ 8,894	+3.2%	-6.0%	+17.2%	n/a
Cost of net revenues	2,833	2,680	2,650	1,797	+5.7%	+1.1%	+47.5%	n/a
<b>Gross profit</b>	<b>7,279</b>	<b>7,115</b>	<b>7,770</b>	<b>7,097</b>	<b>+2.3%</b>	<b>-8.4%</b>	<b>+9.5%</b>	<b>n/a</b>
<b>Operating expenses:</b>								
Sales and marketing	2,217	2,136	2,170	2,091	+3.8%	-1.6%	+3.8%	n/a
Product development	1,544	1,330	1,325	1,028	+16.1%	+0.4%	+28.9%	n/a
General and administrative	1,196	963	921	985	+24.2%	+4.6%	-6.5%	n/a
Provision for transaction losses	360	332	422	330	+8.4%	-21.3%	+27.9%	n/a
Amortization of acquired intangible assets	21	4	9	27	+425.0%	-55.6%	-66.7%	n/a
<b>Total operating expenses</b>	<b>5,338</b>	<b>4,765</b>	<b>4,847</b>	<b>4,461</b>	<b>+12.0%</b>	<b>-1.7%</b>	<b>+8.7%</b>	<b>n/a</b>
<b>Income from operations</b>	<b>1,941</b>	<b>2,350</b>	<b>2,923</b>	<b>2,636</b>	<b>-17.4%</b>	<b>-19.6%</b>	<b>+10.9%</b>	<b>n/a</b>
Gain (loss) on equity investments and warrant, net	1,832	(3,786)	(2,365)	1,007	+148.4%	-60.1%	-334.9%	n/a
Interest and other, net	(66)	(165)	(160)	(298)	+60.0%	-3.1%	+46.3%	n/a
<b>Income (loss) from continuing operations before income taxes</b>	<b>3,707</b>	<b>(1,601)</b>	<b>398</b>	<b>3,345</b>	<b>+331.5%</b>	<b>-502.3%</b>	<b>-88.1%</b>	<b>n/a</b>
Income tax benefit (provision)	(932)	327	(146)	(858)	-385.0%	+324.0%	+83.0%	n/a
<b>Income (loss) from continuing operations</b>	<b>2,775</b>	<b>(1,274)</b>	<b>252</b>	<b>2,487</b>	<b>+317.8%</b>	<b>-605.6%</b>	<b>-89.9%</b>	<b>n/a</b>
<b>Income (loss) from discontinued operations, net of income taxes</b>	<b>(8)</b>	<b>5</b>	<b>13,356</b>	<b>3,180</b>	<b>-260.0%</b>	<b>-100.0%</b>	<b>+320.0%</b>	<b>n/a</b>
<b>Net income (loss)</b>	<b>\$ 2,767</b>	<b>\$ (1,269)</b>	<b>\$ 13,608</b>	<b>\$ 5,667</b>	<b>+318.0%</b>	<b>-109.3%</b>	<b>+140.1%</b>	<b>n/a</b>

## Historical Equity Statement

(In Millions)

	Year Ended December 31,		
	2023	2022	2021
	(In millions, except per share amounts)		
<b>Common stock:</b>			
Balance, beginning of year	\$ 2	\$ 2	\$ 2
Common stock issued	—	—	—
Common stock repurchased	—	—	—
Balance, end of year	2	2	2
<b>Additional paid-in-capital:</b>			
Balance, beginning of year	17,279	16,659	16,497
Common stock and stock-based awards issued	83	87	93
Tax withholdings related to net share settlements of restricted stock awards and units	(161)	(160)	(236)
Stock-based compensation	575	494	497
Forward contract for share repurchase	—	188	(188)
Other	16	11	(4)
Balance, end of year	17,792	17,279	16,659
<b>Treasury stock at cost:</b>			
Balance, beginning of year	(46,702)	(43,371)	(36,515)
Common stock repurchased	(1,412)	(3,331)	(6,856)
Balance, end of year	(48,114)	(46,702)	(43,371)
<b>Retained earnings:</b>			
Balance, beginning of year	34,315	36,090	22,961
Net income (loss)	2,767	(1,269)	13,608
Dividends and dividend equivalents declared	(551)	(506)	(479)
Balance, end of year	36,531	34,315	36,090
<b>Accumulated other comprehensive income:</b>			
Balance, beginning of year	259	398	616
Change in unrealized gains (losses) on investments	53	(91)	(12)
Change in unrealized gains (losses) on derivative instruments	(127)	49	150
Foreign currency translation adjustment	(16)	(106)	(326)
Tax benefit (provision) on above items	16	9	(30)
Balance, end of year	185	259	398
<b>Total stockholders' equity</b>	<b>\$ 6,396</b>	<b>\$ 5,153</b>	<b>\$ 9,778</b>
<b>Number of shares:</b>			
<b>Common stock - shares outstanding:</b>			
Balance, beginning of year	539	594	684
Common stock issued	10	10	10
Common stock repurchased	(32)	(65)	(100)
Balance, end of year	517	539	594
<b>Dividends and dividend equivalents declared per share or restricted stock unit</b>	<b>\$ 1.00</b>	<b>\$ 0.88</b>	<b>\$ 0.72</b>

## Historical Cash Flow Statement

### CONSOLIDATED STATEMENT OF CASH FLOWS - USD (\$) \$ in Millions

#### Cash flows from operating activities:

	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020
<b>Net income (loss)</b>	2,767	(1,269)	13,608	5,667
(Income) loss from discontinued operations, net of income taxes	8	(5)	(13,356)	(3,180)

#### Adjustments:

Provision for transaction losses	360	332	422	330
Depreciation and amortization	403	442	502	583
Stock-based compensation	575	494	477	417
Loss (gain) on investments and other, net	(5)	21	(159)	2
Deferred income taxes	255	(780)	(680)	414
Change in fair value of warrant	(150)	230	(354)	(770)
Loss on extinguishment of debt	-	-	10	-

#### Changes in assets and liabilities, net of acquisition effects

Other current assets	(319)	(33)	236	(646)
Other non-current assets	474	20	188	141
Accounts payable	15	6	9	69
Accrued expenses and other liabilities	(212)	(410)	(552)	189
Income taxes payable and other tax liabilities	(52)	40	(15)	27
Fair value of equity investment	(1,688)	3,539	2,757	(239)

Net cash provided by continuing operating activities

2,431

2,627

3,093

3,004

Net cash used in discontinued operating activities

(5)

(373)

(436)

(585)

#### Net cash provided by operating activities

2,426

2,254

2,657

2,419

#### Cash flows from investing activities:

Purchases of property and equipment	(456)	(449)	(444)	(463)
Purchases of investments	(13,874)	(18,534)	(22,161)	(32,887)
Maturities and sales of investments	14,608	21,713	18,884	33,129
Proceeds from sale of shares in Adevinta	-	8	2,325	-
Acquisition of TCGplayer, net of cash acquired	-	(208)	-	-
Settlement of foreign exchange derivative instruments in equity investments	-	-	85	-
Exercise of options under warrant	-	-	(110)	-
Other	(38)	(71)	4	42

Net cash provided by (used in) continuing investing activities

240

2,459

(1,417)

(179)

Net cash provided by discontinued investing activities

-

2

5,080

3,973

#### Net cash provided by investing activities

240

2,461

3,663

3,794

#### Cash flows from financing activities:

Proceeds from issuance of common stock	83	87	93	90
Repurchases of common stock	(1,401)	(3,143)	(7,055)	(5,137)
Payments for taxes related to net share settlements of restricted stock units and awards	(171)	(160)	(236)	(175)
Payments for dividends	(528)	(489)	(466)	(447)
Proceeds from issuance of long-term debt, net	-	1,143	2,478	1,765
Repayment of debt	(1,150)	(1,355)	(1,156)	(1,771)
Net funds receivable and payable activity	717	125	(208)	-
Other	-	-	(7)	(5)

Net cash used in continuing financing activities

(2,450)

(3,792)

(6,557)

(5,680)

Net cash provided by discontinued financing activities

-

-

25

(12)

#### Net cash used in financing activities

(2,450)

(3,792)

(6,532)

(5,692)

#### Effect of exchange rate changes on cash, cash equivalents and restricted cash

5

(57)

24

77

#### Net increase (decrease) in cash, cash equivalents and restricted cash

221

866

(188)

598

#### Cash, cash equivalents and restricted cash at beginning of period

2,272

1,406

1,594

996

#### Cash, cash equivalents and restricted cash at end of period

2,493

2,272

1,406

1,594

#### Free Cash Flow

1,970

1,805

2,213

1,956

DuPont Analysis (2023)

DuPont Analysis is a financial performance framework that helps break down a company’s ROE into 6 key components. This analysis provides insights into the drivers of a company’s financial performance, helping stakeholders understand how each factor contributes to the overall return.

eBay Inc.

Return on Equity									
0.4792									
Net Profit Margin		Equity Turnover							
27.36%		1.75		0.4792					
Net Profit Margin		Asset Turnover		Financial Leverage					
27.36%		0.48		3.68		0.4792			
Tax Burden		Interest Burden		Operating Profit Margin		Asset Turnover		Financial Leverage	
0.75		0.98		37.31%		0.48		3.68	
0.4792									

## Financial Ratios Formula

### Activity Ratios

#### *Receivables Turnover*

Meaning: The efficiency of a company in collecting its receivables

Formula:  $\text{Revenue} / \text{Average Receivables}$

#### *DSO*

Meaning: The average number of days a company takes to collect its receivables from clients

Formula:  $365 / \text{Receivables Turnover}$

#### *Inventory Turnover*

Meaning: The efficiency of a company in terms of inventory management

Formula:  $\text{COGS} / \text{Average Inventory}$

#### *DIO*

Meaning: The average inventory processing period

Formula:  $365 / \text{Inventory Turnover}$

#### *Payables Turnover*

Meaning: The efficiency of a company in allowing its credit to suppliers

Formula:  $\text{Purchases} / \text{Average Payables}$

#### *DPO*

Meaning: The average number of days a company takes to pay its suppliers

Formula:  $365 / \text{Payables Turnover}$

#### *Cash Conversion Cycle*

Meaning: The number of days a company takes to convert its investments in inventory and other resources into cash flows from sales

Formula:  $\text{DSO} + \text{DIO} - \text{DPO}$

#### *Fixed Assets Turnover*

Meaning: The efficiency of a company in utilizing its fixed assets to generate revenue

Formula:  $\text{Revenue} / \text{Average Fixed Assets}$

#### *Working Capital Turnover*

Meaning: The efficiency of a company in managing its working capital (current assets – current liabilities)

Formula:  $\text{Revenue} / \text{Average Working Capital}$

#### *Total Assets Turnover*

Meaning: The efficiency of a company in utilizing its total assets to generate revenue

Formula:  $\text{Revenue} / \text{Average Total Assets}$

#### *Equity Turnover*

Meaning: The efficiency of a company in utilizing equity to generate revenue

Formula:  $\text{Revenue} / \text{Average Total Equity}$

### Liquidity Ratios

#### *Current Ratio*

Meaning: The ability of a company to meet current liabilities (with total current assets)

Formula:  $\text{Current Assets} / \text{Current Liabilities}$

#### *Quick Ratio*

Meaning: The ability of a company to meet current liabilities (with total current assets, excluding inventory and prepaid expenses)

Formula:  $(\text{Total Current Assets} - \text{Inventory} - \text{Prepaid Expenses}) / \text{Current Liabilities}$

#### *Cash Ratio*

Meaning: The ability of a company to meet current liabilities (with cash only)

Formula:  $\text{Cash} / \text{Current Liabilities}$

#### *Defensive Interval*

Meaning: The number of days a company can cover its average daily expenses with the use of current liquid assets only

Formula:  $(\text{Total Current Assets} - \text{Inventory} - \text{Prepaid Expenses}) / \text{Average Daily Expenditure}$

### Solvency Ratios

#### *Debt-to-Equity*

Meaning: Debt as a percentage of total equity

Formula:  $\text{Total Debt} / \text{Total Equity}$

#### *Debt-to-Capital*

Meaning: Debt as a percentage of total capital

Formula:  $\text{Total Debt} / (\text{Total Debt} + \text{Total Equity})$

#### *Debt-to-Assets*

Meaning: Debt as a percentage of total assets

Formula:  $\text{Total Debt} / \text{Total Assets}$

#### *Financial Leverage*

Meaning: An indicator of a company's debt financing usage

Formula:  $\text{Average Total Assets} / \text{Average Total Equity}$

#### *Interest Coverage*

Meaning: The ability of a company to cover its interest expenses

Formula:  $\text{EBIT (Operating Income)} / \text{Interest Payments}$

## Profitability Ratios

### *Gross Profit Margin*

Meaning: Gross profitability as a percentage of total revenue

Formula:  $(\text{Revenue} - \text{COGS}) / \text{Revenue}$

### *Operating Profit Margin*

Meaning: Operating profitability (before interest and tax) as a percentage of total revenue

Formula:  $\text{Operating Income (EBIT)} / \text{Revenue}$

### *Pre-Tax Profit Margin*

Meaning: Operating profitability (before tax) as a percentage of total revenue

Formula:  $\text{EBT} / \text{Revenue}$

### *Net Profit Margin*

Meaning: Net profitability as a percentage of total revenue

Formula:  $\text{Net Income} / \text{Revenue}$

### *ROA (Return on Assets)*

Meaning: Net profitability (excluding interest and tax) as a percentage of total invested funds

Formula:  $\text{Net Income} / \text{Average Total Assets}$

### *Operating ROA*

Meaning: Net profitability (including interest and tax) as a percentage of total invested funds

Formula:  $\text{Operating Income (EBIT)} / \text{Average Total Assets}$

### *ROC (Return on Total Capital)*

Meaning: Operating profitability as a percentage of total capital

Formula:  $\text{Operating Income (EBIT)} / \text{Average Total Capital}$

### *ROE (Return on Equity)*

Meaning: Net profitability as a percentage of total equity

Formula:  $\text{Net Income} / \text{Average Equity}$

## Valuation Ratios

### *EPS (Earnings Per Share)*

Meaning: Income earned per 1 common share outstanding

Data is obtained from each company's financial statement.

### *PE Ratio*

Meaning: The price that investors are willing to pay per \$1 of earnings

Data is obtained from Macrotrends.

### *Dividend Payout Ratio (DPR)*

Meaning: The measure of dividends paid out to shareholders relative to the company's net income

Formula:  $\text{Dividends Paid to Common Shareholders} / \text{Net Income}$

### *Dividend Yield*

Meaning: The ratio that shows how much a company pays out in dividends each year relative to its stock price

Formula:  $\text{Dividends Paid to Common Shareholders} / \text{Net Income}$