Hello. Before we start our event today, I think it's important to begin with a few words about Russia's invasion of Ukraine.

This is a terrible moment in history, one that will be remembered with pain and great tragedy for the people of Ukraine, as well as its impact on Europe and the rest of the world. At our core, eBay exists to help people and communities around the world. It's part of our purpose and it's why so many of us work here. So, for us, it's very clear.

We stand with Ukraine. We understand the gravity of this situation and we know there are limitations to what one company can do to help, but we're doing what we can. We're taking steps to support our sellers in the region. We've also paused all transactions from buyers and sellers with addresses in Russia. To the people of Ukraine, our hearts are with you. We support you, and we grieve with you. Even in the midst of this crisis, we continue to hope for peace and safety.

Thank you.
We are thrilled that you could join us today as we share more about how we're accelerating the tech led re-imagination of eBay. Throughout the course of the day, you'll meet several members of our world-class leadership team.

Let's have a look at the agenda. Jamie Iannone will start by discussing our strategic priorities, the progress we have made, and where we're headed. Stefani Jay will follow and speak about the incredible community of eBay's enthusiast buyers. Jordan Sweetnam and Rob Hattrell will discuss our focused category playbook that is increasing customer satisfaction and growing GMV. Pete Thompson will share how we are expanding our powerful selling platform. Alex Kazim will outline how our robust advertising business is driving growth for eBay's diverse seller base. Julie Loeger will talk about how payments is fueling new and exciting growth opportunities. Finally, Steve Priest will share our long-term financial outlook, taking into account all the plans you hear about today.

We will also host two live Q&A sessions with members of the leadership team during today's event. Given the current environment, we chose to make this a virtual event. All presentations, with the exception of the live Q&A sessions, were prerecorded last week. The Q&A sessions will take place at a venue on our campus in San Jose, California. We hope to gather together in person for our next event.

Before we begin, I'd like to remind you that during the course of this event, we will discuss some non-GAAP measures related to our performance. You can find the reconciliation of these measures to the nearest comparable GAAP measures in the appendix section of the slide presentation accompanying this event. Additionally, all revenue and GMV growth rates mentioned in today's remarks represent FX-neutral, year-over-year comparisons, unless they indicate otherwise. Management will make forward-looking statements at today's event, including without limitation, statements regarding our future performance and expected financial results.

These forward-looking statements involve known and unknown risks and uncertainties. Our actual results may differ materially from our forecasts for a variety of reasons. You can find more information about risks, uncertainties, and other factors that could affect our operating results in our most recent periodic reports on Form 10-K and Form 10-Q. You should not rely on any forward-looking statements, all information in this presentation is as of March 10, 2022, and we do not intend and undertake no duty to update this information.

Finally, there are a few housekeeping items. If you experienced technical difficulties during the event, please click on the support link located on the right side of your screen below the questions box. Closed captioning is available by clicking on the CC button located on the screen.

You may submit questions for both live Q&A sessions via the questions textbox on the right side of your screen. Questions may be submitted any time during the event, and we will answer as many questions as we can in the allotted time.

A replay of today's webcast and associated presentation materials will be available on our Investor Relations website, shortly following the conclusion of today's event.

Before you hear from our CEO Jamie, we're excited to share with you a short video inspired by our community. They are, after all, what makes eBay so special.

**Male Speaker**

Most of my life I felt like I just wanted to do what I wanted, no planning ahead. I've burned a lot of bridges with people, no one wanted to be near me. I was a former gang member, I got tattoos and I've been to jail before. A lot of employers didn't want to hire me for that.
Female Speaker

You live by sensitive data in the government sector (phon). Then when a woman does it, it's not taken that professionally. They generally think that either you are doing it as a part-time small-time business or you are just doing it as a hobby.

Female Speaker

This was my living room; the water was up to almost four feet. Hopefully, I can get back in here soon.

Female Speaker

I was very close to my mother and when she passed, I would sit down and just have a cup of coffee in her cup that we used to drink coffee out of.

Female Speaker

I saw this dramatic photo essay by the (inaudible) and there was one woman who just caught my eyes because she was standing in front of the rubble of her household goods, but there was another photograph, pretty little China cup, but it was ruined.

Male Speaker

I knew going through college that I wanted to work with (inaudible). Once I graduated, I was really excited to receive that phone call from the team. It's definitely a dream job, but in July of 2020 they cut a good percentage of the staff and I was a part of that. That was very devastating.

Female Speaker

At the age of seven, I was involved in a car accident which nearly amputated my left hand. I always wanted to wear long sleeves all the time to hide all my scars.

Female Speaker

eBay has given us a whole new life. It's gotten us out of our financial crisis. I pay my education fees, gotten our home mortgage free. It's like a game-changer for us.

Male Speaker

When you get laid off, everything changes. That really motivated me to channel that energy into sportscars. eBay have been the platform for people to buy and sell.

Male Speaker

When I first started with Goodwill, I started seeing some opportunities, and ever since then, it's been on the up and up.

Male Speaker
There were many people who helped me get to the next step. Very personally for me, I understand the critical importance of second chances, and because of eBay for Charity, 100% of every sale goes to furthering our mission.

**Male Speaker**

eBay, to me, definitely has been a useful tool for us to really expand our online presence and really to offer job trainings to our team.

**Female Speaker**

I found my vintage (inaudible) working on eBay when I was a freshman going on sophomore. When I started performing and I feel like it's almost too good to be true, like it was made for my body. My imagination and my brain went free.

**Female Speaker**

I recognized what that cup meant to her. I just knew it was out there in the woods, and wouldn't you know, it was and eBay had it.

**Female Speaker**

She purchased the cup from eBay and she sent it to me. That was the most beautiful thing I think anybody has ever did for me.

**Male Speaker**

I can grow here and I can actually develop and show what I'm capable of doing.

**Female Speaker**

You have to be independent; you have to have that monetary power. In India, it is said that when you educate a man, you educate a person, but when you educate a woman, you are educating an entire generation.

**Male Speaker**

It just made me want to push more into the social construction of disability just as a medical (inaudible) like the hospitals related to the social and cultural experience.

**Female Speaker**

Hi. (Inaudible).

**Female Speaker**

Yes. I'm a friend of yours but we've not met, Amanda.

**Female Speaker**

Oh my God.
Female Speaker
I feel I know you very well.

Female Speaker
We're thankful to eBay for everything that you've ever given us.

Male Speaker
I believe that with eBay, now the world is opened up for me.

Male Speaker
Second chances are important, and yes, all people deserve them.

Female Speaker
I spent this lifelong journey of exploring disability into (inaudible).

Female Speaker
There is the personal unsettlement that comes when you get through something like this, and I think we all have a responsibility to help.

Male Speaker
eBay is opportunity.

Jamie Iannone
Hi, everyone.

Thank you for joining eBay's 2022 Investor Day. We're grateful for your interest in eBay and in learning about the opportunities we see ahead. I'm honored to be with you today, our first Investor Day since I was appointed CEO.

As many of you know, I returned to eBay in April of 2020 after being part of its success in the early 2000s. As excited as I was to return to this special Company, I'm even more excited for what lies ahead. I'm confident you'll leave today with a clear understanding that our new strategy is working. We're accelerating eBay's tech lead re-imagination to deliver long-term sustainable growth.

In less than two years, we have fundamentally changed the trajectory of our marketplace and are now building an eBay for the future. The future is most of what you'll hear me talk about today. But before we look ahead, I want to be sure everyone knows what makes eBay so unique.

eBay's purpose is and always has been to connect people and build communities in order to create economic opportunity for all. We've built the world's most trusted and sustainable community commerce platform connecting millions of sellers and buyers around the world. Our purpose is a powerful differentiator.
No other company brings together the scale, depth, breadth, and unique inventory on a single trusted platform the way we do. When sellers and buyers connect on eBay, many times it's more than just a transaction. They're enthusiasts with shared interests and similar passions. Whether it's a rare coin from a century ago, the latest gaming console, or in my case, a vintage 1939 Hammond B3 church organ that I sold to a local parish and built a great connection with the choir director, many of the items on our marketplace can only be found on eBay. Our connection with our seller community is truly unique. We don't compete with our sellers; we partner with them.

From the first day sellers open their virtual doors, we're there for them every step of the way. We enable sellers to start and grow their own businesses with our tools and support and success for us happens together and that's the unique and unmatched power of the eBay platform.

Okay, so now let's turn to the accomplishments we've made with our tech library imagination.

In less than two years, we have pursued a strategic pivot that included three significant areas of change. First, we simplified our portfolio to drive focus and deliver on what matters most on the eBay core marketplace. In doing so, not only did we return value to our shareholders, but we structured our balance sheet to have the capacity to invest, consider appropriate acquisitions, and continue to return value through dividends and share buybacks.

Second, we built a world-class leadership team with a vision for the future.

Third, we changed direction to compete in the areas of the market where we are uniquely positioned to win. Without question, these three changes are working and we've seen compelling results to date. Our focus categories are returning to market rates of growth. High-value buyers are growing and spending more. Sellers have new tools to drive growth and build their brand at a lower cost, and we've dramatically simplified the end-to-end experience, leading to higher customer satisfaction.

While doing all of this, we also modernized and transformed our tech infrastructure, completed our multiyear managed payments migration right on schedule, achieved $1 billion in ads revenue, and rewarded our shareholders with strong earnings growth and significant capital returns.

Now, let's take a closer look at the structural changes we've made to our business. In recent years, we've divested non-core assets including StubHub, eBay Classifieds, and our South Korean businesses. These transactions converted roughly 20% of our earnings into $20 billion of value at closing. In the past two years, we have grown our operating income by over $1 billion on an apples-to-apples basis. That's more than the amount of income we sold off as part of the divestitures.

We've reinvested proceeds from these deals back into the business. We've increased product and technology investments to accelerate growth in focused categories, built a robust advertising business and created a leading payments platform. As a result, our shareholders have been rewarded. Since early 2020, we have returned closed to $13 billion to shareholders through buybacks and dividends. The value of our Company has appreciated significantly outpacing many of our ecommerce during that same period.

The second major change we made was to our leadership team. eBay is a complex global business and I need the best-in-class talent to tackle the ambitious strategy we've laid out. I purposely set out to assemble a team with diverse backgrounds that could drive transformation at scale. I also wanted to ensure they were leaders who shared my relentless focus on customer-centricity. Today, over two-thirds of the leadership is new to eBay or in a new role. It is a combination of eBay veterans and new talent.

All have extensive experience and highly competitive in dynamic operating environments. Collectively, they have deep experience and successful track records in e-commerce, retail, technology, and financial
services. From Jordan, who is a long-time eBay and an e-commerce veteran, to Julie, who has three decades of experience in marketing and financial services, to Rob, who has a depth of international expertise from a multichannel retailer, we now have a stellar team with diversity of thought and a steadfast commitment to re-imagining eBay. This is an exceptionally strong and talented group and it’s truly a privilege to lead this team and work with them every day as we build the future of eBay. I look forward to them sharing our strategies with you and you will see the customer-focused and passion when you hear from them later today.

With these great leaders in place, we’re attracting and retaining top talent at all levels of the Company. Even in this hypercompetitive environment, we’re able to recruit world-class talent because of our scale, technology innovation, purpose, and our culture.

In fact, I’m incredibly honored that we were awarded with Glassdoor’s 2022 Employees’ Choice Award. It feels great to be recognized by the people who make eBay the company it is.

The third major change was a shift in our growth strategy. Previously, it had been largely focused on competing for buyers and sellers of new in-season products. This strategy strayed from the original purpose of eBay and it wasn’t working. We needed to refocus on what eBay does best, connecting sellers and buyers of non-new in-season products.

By re-centering on what we do best, we sized the incredibly compelling growth potential in non-new in-season products. It's something that had been there all along, and it's only growing stronger. Winning requires category expertise and unwavering focus on attracting unique inventory, giving buyers and sellers creative and inspiring transactional tools, and inventing technology enhancements for each category, keeping us way ahead of our competitors.

We firmly believe eBay will win here. By investing in these areas and sharpening our focus, we have untold opportunities in this space. Let's take a closer look. Approximately 90% of our GMV in the U.S., U.K., and Germany comes from categories such as pre-owned, refurbished, outlet, and unbranded goods. These new non-season products are growing faster than new in-season products, a trend we expect to continue.

Customer and market trends are very attractive. Categories like luxury, collectibles, refurbished electronics, and apparel e-commerce are growing at strong double-digit rates. We believe this is just the beginning and see a tremendous runway for growth from here. The opportunity in non-new in-season is ours to win. This is exactly the reason we decided to focus on these categories.

Additionally, our scale, capabilities, strategy, and unique assets puts us in a strong position to lead in this space. Winning in these categories requires deep knowledge of enthusiast sellers and buyers. We have reorganized and focused on driving industry-leading customer satisfaction and only eBay can deliver best-in-class vertical experiences and rapidly and seamlessly scale them across categories and around the world. That's the beauty of eBay model.

Take authenticity guarantee. When we first launched authentication in luxury watches, it took us months to develop the experience, but in only a few weeks we were able to launch the same capability in sneakers. Since then, we've expanded to handbags and most recently trading cards.

Another huge advantage of eBay is our ability to replicate success internationally. As of today, we have domestic authentications centers in five countries. We're also authenticating cross-border trade across multiple quarters. Customer satisfaction is higher in every category we've touched with this service around the world. The early results of this playbook have been terrific. Based on the feedback we're seeing from our customers, our strategy is clearly resonating. We're delivering best-in-class customer
satisfaction scores, and in turn, it's leading to faster GMV growth. For example, in Q4, focused categories grew 15 points faster than the rest of the marketplace. We are significantly changing the long-term trajectory of focus categories on eBay. This success is driving us to go faster to create world-class experiences across our global marketplace.

We've addressed close to 20% of our total volume to date. By the end of 2024, we'll plan to cover half of our global GMV with this playbook. It will take time and investments, but we know that best-in-class customer satisfaction leads to market rates of growth. Later today you'll hear more from Jordan and Rob about our focused category plans.

Jordan has deep knowledge of e-commerce and passion as a long-time eBayer, and Rob leverages his retail strategy and transformation background for our customers across Europe. I'm particularly excited for them to announce a new feature that is going to transform one of our biggest categories.

Now let's talk about our buyers. Two quarters ago, we shared that we shifted our focus to high-value buyers. As a reminder, these are buyers who purchase frequently and are highly engaged, and are active across multiple categories. They also drive an astonishing three-quarters of our global GMV.

I've had the chance to meet many of these loyal buyers. They're the ones who open up their app every day, check prices, check inventory just to see what's new and available on the platform that day. Buyers like Tom Exton; a luxury watch collector in London. Tom has loved watches ever since we first saw his grandfather's Omega. Now, he's got his own price collection. He's always on our marketplace looking for his next favorite timepiece. He calls his eBay watch list never-ending. The habits of these high-value buyers demonstrate another great multiplier effect of eBay, cross-category shopping. When a buyer shops in their favorite category, they go on to discover we have so much more to offer. The average enthusiast shops frequently in their favorite category. But, the huge and unique benefit of the eBay model is they spend even more outside their favorite category.

Let me give you an example. In our focus categories, the average buyer spends hundreds of dollars on their favorite items, but they also spend even more in other categories across the marketplace. For example, take our handbag buyers, they spend about $3,000 on handbags, but close to $5,000 on everything else.

Finally, I get a lot of questions about the younger generation of eBay buyers. I wanted to note that today, eBay attracts millions of Gen Z buyers to our marketplace. Today you'll see many examples of how we're appealing to the younger generation including next-generation design, a tailored marketing approach to reach them where they are, and leaning in on re-commerce and sustainability. Both areas of importance to this group.

We'll continue to make this a focus in pursuit of becoming the marketplace of choice for the next generation of enthusiasts. You'll hear much more about how we're focusing on the buyer experience from staff who brings deep expertise in global strategy and corporate development and has a strong track record of building high-performance teams, especially in e-commerce.

Now, let's talk about eBay sellers. There are millions of stories of seller success happening every single day only on eBay. My favorite part of leading this Company is having the chance to meet our sellers, hear their stories and realize the impact eBay has made on their lives.

When I meet them, I always ask, "How did you start selling on eBay?" Their answers are as diverse as the sellers themselves. They talk about being inspired to provide for their families, or being motivated by a lifelong passion, or needing income but wanting to earn it on their own terms, and finally, finding a home on eBay.

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Like Liz O'Kane, who I spoke with recently, after two decades in the Air Force, she wanted to be her own boss. When she chose her second career, she decided it will be selling pre-owned fashion on our marketplace. Now she sets her own schedule, helps support her family, and even started a podcast with tips for other sellers, and she said it's all thanks to eBay. I'm so proud we're here to help sellers like Liz every day.

Though sellers have their own individual stories and passions, the common thread is how they found success on our marketplace. The beauty of eBay is you have consumer sellers selling right alongside business sellers. In fact, many of these small businesses were created because they started to casually sell on eBay and discovered that they can thrive selling on eBay. They're what I call accidental entrepreneurs.

Take, for example, John Derringer, who I met with recently. Nearly 15 years ago, John got his start on eBay selling a set of used tires out of his dad's woodshed. Today, he runs a thriving small business called Driven Products, where he employs a team of four in Washington State. As I toured his warehouse, it was inspiring to hear John tell the story of his success on eBay. This is just one of millions of sellers who thrive on our marketplace every day.

eBay is the platform to become an entrepreneur. No other platform provides a seamless experience and immediate opportunities to get up and running in the same day. Only on eBay can sellers quickly create a listing, set up their own store, and within minutes reach nearly 150 million buyers in 190 markets around the world. We're here to help with everything from payments to shipping. In fact, our global shipping program is so helpful that in many of my conversations with sellers, they've mentioned they have to go online and search a country they were shipping to because they've never heard of it before.

Our seller base ranges from Gen-Zers, who may be exploring new interests to long-established businesses that generate hundreds of millions in sales each year. Regardless of a seller's size, we provide all of our sellers with a number of unique advantages. Our diverse mix of sellers, who offer unique global products, and the ability for sellers and buyers to connect directly is part of what makes eBay so special.

Later today, Pete, who brings leadership experience from building new products and multiple large tech companies, will tell you how we plan to make the platform even more powerful for our sellers. From enhancements of eBay stores to the inclusion of video all across the platform, to a whole new messaging capability that more easily connect sellers and buyers.

In fact, one of the most important tools we offer sellers is our suite of advertising capabilities. These capabilities provide sellers one of the most effective ways to build their businesses and accelerate growth at a better return on ad spend than on other platforms. We have transformed our advertising business over the past few years. We retired legacy ad products that compromise the buyer experience, and we replaced them with powerful growth tools for sellers while providing buyers a streamlined eBay experience.

We scaled promoted listings and add products that keeps buyers on eBay and helps sellers drive incremental sales. Along the way, we doubled our ad revenue from 2017 to 2021, growing to over $1 billion. Even though we are primarily an e-commerce business, eBay has now become also a top advertising platform. But this was just the beginning. Over the past year, we invested in a more robust advertising portfolio, one that serves all types of seller needs. We started rolling out new products and early tests are demonstrating that the next wave of advertising growth is already underway.
Alex Kazim, our Head of Advertising, who is also an entrepreneur and a seasoned technology leader, will provide more insights on our strategy and discuss our plans to double the business again in the next four years.

Now turning to another important area for growth and innovation, payments. Four years ago, we set out to build our own capability to manage payments on our platform. By transitioning to fully managing the payments flow on eBay, we added an incremental $2 billion in revenue. It was a huge undertaking and I’m so proud of the team who worked tirelessly to deliver this game-changing experience.

The work we’ve been doing through managed payments is now opening up valuable new opportunities for our community. With our payments migration complete, we have an even greater ability to remove friction for sellers and buyers.

One example that sellers love is the elimination of unpaid items. By management money flows on our marketplace. We can ensure that a seller gets paid for each sale. In fact, as I mentioned during our earnings call a few weeks ago, last year we removed friction on over 10 million transactions. This year we plan to expand this capability to our unpaid items in our best offer format. I love hearing from our sellers that this has saved them time and money.

With our own payments capability, we can now offer new compelling features. Today I'm thrilled to announce, eBay's first digital wallet, where you can store cash balance. Customers will soon be able to easily accumulate a balance in their eBay account, to spend on their next favorite item. Allowing customers to seamlessly turn their sales into purchases, is yet another example of a unique eBay multiplier effect.

With our scale, resources and talent, the opportunities for payments are just analysts. Julie, who has decades of experience in financial services and marketing, will walk you through a more exciting financial services updates later today.

Finally, and most importantly, we've begun a massive transformation of our infrastructure, as we build new world-class technologies. We're using tech in completely different ways. Let me give you an example. Mazen our CTO and his team, have hundreds of AI specialists and data scientists all working together. They're creating customer-centric solutions to complex problems. These range from how our call centers are using voice technologies, to computer vision models that recognize every image. Even something as simple as how we’re classifying sales tax on billions of transactions, which we use a sophisticated model, based on AI that saves our sellers and buyers money.

These are just a few of the examples of the AI we've recently built. We're using technology to modernize eBay and make it compelling, much more seamless, and relevant to the next generation of customers. All of this is powered by more than 25 years of data. Only eBay can leverage 83 billion lifetime listings, and with it, 37 billion points of feedback, and almost three trillion customer behavior data points. Think what we can do with this data over the coming quarters and years. Recently you've seen us roll-out features like price guides for trading cards, cross-border fitment for parts and accessories and my collections. But we're just getting started, finding new ways to leverage our data, to make both the selling and buying experience richer and more expensive, because only eBay has this unique treasure trove; the transactional supply and demand commerce data at this scale.

Just imagine what else as is possible on our marketplace, as we continue to apply this Nextgen technology. We're doing all of this amazing 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 economic opportunity for all.
I'm especially proud of what we're doing for the planet and for our global community. We are the pioneers of circular commerce, which we like to call re-commerce. Every day we help extend the life of products through the resale of refurbished products and pre-owned, or as we like to say, pre-loved items on our marketplace.

By keeping products in circulation longer, we contributed to a more robust economy, that's essential for the sustainability of our planet. Our community enthusiastically embraces this, as demand for pre-owned and refurbished goods continues to rise.

We recently completed our second annual re-commerce report, which will be published in early April. We found an astonishing 83% of respondents have consistently been selling secondhand goods, and 32% of Gen-Z sellers starting in the last year.

They're not just selling; 74% of sellers globally purchased secondhand goods in the last year, half of them at least once a month. Gen-Z'ers are leading this charge with 80% having bought pre-owned goods in the last year. More and more people are selling and buying pre-owned goods in an effort to boost their income to save money and to live sustainably.

Re-commerce has been part of our purpose from the very first day of eBay and now we're significantly increasing our dedication in this space. We've set a new commitment to create $20 billion in positive economic impacts and avoid over seven million metric tons of carbon emissions by 2025 through sales of pre-loved and refurbished items on our marketplace.

Over the past year, we've also set a series of new sustainability goals. These objectives integrate best practices to support a healthier planet for our community for generations to come. We're investing in clean energy with the go-to-source 100% renewable energy by 2025 and we're already three-quarters of the way there through power purchase agreements and local programs.

Last year, we set a science-based target to prevent the worst effects of climate change and we pledged to become carbon neutral for all of our offices and data centers; a goal I'm thrilled to say we've already achieved.

However, our efforts go well beyond environmental sustainability. Twenty years ago, I had the privilege of being part of the team that built eBay for Charity. This capability enables sellers and buyers around the world to easily contribute to the causes they care about. Think about it; a seller is able to clear out their no longer used items, donate them to their favorite non-profits, and get a tax receipt. The buyer gets the item they are looking for but also feels great about donating to a non-profit. The non-profit gets what they can use most, which is cash. It's a win-win-win. Through the power of our community, eBay for Charity has seen over $1.1 billion in donations since 2003 for non-profits around the world. 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're also using our technology to feel positive change. At the start of the pandemic, the U.K. National Health Services reached out to eBay and that's how we could help deliver PPE to healthcare workers at no cost. Our engineering teams jumped at the chance to help and they created a custom portal in just 10 days, leveraging the power of our APIs and our developer network. I'm proud to say now that over six million PPE items have since been distributed through this portal. That's the power of eBay.

Before I conclude, I'd like to spend some time on a high-level view into our financial outlook. As I mentioned earlier, eBay has provided shareholders significant returns over the last couple of years. Our financial model, earnings power, and cash generation are incredibly strong.
Looking ahead for the next three years, I'm excited about our sharpened focus on the customer and the value the tech lead reimagination is creating. These plans present a compelling financial profile. By the end of 2024, our focus categories will cover half of our business and will grow near-market rates.

Advertising and payments will drive incremental revenue growth. We will continue to invest in technology and marketing while increasing operating income between 22 and 24. Our strong cash flow allows us to continue returning capital to shareholders while pursuing growth opportunities through M&A and all of these factors together will lead to sustainable double-digit earnings growth. Steve will go into more detail about our financial outlook later today.

Before you hear for the rest of the team, I'd like to thank our sellers and buyers throughout the world and thousands of developers and other partners who help extend our eBay ecosystem.

I'd be remiss if I didn't mention, and give a huge thank you to our incredible eBayers. They have worked tirelessly on everything I've covered today. They are a passionate, hardworking, and dedicated group of amazing people and they truly inspire me every day.

Thank you, team. Thank you for making eBay what it is today and what it will become in the future. Thank you all for spending time with us.

Now, I will turn it over to Stef Jay, who will tell you more about our buyers and I look forward to answering your questions later today.

Male Speaker

I can't always find what I need locally. I'm always going on eBay to find what I need from a whole bunch of sales around the world.

Male Speaker

Limited efficient trainers are sold out everywhere. eBay is the place to go and get them.

Female Speaker

This is a vintage piece and my interest in the AP roll out started when I bought a steel 39-millimeter version of this off eBay about 10 years ago.

Female Speaker

Hey, I'm the biggest toy mom and I own over 1,000 biggest toys, and I purchased this all from Fujitech from eBay.

Female Speaker

I like to find my books second-hand. To finding books, I use eBay.

Female Speaker

Hey guys, come talk with me on eBay.
When searching for an item, I always (inaudible) items, set my size, and turn on the worldwide option.

**Male Speaker**

With working on a motorcycles nothing is easy, sometimes you can't find anything locally. It's nice to have a platform that you can turn to, and touch base with people all over the world.

**Male Speaker**

My friends all know that I'm a bit of a vintage fanatic, but my latest obsession has been buying vintage kitchenware on eBay. Why not surround yourself with things you love?

**Stefanie Jay**

Hi, everyone.

Now I want to talk about our buyers, more specifically our best and most valuable buyers. Since last year we've been sharing details around what we call our high-value buyers. These are avid collectors, category fanatics, and buyers who also sell. Today, we're going to share even more detail on the best of the best, who we call enthusiast buyers. Let me start by grounding you in our entire base.

Our global buyer community is 147 million strong and they are as diversified as the inventory they shop for. Now, why do these buyers come to eBay? It's because they are sure to find whatever they're looking for. Not only can they find unique inventory, they can find it at a great value. They come for inspiration and discovery and they don't mind splurging on the perfect find. For some, shopping is a thrilling adventure.

Whether it's a Balenciaga bag sold by a collector in Berlin, a used iPhone offered by 20 something from San Francisco, or a new set of rims from a car parts expert in Malaysia, it's all on eBay. Every day our passionate buyers and sellers connect over these items of value and meaning. Our buyers are especially important to our ecosystem because they also attract sellers. Nowhere else can sellers have immediate access to 147 million potential customers around the world.

Now that we know what our buyer base looks like, let's recap what we call our high-value buyers, and why they are so important to us. Twenty percent or 28 million buyers are high-value. Within high-value buyers, there are two groups, our enthusiast buyers and our occasional buyers who also sell.

Occasional buyers who also sell are active on both sides of the flywheel. Both groups are important to us, but today I'm going to focus on our enthusiasts. They are our most productive buyers and are essential to our growth strategy. They drive the vast majority of our GMV. They're high-frequency, high-spend, and many of them sell. These enthusiast buyers drive 71% of our GMV. They are the most powerful buyer base on our marketplace and depending on the category, they spend nine times more than the average buyer. We know them, we learn from them, and we invest in them.

We have 19 million enthusiast buyers and on average most of them shop with eBay over 30 days a year and spend more than $3,000. Let me just pause on this point because it's a really important one. These buyers shop more than 30 separate times per year. That's a key differentiator for us because they aren't just buying all these items at once, say during their holiday shopping spree, they're coming to us regularly throughout the year. From day one, these enthusiast buyers are extremely engaged. In their first year, they visit the site more often, they purchase more frequently, and they're more interactive with our seller community, and they're super sticky. On average, new enthusiasts increase their spend and purchase days by 50% after year one on eBay.
Okay, who are they? They are people like my friend Marty (phon), who's a motorcycle collector and trader. He tells me that he is on eBay all the time checking to see what's available. He knows which sellers to follow and just enjoys the hunt for the next bike or parts. These buyers are people who've made it a habit to engage with eBay every day, or in Marty's case, several times a day. Enthusiasts are at the center of the eBay buyer flywheel. To me, they're so inspiring. They're super passionate about their hobbies, and over time, many become successful sellers.

Take Inca (phon), for example. He started buying when he was still in high school. He is a sneaker lover who bought so many sneakers, they were spilling out of every room in his home. Because he knew our platform so well and trusted us, he turned to eBay and started selling his collection to make room for more. He now has a thriving business on eBay and connects with other passionate enthusiasts. Inca is a perfect example of what Jamie calls an accidental entrepreneur.

Let's take a look.

**Male Speaker**

I just love sneakers and there's big profit on eBay. It started as a hobby for me. I was buying shoes just for myself and even started selling just to get rid of some items. I think it really clicked for me when I could see that I can make money on eBay. I said, "Hey, let's see how far I can take this." And (inaudible) was born.

**Female Speaker**

To actually see it now become a full-fledged business has been really cool. I am so proud of him because I see how much work that he puts in.

**Male Speaker**

My eBay store changes the way I shop because when I look at an items, all I see is, that's an investment.

**Stefanie Jay**

I just love that video. Let's talk about this unique multiplier effect that occurs on eBay because of our scale and our business model. I'm going to set the framework for you before we dive into the details. Here's a visual to help us walk through it.

As I mentioned, these enthusiast buyers spend more, buy more often, and they remain very sticky. They start with an amazing entry experience where trust is built with the first purchase and then they cross-shop in other categories and international merchandise, and eventually, they start selling.

Once we have them buying and selling, loyalty kicks in, and really spins the flywheel. Let's take an example. In our motors parts and accessory category, a typical enthusiast spends $1,200 per year on parts and accessories, but then they spend another 1,500 in other categories in international items, bringing their total value to $2,700. Then on top of that, when they start selling, they then drive more spend by other buyers. You can really see that multiplier effect at work. Let's start with why that initial introduction and entry category to our marketplace is so important.

You've been hearing a lot about our focus category strategy. One element of that strategy is to drive greater initial consideration through a new approach to full-funnel marketing. We're targeting enthusiasts across the funnel and increasing top-of-mind awareness and consideration amongst this really valuable group.
For example, we recently launched a new ad campaign for eBay Motors that focuses on real people and enthusiasts, celebrating the type of P&A customer who comes to eBay for exactly what they need. You may have seen some of them and especially if you’re a car enthusiast.

We’re also targeting the next generation of buyers, connecting with them wherever they are, and becoming more active on social platforms.

Take TikTok. We recently launched a really fun campaign with the hashtag StepandFlex, and so far, it's received over 12 billion views and growing every single day. It's also inspired about two million user-generated videos. In the coming year, you'll see us reaching out more and more to enthusiasts buyers through full-funnel marketing campaigns. Once we've brought them onto the marketplace, we serve up a great experience with features like authenticity guarantee, grading, and fitment. After they have that great first trusted experience, they’re more open to cross-category shopping.

To encourage the expansion from one category to multi-category, we're training our AI and computer-vision models to guide our customers and make recommendations in differentiated ways, including introducing buyers to new categories. Take a buyer searching for a vintage Gucci handbag. Our visual technology leverages our vast image catalog to recommend similar handbags so we can surface options better than any others, delivering credibility and depth. While the buyer is shopping for that handbag, we're also able to suggest apparel that completes the look, or items in adjacent categories, like home decor. Soon, we will also give these enthusiast buyers the opportunity to share their specific interests with us.

In the coming quarters we’re launching our unified experience platform, a critical AI tool that provides tailored messages and exposure to new products which leads to that great next category. Other players may do this, but none of them have eBay’s breadth and depth of unique inventory to power those recommendations.

The data behind class category shopping on our site is already really promising. In fact, we know that enthusiast buyers on average shop eight other categories. We’re leaning into this even more to drive growth so we don’t just get cross-category multiplier, but we also get a global buying multiplier. In addition to increasing the inventory options, our cross-border trade capabilities offer a seamless experience while making borders invisible to our buyers. Nearly 90% of enthusiast buyers have purchased from international sellers, and with our new payment functionality, faster shipment features, and forward deployment of inventory, it’s easier than ever to purchase across borders.

Now, let’s talk about another multiplier factor in the model, enthusiast buyers who sell. You’ve heard Jamie mention that our buyers who sell are more than twice as valuable. Right now, a quarter of our enthusiast buyers are selling on eBay. These are people who are embracing tradable assets, vintage fashion, or refurbished electronics. Cultivating buyers who sell is a big focus for growing our Gen-Z base.

These young enthusiasts are often flippers or traders. They shop electronics more than other eBay buyers, particularly refurbished, not only because of the value but also because they care about keeping items at a landfill. They sell and trade-out when their assets or trends change. With millions of Gen-Z buyers globally and an understanding of what they’ve purchased, we have the opportunity to encourage them to also sell on eBay.

I was recently listening to Gen-Zer during a customer feedback panel and this young woman was talking about being able to both buy and sell authentic concert t-shirts on eBay. She was thrilled because she was able to clean out her closet, sell her pre-left clothes, and earn enough money to fund different wardrobe pieces. Gen-Zer’s collect and trade just as much as the rest of our enthusiasts.
Lastly, let's talk about engagement and loyalty. Our seller strategy complements our buyer strategy, furthering the multiplier effect. Pete will share more about how we've completely overhauled our store's feature and now sellers can present offers directly to loyal buyers. This kind of engagement builds loyalty and community between buyers and sellers. Over time, we'll continue to build even more tools for sellers to drive repeat buyers similar to the buyer-specific promotions we now offer. This is pretty magical. eBay and the seller are working in tandem to build buyer loyalty.

Then things like our top star reward program for top enthusiasts, which Rob's going to talk about more in a minute, and adding an eBay digital wallet which will further build loyalty as sellers' monies will be waiting for them when they are ready to make a purchase. You'll hear from Julie about this exciting launch later today.

I've covered a lot of ground in the last few minutes. Collectively, these actions create a powerful multiplier model. It's worth repeating. Enthusiast buyers shop with eBay over 30 days a year and spend more than $3,000. We're nurturing and growing this incredibly important and productive customer base. We offer them unique and differentiated opportunities which in turn enable a number of levers that we can pull to drive growth and create strong engagement and loyalty, leading to an incredibly healthy long-term business.

When I joined eBay a year ago, I was really struck by the amazing passion that is running through the customer base. eBay is truly an enthusiast marketplace. These buyers are at the heart of our eBay community and the flywheel. eBay is a daily habit for them. Also, seeing firsthand the joy and energy of a card collector talk about grading or a vintage T-shirt collector describe what it was like to find that hard-to-find T-shirt has been incredibly eye-opening. It's really fun, inspiring, and it's no wonder that this energy powers our multiplier model.

The buyer strategy and focus categories are inherently connected. Incredibly, 94% of our enthusiast buyers shop in our focus categories. So, if we continue to get that right, the opportunities are endless.

Jordan and Rob are up next, and they're going to go deep into our game changing focus category.

Jordan Sweetnam

In our 26-year history, many things about eBay have been dramatically altered; the way the site looks, the functionality, and the way we pay. But one thing hasn't changed; eBay connects buyers and sellers, 147 million buyers and 17 million sellers all over the world. In every category, eBay was the original place for enthusiasts to come together. We catapulted the Beanie Babies Craze of the 90’s, created the secondary market for sneakers, and have auctioned an incredible 20 lunches with Warren Buffett to raise millions of dollars for charity. We are and will remain a community of enthusiasts.

For enthusiast shoppers, the bar has always been high. They want the best place to find everything and they'd be able to buy and sell with complete confidence. The number one driver of that is trust. It is the foundation of every transaction dating back to our beginnings. We stood for trust then as the first peer-to-peer marketplace and are doubling down on trust now.

While eBay's tech has made it easier than ever to shop and shipping enhancements have made it faster and cheaper to receive things, the innovations we're making when it comes to customer confidence are truly exciting. Delivering the most trusted experience does look slightly different category-by-category. So, to give you a sense of the spectrum, in sneakers, luxury and collectibles it's about the seal of authenticity. In parts and accessories, it's about the perfect fitment for your car, truck, or motorcycle. In heavy equipment and refurbished tech, it's about condition grading. We know this is eBay's to win.
Today, I'm going to tell you about the steps we've taken to evolve the business and where we're going next. Our playbook is threefold: number one, understand the customer and their needs; number 2, build experiences they will love and do it at scale; number 3, tell our story in new and different ways.

First, we focused on particular categories starting with the customer. With our roots in enthusiast shoppers, there was no doubt that if we set our sights on a particular target, we would be successful. However, we had to change the way we worked and started by hiring new leaders with deep expertise. We recruited entrepreneurs, CEOs, and enthusiasts to lead what we call our focus categories. These are experts who have grown up in these categories. They wake up each day with a clear focus and work with their dedicated teams to build businesses that delight our customers and develop them to scale.

So, what does scalability really mean? It means we build something for one category that can then be slightly tweaked and customized in order to easily expand that same offering to another category or even another country. Tech is the enabler here, the product, the infrastructure, and logistics. The goal was to determine what matters most to customers and for many of these categories, it was about nailing the fundamentals of trust.

We made our first big move 18 months ago and launched authenticity guarantee. eBay is an official program that uses industry experts to vet and verify inventory for both luxury watches and sneakers. Any watch over $2,000 or sneaker over $100 was automatically sent to our authentication center and inspected by an expert and then shipped on to the buyer. eBay was now taking control of the user experience and authenticating items that were high passion and high-value.

We were managing other parts of the experience as well. From payments and shipping to the communication between buyers and sellers. These are all things that eBay is now doing to ensure that every part of that transaction is trusted.

Why did we start with watches and sneakers? Well, we knew these shoppers wanted to know, above all else, that they were getting authentic inventory. These are fast-growing categories, younger audiences, and enthusiast customers who shop across eBay. This customer is key to eBay's success.

As you heard from Stef, the average enthusiast buyer shops across eight categories, creating what we call the eBay multiplier effect. When we serve these shoppers well in their passion category, they stay with us and spend elsewhere in other categories on eBay. Let me tell you a little bit more about how Authenticity Guarantee actually works.

As of today, eBay offers multi-point physical authentication inspection for items in four key categories: watches, sneakers, handbags, and our most recent addition is trading cards. After a high value item leave the seller's hands, but before reaching a buyer, they are sent to an authenticator who acts as an intermediary of the product's authenticity. For watches, our independent authentication partner confirms a watch's consistent with the listing title, description, and images. Then they perform a multi-point inspection that focuses on all the following: the crown, the bezel, the dial, the class and buckle, the hands, the end links, and the serial number.

As for sneakers, we recently acquired Sneaker Con, an industry-leading sneaker authentication service. The in-house team professionally trained authenticators verify the box and check everything from the sizing labels, the soles, the stitching, the logo, the heel tabs and the laces. They even inspect the condition of the box, which is really important to Sneaker heads (phon). Check out this video to see how it works.

Male Speaker
Yo, check it out. You want to know if the price of those wave runners is too good to be true? Or if iwearmykicks 49 is truly selling deadstock, or if that Jordan 1 Royal box is original? eBay checks. See that little blue checkmark? Behind it is a team of independent authenticators who check, and we mean everything. Every tonne, check. Every toe box, check. Every corner of every box, check, check, check, check, check. Every logo, every label, every lace loop. Yes, it's checked. The luster of the leather, the topography on the tags to the straightness of the stitching on the sole. Everything you can see and even some things you can’t.

Female Speaker

Really?

Male Speaker

Really?

Male Speaker

Then they tag them, log them in the system, box them up and ship them out with no cost for the buyer or seller. eBay checks. So, the moment you open that box is as real as real gets.

Jordan Sweetnam

We handle nearly 5,000 items per day with the help of 200 plus incredible authenticators in centers around the world. Since introducing Authenticity Guarantee, we have authenticated more than 2 million items in four categories. In the next 24 months, we expect to surpass 5 million items, more than any other player will have done in their lifetime.

Is it working? The answer is yes. Trust is the most important element and solving it moves customer satisfaction, also known as CSAT. Compared to Q4, 2019, CSAT has risen significantly and high-value buyers are up. We're seeing happy customers spending more across the site, and they're coming back more often.

Why does this matter? An increase in CSAT moves GMV. In both sneakers and watches, we were losing share and our business was performing below markets. What do we do? We applied our playbook, we fixed CSAT, and we turned the business around for higher repeat rates and increased customer acquisition. You can see in these charts how we changed the trajectory. Now in categories where we've enhanced experience, our growth rate is outpacing the rest of the platform by 15 points. This is significant.

Tech has played a major role in our transformation. For sneakers, NFC enabled tags are attached to each shoe before being shipped to the buyer. These tags are high-tech digital records with authentication information that let customers discover the history of the item, when it was purchased, when it was authenticated, and all the relevant details like size and average price. What's awesome for customers, is that when they're ready to sell down the road, they can simply hold up their phone, scan the tag with the eBay app, and it opens up a pre-populated listing that is almost as simple as a single click.

Last year, we also introduced enhanced 3D tools. This allows sellers to display their items on our site in a really interactive, high-definition 3D view. They're able to see the item from all angles, just like a store owner could hold it up for a buyer in real life. The amazing zoom functionality lets you study every crease, smudge, or detail. We built this feature after talking to our top sellers and what we've heard is that,
especially for pre-owned high passionate items, like a one-of-a-kind Gucci handbag, they wanted a better way to show the exact details of their unique products.

Even the best 2D images can't deliver a wow moment like this. It's perfect for the unique inventory on eBay, and it gives buyers the confidence to make these high-value purchases.

I am now going to hand over to Rob, who will share how the strategy is scaling to other categories and other countries.

**Rob Hattrell**

Hi. I am Rob Hattrell, I’m the Senior Vice President of eBay in Europe.

In the U.K, a sneaker is a trainer but an enthusiast is still an enthusiast. eBay is a global marketplace and the strategy is the same regardless of continent or country. Sure the U.S. is a larger footprint, but what we activate there is applicable across the world. Once the foundation is ready, we're able to move quickly to multiple countries and categories, but I want to double-click on scale.

Since the beginning, our strategy was always about how we would scale. It wasn't enough to change a tiny fraction of the site. With each new category, with each new country, it gets easier and faster as we become more efficient. It took us five and a half months to launch authentication for watches, but then only five weeks to launch sneakers.

We've expanded to four categories across five countries since the 2020 debut, and we've kept up the pace. In fact, on average, we add a new country or category every eight weeks. We're seeing tremendous growth with international buyers. We will authenticate 200% more items in international markets year and year, and that rate is accelerating. It's crazy to think that we went from zero to 2 million items in just two years and we aren't slowing down.

We just walked you through our playbook for what we did to evolve the business. Understand our customer and their needs, build experiences they would love of scale, and tell our story. Knowing and delivering what customers want is crucial, but what we also need to do is find new ways to help them realize we're very different at eBay.

On this front, we are engaging with them and telling our story in totally new ways. More and more we're going to where our audiences connect, discover, and influence. This includes pioneering a TikTok experience, investing in Twitter, and establishing communities like eBay Seller Club on Instagram. We even took authentication on the road, setting up mobile authentication centers in top markets, allowing us to introduce the community to authentication and work with top athletes, musicians, and social media influencers who shared passions in these categories.

Did you know that Miami Heat, PJ Tucker is one of our biggest buyers? He's a legend within the sneaker community, and often promotes eBay by telling his fans why he shops with us. Once people get to know the real eBay, and what we have to offer, they're our biggest advocates. One thing we know about enthusiasts, both buyers and sellers, is they love to tell their story, whether a latest purchase or that unique item on their wish list. That's why we've created a new loyalty program, called Top Star, specifically for these buyers who want to share their eBay experiences.

This has been really effective in categories like sneakers where tens of thousands of people have asked to become more involved. We've tripled new buyers and they're spending more. We're deepening our connection with enthusiast communities and this doesn't happen by accident. Instead, we market to them differently and engaging with the right voices and the right mix of influences.
We're excited about the results to date, but where do we go next? The two largest categories on eBay are parsing accessories and collectibles. Here's how we're going to take the playbook there starting with P&A. In a nutshell, P&A is an enthusiast category at scale. There are more than 40 million P&A buyers worldwide, shopping our marketplace with half a billion live listings. This is a large and established business where eBay's already a leader.

In this category, it all comes down to confidence, confidence in quality, confidence in value, and most importantly, confidence the buyers will receive the exact item they need and that we perfect fit for their vehicle. Despite short-term energy challenges in the overall industry, our supply continues to grow as more sellers are attracted every day to the scale of our marketplace.

In P&A, the inventory is deep and we have the right data. What's important to buyers is finding the right parts for their vehicle that will enhance their experience of owning it. But that's complicated. There are three million different types of cars, trucks, and motorcycles on the road. Each contains around 25,000 parts. Many of those parts are unique where only one product expertly designed and manufactured would do the job. eBay solves this buyer and seller problem with our fitment and finder's experience.

We've integrated the best of market data with our own technology and proprietary eBay data. That means tens of thousands of buyers are able to get their exact rockpile from a cross-section of our sellers. On any given day, a customer in the U. K. might buy an original hood emblem from a seller in Canada for their Vintage Roadster made in Germany.

We'll continue to expand. One out of every three eBay shoppers buys parts and accessories as an explosion in growth in new and emerging areas of vehicles; green parts, electrical vehicle parts, boat parts and parts for quad bikes. More customers when their part is stolen from home or near their home, they want to be able to book online for a trusted experience. We will build on our base of buyers and sellers enabling to get their part and then also we'll help with the installation.

In short, our business is amazing in the U.S. and unstoppable in Europe. We're the number one online marketplace of parts and accessories in the U.K. and Germany. We have unmatched scale and a vibrant community. This is just the beginning for us in P&A.

Now I'm going to hand it back to Jordan, but first, he's is an ad spot from our new P&A marketing campaign that brings out story to life for our enthusiasts.

Male Speaker

When I need a place I can trust, I go to eBay Motors. They have all the right parts, at the right prices. Whether I'm on two wheels, four wheels, or no wheels. Let's ride.

Jordan Sweetnam

Thanks, Rob. Let's talk about another amazing category where eBay is a leader; trading cards and collectibles. There has been exponential growth both here in the U.S and around the world. Cards and collectibles have surged over the last three years and this is not a fad. Within cards and collectibles, you'll find enthusiast buyers who sell and sellers who buy, almost like a continuous loop. It represents the next generation of customers.

Often, they're moving from cards and collectibles as a hobby to investing in collectibles and NFTs as an entirely new asset class. The core enthusiasts and collectors are our foundation. But through new tech
capabilities and greater confidence, this audience is continuing to expand. These categories include high-value items and we're breaking new records all the time.

In fact, just last month, we sold a Tom Brady Rookie card for an incredible $2.3 million the day after he announced his retirement. Let's take a look at this video. It lays out where we are today, where we're going next quarter, and what we expect the next three years could look like on this category.

Female Speaker

On the news at 5, dust off your old trading cards. They might be worth something.

Male Speaker

How much is LeBron?

Male Speaker

Buying.

Male Speaker

Sold.

Female Speaker

You know what? It's my birthday.

Male Speaker

Sold?

Male Speaker

Yes.

Female Speaker


Male Speaker

I got an incredible LeBron James card. Don't get left out.

Female Speaker

Let's go.

Jordan Sweetnam

You just saw an unprecedented suite of offerings. I'd like to spend a few minutes talking about something that will be a game-changer for us. Today, we are announcing The Vault, which we'll launch in the U.S.
next quarter. This will be a 31,000 square foot secure storage facility and digital marketplace for trading
cards, collectibles and with the future expansion to luxury goods.

First, The Vault provides peace of mind for our customers. They know their valuables are secure and can
manage their portfolios digitally. Here's where things get really exciting.

Once an item is in The Vault, instant sale becomes a new reality. Ownership can transfer from a seller to
a buyer in a matter of seconds. There is actually no need to reauthenticate and there's no need to ship
the item anywhere. I know a lot of collectors who will gladly leave their items safely in The Vault for years.
But one of the things that I get really excited about is what this means for enthusiasts and investors who
could actually buy and sell the hottest rookie cards based on how plays are unfolding during a game. In
fact, with no shipping, you could actually buy and sell instantly multiple times based upon the winning
plays in the final moments of a tight game.

Keeping inventory within our ecosystem represents significant GMV and revenue upside. With no shifting
or transaction risk, when items trade within The Vault, the cost for even on these transactions is a fraction
of a traditional sale. The Vault is the intersection of physical and digital and is the future for collectors.
Within a few years, we expect our vaults will hold up to $3 billion in assets. This would make it one of the
largest stores of non-governmental assets in the world.

Then there's live commerce. In a category like cars, can you imagine the advantages for buyers and
sellers? For example, a hobby shop owner could spend half an hour talking to viewers through his rare
inventory. Then enthusiasts 5,000 miles away who is looking to complete her collection, could buy the
exact things she wants with the seal of authenticity. The Vault will allow us to do cool new things and one
example of that is fractionalization. For example, someone can sell 20 shares of their Jordan rookie cards
from The Vault. eBay's the connector, in this case, matching a seller with multiple buyers. This is all a
natural evolution as we see enthusiasts investing differently in cards, collectibles, and NFTs becoming
their own asset class. Eighteen months ago, this all would have been unimaginable.

Everything has built to this. We established the right teams with deep expertise and the best product
experiences. We spent a year-and-a-half demonstrating how eBay has built a more trusted marketplace.
Now, collectible enthusiasts are turning to eBay to price, manage, and store their high-value collections,
all with complete confidence. By the end of 2024, half of each dollar spent on eBay will be in one of these
focused categories where we are wowing our customers. By now, you can hopefully envision where we're
heading. We started with sneakers, watches, and handbags, are expanding into cards, collectibles, and
parts and accessories and there are many more exciting categories to come. For enthusiasts everywhere,
we're nailing the fundamentals of our trust strategy and then innovating to meet and exceed customer
expectations. These communities are vibrant on eBay and we will over serve them.

Though the current focus categories might not touch on every seller's business or inventory, it reinforces
eBay as a trusted marketplace and helps drive new business and consumer loyalty. We know that
delivering in these enthusiast categories has an incredible impact site-wide. In fact, two-thirds of their
spend comes outside of their passion category. This is a very different eBay. We aren't just leaning into
the best of our marketplace, we're going faster and getting even sharper to delight our customers.

We've changed the way we work and are taking bolder moves than ever before. When the record-setting
results happen, it means our strategy is sound, smart, and durable. It also means that as these particular
committees thrive on eBay, buyers are engaging with other sellers across the entire marketplace and
that's the key. eBay has a remarkable combination of inventory breadth and community. Our platform
goes beyond reviews and brings together people who are passionate about their interests. They get
information from one another and they want to share their expertise. No other marketplace can deliver
that kind of community at our scale.
Male Speaker

I love wheels, colorful wheels, glossy wheels, two-piece wheels, blackout wheels, lux wheels, exotic wheels, gold wheels, strong wheels, flashy wheels, steering wheels, this wheel, this wheel, big wheel, bigger wheel, mini wheels, massive wheels. No matter what wheel I'm feeling, eBay Motors has the right parts at the right prices. That's right.

Male Speaker

We've sold dolls to Japan, we've sold (inaudible) to Australia, we've sold t-shirts to the U.K. We've sold all over the world.

Male Speaker

We've sold to Fiji, Australia, New Zealand, Africa, South America, Central America, places that I've never heard of and I was a pretty good geography student.

Male Speaker

If it wasn't for eBay, I wouldn't be where I am today. Now, I am living the American dream.

Pete Thompson

Hi, everyone. It's great to be here with you today.

So far, you've heard from Stef, Rob, and Jordan. They've told you how we are re-centering our focus on our most valuable buyers. We're creating experiences that attract enthusiasts and we're pivoting our strategy to areas where we can win.

Now let's talk about our sellers, and let's look at how we empower them as part of this strategy.

We partner together. When our sellers succeed, we all succeed, so we want our technology to enable our sellers to reach these enthusiasts, and to do so at scale. eBay is the only online marketplace where someone can open their virtual store and immediately access millions of buyers around the world across enthusiast communities in all categories. Sellers can build their own brand through our global marketplace and robust technology. Whatever their size and their needs, eBay enables them to succeed through flexible services and tools.

How are we doing this? We're making it simpler for sellers to onboard inventory. We're removing transactional friction for both buyers and sellers and we're enabling sellers to build their brand so they can create lasting relationships with enthusiast buyers. It's a win-win for all of our customers. Whether it's trading cards, vintage handbags, or cool tech toys, whatever people's passions, they come to eBay to buy it and to sell it.

We know that the average household has thousands of dollars worth of goods lying around their home. Our consumer sellers often start out by selling these pre-owned items. Regina Michelle is a great example. An avid thrifter. She had closets full of vintage fashion so she put some on eBay, and that started her passion for selling. In addition to her day job, she's now turned her hobby into extra income and she hopes one day to sell on eBay full-time.
Our shoppers want to find an endless rich supply of goods at their fingertips and our mix of sellers is key to providing that inventory across all categories and conditions. We're making it simpler for sellers like Regina to get their inventory onto the marketplace and making those items available to buyers around the world.

We're excited to announce that we'll be rolling out a brand-new way to list across all platforms. We call it our unified listing experience. It's built on a completely modern tech stack. We're using AI to ease the hard work so sellers can focus on selling. We have an enormous amount of data. Our new listing flow leverages that data to take the guesswork out of the process. Sellers are excited about our new features.

We're providing robust guidance in the unified listing tool. Sellers can see the average price of what they're selling on our marketplace and they're just one click away from seeing recent sales trends and insights to help them perfectly price their items. Sellers can also get information that simplifies shipping with automated defaults and shipping recommendations based on their specific items.

Soon everyone who is on our new listing tool can upload videos in their listings so sellers can truly bring their product descriptions to life. Imagine a P&A seller showing how to install a windshield wiper, a musician showing the full range and sound of their instrument, a fashion seller showing the movement of a dress. This is a game-changer, and it's all designed for sellers to maximize their time and profit.

We're already seeing the benefits for business sellers using our new listing tool. Listing time is now cut by 30% and this modern tech stack allows us to innovate more quickly with the ability to customize the selling experience in each category.

In 2021, we built a new capability backed by computer vision where sellers can use their phone to magically recognize their item, and then automatically pre-fill a listing, and now I'm thrilled to share that we'll bring this experience to life for sneakers. Also, using computer vision and text recognition. It's another brand-new capability we're about to launch. Sellers just simply scan a shoe label and the listing information is automatically filled in. It's straightforward and quick and we look forward to expanding this to more focused categories in the future.

We've brought together a world-class AI team with a world-class library of billions of images and items to create an incredible experience. This is the power of eBay.

For sellers, we know the experiences we build need to be smooth and frictionless. So, we've started introducing new features and tools to make sure this happens. As Jamie mentioned, in 2021, we implemented new transaction flows and policies to address unpaid items. Today, we've effectively eliminated unpaid items on fixed-price transactions. Now that we're fully migrated to our managed payments platform, we'll make similar improvements to our Best Offer format. This will ensure that sellers are paid immediately.

We also use community connections to make the seller experience more seamless. When new sellers want help, they can turn to mentors within the seller community for advice and in the past year, we've created new tools that help sellers get up and running faster. We've created an interactive service that allows them to get advice from more experienced sellers.

As these new sellers scale, they absolutely love the encouragement and guidance they get from real expert sellers across areas like shipping multiple offers and time away settings, and it helps to accelerate and empower their growth within eBay.

We've realized that smoothing the way forward must include making all of our seller supply available to buyers around the world. Our enthusiasts span the globe so our sellers must be able to meet them with
ease. We want Regina to just as seamlessly sell a vintage jumpsuit from her home in Alabama to someone in Japan or Australia, as she does to a buyer in California. Our global shipping program already streamlines cross-border trade, making international shipping as straightforward as domestic shipping for sellers.

Later this year, we'll start to significantly expand the global shipping program. We'll remove the complexities of taxes, duties, international claims and returns for even more of our sellers inventory. It will further open opportunities for sellers so they can ship hassle-free around the world while we make sure the details are taken care of. Buyers around the world, they'll get access to significantly more inventory. We're unlocking new demand within our cross-border trade business.

eBay's unique in our ability to connect sellers directly with buyers around items of meaning and passion and we empower people around the world to develop their own styles, brands, and customer communities. To help our sellers create a loyal customer base and strengthen brand awareness, we completely overhauled eBay stores over the past year. This was part of our tech-led re-imagination to modernize the tech stack supporting our marketplace.

We also increased the entry points across the site to direct buyers to these storefronts. This builds trust and deepens connections between sellers and buyers. Sellers like Kimberly and Matthew Miller, who you're seeing in this video, they can tell their story. They can talk about why their products had meaning and they can build relationships with their customers. They 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, and they can merchandise their own storefront, sending offers and coupons to interested buyers.

These capabilities are really working for sellers. Over six million buyers made purchases with seller-initiated coupons since we launched this offering. Stores are attracting our top buyers. Buyers who visited a store have a 20% higher repeat purchase rate with that same seller than those who didn't. Later, you'll hear from Alex about new ways will make it easier for sellers to promote their stores.

Another way we're building community is by launching a new messaging platform this spring, where sellers can communicate directly with buyers. We'll phase out our decade-old email-based platform, and in its place, we'll introduce a modern chat experience with integrated functionality. Sellers will now be able to easily track multiple message threads with buyers. They will see links to the specific items in question, and overtime, they can streamline activities such as offers, refunds or shipping information straight from the messaging platform, all while continuing to build connections with buyers.

We expect over 1.5 billion messages will be sent this year alone. Unlike other transactional marketplaces at eBay, sellers can build brands and communicate directly with their customers to develop long-term relationships. Each seller has their own story to tell, so we're offering new ways for sellers to showcase their brand and the products they sell, and to enrich their engagement with buyers and to build the following: items will have video, stores will have video, and as you've heard from Jordan and Rob, we'll be piloting live commerce on eBay soon.

They say a picture is worth a thousand words. Now we can take that one step further with video and live streaming. We can have live case breaks for trading cards, we can have shop-alongs with influencers and we can raise auctions to the next level. We're putting these dynamic tools in the hands of our seller community, and we're thrilled to see where they will take them.

Through these actions, we're enabling all of our sellers everywhere to grow and thrive on our platform. You heard Stef talk about our multiplier effect providers, while for sellers we're trading that same effect through features that drive higher loyalty, build brand recognition, and power cross-border trade.
Only on eBay can an individual cell alongside a multi-million-dollar brand. Only on eBay, can a small business and a small town get immediate access to 147 million buyers across 190 markets around the world, and only on eBay will you find accidental entrepreneurs, the people who start by casually selling their hobbies, then turn that into a thriving business. No other marketplace delivers this kind of scale, reach, and community. This is why eBay is unique, powered by technology, made for people, open to everyone.

Alex Kazim

Well, thank you Pete.

Today, I'm so thrilled to share with you our progress and plans for the next phase in our advertising business. Our first-party ads business began just over six years ago with the launch of Promoted Listings, a way to increase sales for our sellers on eBay.

Fast-forward to today and our ads business already compares to some of the largest advertising companies in the world, and the success of Promoted Listings has allowed us to reduce our reliance on legacy third-party ads that take buyers off the site, while creating the foundation for an even larger business.

Now Promoted Listings was successful because it's the best advertising format for our small business sellers who drive half of our volume. Sellers like Luigi associates, who sells used designer sunglasses. While sellers like Luigi needed a way to increase sales, they also needed it to be easy given that they don't have many employees, and more importantly, they needed it to be low-risk as cash flow is critical for their business.

Promotive Listings fill these needs by automating buyer targeting, increasing their rank in search results and providing access to merchandising placements all over the site. What was really unique for marketplace advertising, we used a cost per action ad format that gave sellers control over their cash flow as they only paid the ad fees if the items sold successfully.

That meant that small businesses like Luigi's could finally manage both the cost and the complexity of advertising, and sellers have loved the future. In 2021, over 3 million sellers used Promoted Listings, and on average, these sellers saw a double-digit lift in their conversion rates versus non-promoted items, and this ad format alone led to over $800 million in revenue for eBay. Promoted Listings, now called Promoted Listing Standard, is a powerful feature, but it’s not all things to all people.

While small businesses need to closely manage their risk, large merchants are focused on increasing sales volume while having more control over their keyword targeting and their daily budgets, and they wanted to work similarly to the advertising they do on other channels. For these sellers, we created, Promoted Listings Advanced.

Advanced is a cost-per-click ad format where sellers bid on keywords that are relevant to their item. They can specify the maximum bid and daily budget, and the promoted item has first look at the top of search results, which is our most valuable real estate. We launched advanced last year as a beta product, and we're continuing to work closely with our sellers and third-party developers to create a truly great experience, and while it's still very early days, we're excited by what we're seeing.

Large sellers who adopted best practices are seeing a 45% lift in their daily sales, with some sellers seeing multiples of that. Let me now switch to consumer sellers. Consumer sellers, particularly those
using options, are looking for the easy button, but as important for their auctions is the need to have a known advertising costs given the unknown sale price of the item.

We saw this with Promoted Listings Express, which combines a one-click setup, automated product targeting, and a fixed fee upfront price, and even though we launched Express late last year, the early results look great. On average, sellers are seeing a 50% increase in clicks over a non-Promoted auction and close to a 20% increase in the number of bids, and that drives better price realization. We think Express is a feature that can truly turbo-charge the auction format.

While promoted listings are a great way to accelerate sales on the site, it can also accelerate sales by bringing new buyers to eBay. We've historically listed items into performance marketing channels to drive buyers for our sellers. These paid channels drive about 10% of eBay's traffic. Promoted listings allows us to be more aggressive in these channels by, for example, bidding higher for promoted laptops in Google product listing ads or paying a watch blog higher commissions for featuring a promoted penury.

The great news for our sellers is that there's no extra work. Everything is automated and they pay the same ad fee whether the buyer started out on-site or off-site. This is a win on multiple levels. Our promoted sellers are seeing a 50% increase in buyers coming from off-site to their eBay items. Our content partners benefit because they can earn more money by sending more traffic to eBay.

Finally, the economics for promoted items enables us to spin the performance marketing flywheel even faster. Now, of course, we're not stopping there. Over the next few quarters, you will see us continuously improve the ease of use and the underlying performance while we drive adoption.

Specifically for advanced, we'll continue to iterate on the Beta product with more automation. For example, which items to promote, AI models for relevance and performance, and tools like broad keyword match. For express, we're using AI to optimize price performance while adding reporting and end-products adoption drivers.

For off-site ads, we're building new capabilities that will give sellers more control over the amount of traffic that they can drive to their eBay items. I'm excited to announce that later this year, we'll be launching a new ad format to help promote our sellers' eBay stores.

Many of our larger sellers are focused on establishing their brand and driving repeat buyers. This new format will allow these sellers to drive traffic directly to their eBay store by targeting both keywords and products. It's really the first time our store sellers have had the opportunity to reach out to new buyers and we're excited to see how this grows their business.

We'll be launching a new format in the second half of this year, so stay tuned for more details. Taken together, we're building a more complete advertising product line that gives sellers more choice and control based on their size and needs.

Let me now switch to what we're evolving towards. Our growth won't happen overnight as it will take time to optimize our new features. That said, we're excited about what's ahead.

For advanced, over the next few years, we'll grow by expanding the slots in search and increasing the average cost per click-through seller demand. With our core standard format, we'll focus on smaller businesses and increased performance and the overall ad rate through algorithmic improvements.

For express, we'll drive adoption with auctions, particularly with consumer sellers where we see a lot of runway. With offsite ads, we'll expand our go-to-market efforts with affiliate partners, given the clearly better economics that they will see. Factoring in all of these levers, we believe we can double advertising
revenue from $1 billion in 2021 to $2 billion in 2025 and eventually achieve 3% of gross merchandise volume. That's effectively adding another billion-dollar-plus business to eBay.

But more than that, ads fundamentally drives greater sales for our sellers and that's why we help multiply eBay's growth. It's been a remarkable six years of promoted listings. We created one of the largest advertising businesses by focusing on driving success for our sellers.

Last year, we kicked off a new phase building out a more complete portfolio that meets the diverse needs of our marketplace. This year, we'll continue to build on that momentum by driving adoption for and continuously improving these new features. We're excited to see where this stage takes us and look forward to sharing more with you in the future.

Thank you. Now let me hand you over to Julie.

Julie Loeger

Thanks Alex.

Now, I want to talk to you about eBay payments, another very important area of growth and innovation.

Completing the payments migration was a huge milestone for the Company. From my extensive experience in financial services, I know for a fact, this is a remarkable achievement. It not only (inaudible) customer value through more choice and control, but also drove $2 billion in revenue. Because of the team's incredible efforts, we are now processing $85 billion in payments across 190 markets around the world.

We are also servicing over 17 million sellers on our platform. Today you will hear more about many new and exciting innovations that will fuel growth and improve seller and buyer experience. Having the entire seller and buyer payments (inaudible) on our platform is already helping us create a more streamlined experience. It's generating value for both our customers and for us.

For example, customers like Sherry Smith told us how eBay's new payment experience streamlined her operations and boosted sales. Let's take a listen.

Female Speaker

When I think about the 13 years that I've been selling on eBay, for me it's an extension of having a thriving life. I feel very fortunate. I can work from home, I can be with my family, work with my dog, and have a flexible schedule. When eBay told me about managed payment, I wanted to do it right away. My customers can pay with Apple Pay, Google Pay, credit cards, debit cards, gift cards, PayPal. Any way that they want to pay, they can pay.

Having eBay makes our automatic payout is much better for me because I don't have to make the transfers, it's seamless, my cash flow is there and it's not another account for me to track. With managed payments at the end of the year, it saved me a week of accounting and time and everything to me. It's time that I could be with my nieces and nephews. It's everything.

Julie Loeger

The video is proof of how our new payments experience simplifies running an online business. Sellers like Sherry can now manage operations all in one place. As Pete mentioned earlier, it also is removing friction of unpaid items. At the same time all this magic is happening, we're generating revenue on every sale.
But what's even more exciting is where we're headed. It's all about innovating on behalf of our customers to fuel growth, efficiency, and revenue.

Let me share more about what's next starting with our buyers. For buyers, we know they want to use their preferred method of payment. It must be relevant for their country, currency and their cart sites. Today we offer buyers of variety of payment options. These include credit and debit, as well as Apple Pay, Google Pay, and PayPal. In Australia, Afterpay has been a huge success for us. Customers love the convenience of buy now, pay later options, particularly Gen Z who use Afterpay twice as much as other age groups.

This year, we're working to expand our payment options even further. For the first time, we will offer two of the top payment methods in Germany; Klarna invoice and financing. With this addition, we will appeal to the majority of the German e-commerce market. Klarna and Afterpay are just the beginning. We'll be announcing more payment methods soon to position eBay as a go-to shopping destination for the next-generation of new and existing buyers.

Starting in Q2, we'll also extend buyers a choice of currency options so they can take advantage of eBay's cross-border presence. They will be able to shop in the currency of their choice. It's one of the many ways we are taking friction out of the buying experience.

Another way we are improving the experience for buyers is by offering additional choices for high ASP transactions. For the first time, we will offer buyers with larger carts, more payment solutions like wire transfers and split payments. We're building trust and credibility with each sale and letting customers know eBay is standing behind them.

For instance, take the customer that bought a four-carat emerald cut diamond engagement ring for over $23,000 last month or the shopper who snagged a bundle of Oculus VR headsets for 90,000, or even the collector that found a rare set of vintage Hot Wheels for 4,000. These types of purchases are happening every day on our platform and all these customers will soon have even more payment options to choose from.

Servicing high ASP transactions offers greater buyer protection and security through a check out experience that begins and ends at eBay, ultimately empowering the customer with more choice, convenience, and confidence. We're also building on this strong foundation to give our sellers more flexibility and control as well. Let me tell you more about what's ahead for them.

As Jamie mentioned, we're launching our first digital wallet this year. For the millions of sellers who want to use their proceeds from a sale to fund their next eBay purchase, eBay's wallet is going to be a game-changer. With our digital wallet, earnings will be available almost immediately. Because the majority of our global sellers also shop with us, we see huge opportunity. It's a convenient way to allows sellers to use their funds to purchase their next wishlist item or even pay for their selling expenses. The eBay wallet helps us nurture and grow customers that both buy and sell. We're also fueling continued loyalty by putting sales proceeds right back into the platform.

Another way we will give sellers more flexibility and control is around payouts. This month, we will be offering on-demand or scheduled payouts, including options for monthly, bi-weekly, weekly, or daily. Later this year, sellers in a rush will have the option to send available funds directly to their debit card within 30 minutes for a fee. It's all about making sure sellers can get access to their payouts how and when they want it.

We are not stopping there. Now, that we are processing $85 billion in payments across 147 million active buyers, we will double down and use our data and scale to expand our financial services partnerships. Starting in Q2, we will begin offering sellers working capital that will be integrated within the eBay
experience. They will have access to the capital they need, and in certain markets, will be able to pay it back from earnings from their sales. It reduces friction and makes accessing and managing credit seamless. We will also have the opportunity to offer ways to protect businesses such as insurance products that help small and medium-sized businesses thrive. All of this gives our sellers seamless access to resources within our platform. It's a one-stop-shop to create, build, and grow their businesses.

There's even more opportunity as we build deeper relationships that add value for both our customers and for eBay. The Chase Freedom quarterly 5% cash-back program is a great example. Our collaboration, which launched in Q1, gives us broad reach that helps us increase top-of-funnel awareness. Over the coming quarters, you will see more opportunities like this that boost consideration with new customers and deepen engagement with existing buyers.

We're also looking on ways to enabled pay with rewards on our platform. This would allow customers to pay for eBay purchases with their credit card rewards, another valuable payment option for customers that also increases buyers-spend and loyalty on eBay. It's all about helping our communities of sellers and buyers not just survive, but thrive. We want to be there every step of the way to meet their financial needs and do it in a way that is uniquely eBay, never losing sight of our goal to create economic opportunity for all.

Supporting and building our community of buyers and sellers is at the heart of who we are as a Company. We built one of the largest payment platforms in the world, processing $85 billion in payment. That's larger than the GDP of more than 100 countries.

So, what does this all add up to? We are using our scale and reach to expand our services and partner ecosystem to enable even more innovation and growth. We'll see incremental revenue as we deliver faster payout options, service high ASP transactions in new ways, and offer a choice of currency. At the same time, we will drive efficiency gains through eBay's first, digital wallet, adding new payout providers and other cost optimization. These examples highlight just a few of the ways we're using eBay's payments platform to unlock value.

Over the next three years, we expect to deliver nearly $300 million in incremental revenue, along with cost efficiencies that will help fund our other growth initiatives. We will continue to put our customers at the heart of everything we do as we drive growth, innovation, and revenue for eBay and for our millions of sellers and buyers around the world.

Joe Billante

This is Joe Billante. Welcome to the first of two live Q&A segments. We're coming to you from our headquarters in San Jose.

With us now are all the speakers you heard from this morning. As a reminder, you may submit questions using the Q&A box on the right side of your screen. Let's begin.

The first question comes from Miguel Arunion (phon) from Wedbush Securities. The pace of authentication growth has been great to see. Investors often want to understand the pace of scale, the investments around it, and what is required to build it out to the rest of the categories and geographies, as well as the timeline to get there. Can you share more color around that?

Jamie Iannone

Maybe I'll turn that over to Rob who leads our European business. Rob, do you want to take that one?
Rob Hattrell

Yes. Cool, Jamie.

I think the answer to your question is really this is about accelerating our execution. When we started out with sneakers, it took us just over five months to get sneakers launched and we followed that up fairly quickly afterwards five weeks with the next roll-out. Since then, we're getting faster and faster and faster in terms our execution. We're now on average about eight weeks, you either get to a category or the individual country.

The acceleration is because we're getting better and better operationally. We work as a global organization. That allows us to get to scale fast and understand customers on a global basis. The key for that though really is about how we use that technology, and I think Pete, maybe you can comment on how you think about the technology solution.

Pete Thompson

Yes, thanks Rob.

This is a great example of our tech lead re-imagination that we started over 18 months ago. We're doing things differently now at eBay. We're actually competing vertically as Jordan talked about but we're building horizontally and we're doing things at scale. We think about multiple focus categories as we're building this service platforms so that once we get through one, we can quickly increase our velocity and go to others. That's what Rob talked about, every eight weeks going to a new focused category or a new country. This is exciting. Customers are starting to see it, they're feeling it. This is the velocity that's just going to keep getting better and better.

Joe Billante

Our next question comes from Ross Sandler at Barclays.

Do you have any data from back in the day when PayPal was under the same roof about how much GMV comes from saving funds in the digital wallet? How big of an opportunity could this new wallet be in terms of driving buyer GMV?

Jamie Iannone

Thanks, Ross, for that question. I'll turn that over to Julie who leads our payments initiatives. Julie do you want to take that?

Julie Loeger

Yes, sure. Thanks Jamie.

We're really excited about our first eBay wallet launching in '22. I will have to say it is obviously early days, it hasn't even launched. But following that seller need about being able to access a cash balance in their wallet and then being able to buy things on the platform as well as cover their seller costs could be a huge win for us and obviously for our sellers. We'll continue to innovate on behalf of our customers and we're really super excited about being able to launch this new first eBay cash wallet in second-quarter.

Joe Billante
Our next question comes from Shweta Khajuria at Evercore. It's a two-part question.

First, how should we think about normalized buyer growth over the long-term post-optimizing for high-value buyers?

Second, what will be the key drivers in your marketing channels to do that? Thank you.

Jamie Iannone

Stef, do you want to take that one?

Stefanie Jay

Yes, sure.

We see a lot of opportunity to grow this incredibly important base, as we've talked about. This is a really productive base and the enthusiasts, as we've talked about, are 71% of our GMV. We'd really expect this group and this spend to grow in line with our overall GMV for the next three years. We're going to grow them both in count and in spend. As Jordan and Rob talked about, part of our focus categories strategies around growing CSAT, which then also drives GMV, so there's a lot of inter-connectivity between there. Enthusiast buyers right now are higher in count than pre-pandemic and we've seen continued growth.

You will see some COVID lapping potentially over the next couple of quarters and maybe some movement between mid-value and high value, but as that settles through, I think we'll have really solid growth over the next three years. There's a lot of levers to drive that growth as we talked about from a multiplier standpoint, whether that be cross category or selling or different pieces like that, and so we see a lot from there continuing to drive that growth here.

Rob Hattrell

Our next question comes from Eric Sheridan at Goldman Sachs. It's a two-part question.

First, in thinking about the Vault, do you imagine such an initiative bringing new buyers to eBay that are digital or fractional ownership first in their mindset? How far afield do you imagine the categories that could adopt such an approach to ownership?

Second, of what was announced today, how should we think about the level of innovation that still must be built and/or what is ready for wider deployment and scaling in the near to medium-term?

Jamie Iannone

I'm really excited for the Vault and how it blends physical and digital. Jordan, maybe you want to talk about some of the answers to these questions?

Jordan Sweetnam

Awesome. Thanks, Jamie.

The Vault is amazing because once a card is physically involved, you can instantly buy and sell to other people without ever actually physically changing hands, and so that puts eBay in a position now to have digital exchange of goods. From there, you're only a short step away to thinking about expanding that into NFTs and a fractional ownership.
As you’ve seen from those categories, they are just increasing the total addressable population for collectors. Collectors of all kinds of asset classes, whether that be sports cards, digital moments, or even art pieces from our incredible software representing artist community. As we think about launching Vault, we think it’s going to increase the number of customers that come onto the platform, both the current shoppers, but also next-generation customers for our platform.

I don’t know Pete, do you want to take the second part?

Pete Thompson

Yes, sure. Again, this is really about our tech wide re-imagination. When we started on this journey, our pace was too slow, we had a lot of technical debt, we were working in silos, we’ve worked past all of that. I’m really happy with the pace we’re on and it’s continuing to accelerate. Just as an example, 18 months ago when we would do our mobile app, we would deploy new updates every month on a monthly basis. Over time, we got to weekly and now we can do daily deployments.

That's just a microcosm across the entire sight of how we're moving faster and bringing better quality, so I feel great about the ability to add these new features now. Again, everybody will start seeing this and feeling the difference with eBay, with our modern design, and our modern code that's going to be able to really bring us forward and do not just in a small innovation, but really big innovation that's going to delight our customers.

Jamie Iannone

Some of the things you saw in the video that Jordan shared, some are coming soon, like the actual Vaulting ability store there. Others are things that we're going to work on in the future. Things like fractionalization will become as we built our Vault capabilities. As Jordan likes to say, it opens up a world of possibilities for what eBay can do and it's exciting for us.

Rob Hattrell

Our next question comes from a number of listeners today on the webcast that have asked the same question. Many people want to know, when will eBay accept crypto as a form of payment?

Jamie Iannone

We don't currently accept crypto as a form of payment, but we're continuing to look at new forms of payment to add now that we've got the roll-out of Global Payments complete. I'm excited for the announcement today, an important new payment form in our German market.

Julie, maybe you want to talk about the new forms of payment?

Julie Loeger

Sure. We're announcing today that Klarna in Germany will be partnering with us to offer both financing and invoicing in the German market. We're really excited to partner with them. They are a great brand, great partner, and we're very excited to have that launch in Q2.

Jamie Iannone
That's exciting. It's a very important form of payment for our German business and excited to see that come live this year.

**Rob Hattrell**

Our next question comes from Richard Kramer with Arete Research.

For all the talk about communities, when is eBay going to have some form of in-house social commerce option? Secondly, what are you doing to fix the antiquated messaging system?

**Jamie Iannone**

Thank you for the question.

Hopefully, this question came before we showed the new member-to-member messaging system, because I'm really excited by it. I agree with you, Richard. It's a very antiquated system today, but I've been playing with the closed beta of the member-to-member messaging system, and it is fantastic, so much easier to use. It's a chat like interface and it's so relevant.

Pete, you want to talk about that and maybe some of the things we're doing in social.

**Pete Thompson**

Sure. Let me just give you a few examples. First of all, on the messaging, the ability for people to just be able to talk back and forth and take action in that chat service, that's going to be revolutionary for where eBay has been. We're really listening to our seller's feedback.

One feature that we're going to be adding shortly is the ability to have a flag for the sellers to see that it's a repeat buyer when they're having a conversation, and they can click right on that flag and they can see all the items that that buyer had purchased in the past. These are going to be the tools you typically try to give the customer service reps. We're now giving them to our sellers, and it's just exciting to see how this is going to drive the communication.

Our unified listening experience is another great example. We're making it very seamless and easy to be able to post your listing in your store's link off eBay social networks to be able to have broader advertising and broader visibility of what our sellers are doing. That's another great example.

Then finally, live commerce, so excited it's just taking off in terms of Asia of how shopping is being done, and we want to bring that experience to our sellers and our buyers, especially with this engaged community that we have. We think it's going to be really interesting to give the tools to sellers and see where they take it.

**Joe Billante**

Our next question comes from Moussed Squali at Truist.

You increased your final value fees collected from sellers in March, and you also ended high-value seller fee discounts in the U.K. Can you please speak to merchants’ reception of both so far and any impact on the business?

**Jamie Iannone**
Yes Rob, maybe you can take that one.

Rob Hattrell

Yes.

Youssef, what we did back in March is actually just remove the high-value cellophane discounts. In the U.K it's a relatively small number sellers by count of the overall U.K seller base. At the same time actually, we also reduced cellophanes in a number of different categories, different—a number of different price points to try and stimulate supply and seller engagement yet further.

This is part of us constantly adjusting the business, but what we're trying to do is always provide a fair and balanced playing field for all our sellers to compete on the platform for our buyers, and thus this is us just continuing to work on a regular basis part of our operations.

In terms of impact on the business, all within everything we expected and no negative reactions so far so we're pleased continuing with the work we're doing.

Joe Billante

Our next question comes from Angola Rooney (phon) at Wedbush.

On the strategy to turn buyers into sellers and vice versa, how is the volume of sellers right now on eBay relative to the amount of inventory needed to accelerate GMV? In other words, do you have a shortage of sellers or inventory? Whereby bringing on more sellers can help drive better GMV growth.

Jamie Iannone

Yes. Let me start with that and then I'll turn it over to Pete. Eighteen months ago, when I laid out the tech led re-imagination, one of the key elements was being the seller platform of choice. It's why you've seen us do innovations in eBay stores. It's why we worked on member-to-member communications that Pete just talked about. It's why we allowed sellers to do couponing directly to repeat buyers.

But on the consumer side, we've really been focused on how do we make this incredibly easy to list on the platform? We'd like to talk about, during a TV commercial or commercial while you're streaming a show, how can you actually get a product up on eBay that fast?

A lot of the innovations that you're seeing on the platform are things like the computer vision that we showed in the video today where you can just scan the label of the sneaker and we'll pre-populate everything there, really not even needing to use the keyboard on your phone when you go to list an item on eBay. That's the vision, and that's going to be a constant march to just make it extremely easy to sell on eBay.

We really haven't talked before today about the unified listing experience that we've been working on for quite some time. But the whole vision for that product was to make it much easier for sellers, both consumer sellers and business sellers to list on the site and to unify our technology platforms so that we could innovate with more speed. We've put a number of features in that product to make it faster to list.

Pete, maybe you want to talk about the price guidance or some of the other features we put in the unified listing experience.

Pete Thompson
Sure. Let me go a little deeper on it.

Again, the unified listing experience is all about maniacally taking friction out of the experience. Remember that treasure trove of data that we have, bringing that and bringing the intelligence to our sellers to be able to have a better experience and be able to grow their businesses faster. Just a couple of examples of things sellers have asked us to do that we're bringing with this new experience. One is photo guidance, being able to tell people exactly what kind of photos that they should have in there.

As Jamie mentioned, another one is priced guidance. I'm really excited about this one because, at the click of a finger, sellers can see other comps or comparables of other listings of what they've sold for, all the data showing that so that they can really figure out—regardless of their cost basis, they can figure out what's the perfect price to be able to sell it at. We are giving them all kinds of data and analysis to be able to help them on that path. That's something our sellers have been asking us for.

**Jamie Iannone**

Yes. It's been a key pain point, and so we're making it much easier there. The team has made shipping a whole lot easier with what we've done is shipping partnerships around the globe and making that easier to use in the product. We talked today a little bit about making international shipping easier for our sellers, too. All of these features come back to that original premise of being the seller platform of choice and that's going to be a continued journey for us over the next couple of years, I'm excited by what we've got in the works.

**Joe Billante**

Our next question comes from Brian Fitzgerald at Wells Fargo. It's a two-part question. First, Jamie talked about extending the playbook to 50% of GMV. Could you talk about extensibility beyond that 50%? Second, how much GMV is outside of non-new in-season, either newer commodity, where maybe you don't have as much differentiation? Is that GMV declining? Any color or dynamics there?

**Jamie Iannone**

Yes. First, I'll start with the non-new in-season and then the categories, and I'll let Jordan or Rob chime in too. When you look at the TAM market that we have in non-new in-season and in new in-season, non-new in-season is actually growing faster, and it's a massive opportunity as we're 90% of the inventory that we have since today. So, incredibly important for us. That is strategically where we're headed across the board, category by category.

I'd separate that a little bit from our focus categories strategy, which is really about vertical by vertical, building the best customer satisfaction that we can. GMV follows, buyer and seller follows, that playbook is working. It's worked for our first 20% and we feel great about getting it to 50% over the next couple of years.

Jordan, maybe you want to add in as the person who's been leading the charge on our strategy.

**Jordan Sweetnam**

I think you nailed it, Jamie.

The playbook is what do customers need, and most categories trust the number one driver. How do we build solutions to that and do it at scale and get to other categories and get to other countries like Europe.
and around the world, and how do we get out there and tell our story? The first 50% is where we started. There's clear and obvious opportunity for us to go and differentiate there. But the playbook can go beyond the 50%.

The best part though is even while we're on the journey, as you may have seen in my earlier presentation, where we're building these new experiences and delighting customers, seaside is going up, there's shopping more in these categories. But as Stef talked about in her session, the eBay Multiplier Effect, they're shopping in other categories. Even outside the 50% they're not touching this first phase, those categories will see growth as a result of these happier customers.

Male Speaker

Our next question comes from Dan Salmon at BMO Capital Markets.

What is your baseline expectation for growth of retail media advertising? Said another way, if eBay doubles the ad business over the next four years, will it be a share winner versus competitors, and would you look at M&A to accelerate your offsite business?

Jamie Iannone

Yes. Maybe I'll turn that over to Alex who leads our advertising business.

Alex Kazim

Thanks, and thanks, Daniel.

It's interesting because we actually don't think about the competition. We're really focused on delivering a really great advertising experience for our sellers and we can see that in the numbers. We've been able to grow promoted listings from zero to over $800 million in revenue, in six-plus years. That's really what we're looking forward to. We're looking forward to building the next billion dollars in business.

As far as the M&A goes, we're always going to look at inorganic options as a way to accelerate our strategy, but we have no plans right now.

Male Speaker

One moment while we queue up the next question.

We have another investor question. Between the various initiatives highlighted across advertising, standard, advanced, offsite, etc., what do you expect to be the most impactful in driving an incremental billion dollars in ad revenue by 2025? What assumptions are you making on underlying marketplace growth to get there? Can advertising grow even if GMV faces challenges? Thank you.

Jamie Iannone

Alex, do you want to take that one too?

Alex Kazim

Sure.
I think that from our standpoint, the promoted listing standard format, which is our core format, like I just said, was over $800 million in revenue. We think there's actually quite a bit of runway to continue to optimize that format and grow that, and it will continue to be the lion's share of the business in the near future. For the new formats, advanced, express and offsite, these are all really new and is very early days, but we're really excited by the early results we're seeing.

Jamie Iannone

Yes. Just to summarize, yes, we do plan to have advertising outpace GMV. We've talked about that for a while, and we continue to see that opportunity in the future. As Alex talks about, the three new products that we launched this year, I think are strategically right. When you look at the mix of sellers that we have, the mix of formats, it allows us to go after incremental advertising opportunities. The one that we talked about today as a new format also gives stores, sellers, just more capabilities.

Jamie Iannone

So, it does take time for them to learn to adapt these for us to optimize them, but strategically, we think these are the right new products for us to drive that level of growth.

Joe Billante

Our next question comes from James Lee at Mizuho.

Can you give us more color on your plans to upgrade motors, parts, and accessories? What's the GMV contribution of this category, and which verticals do you see the most opportunity to upgrade going forward? How about your core verticals such as home and garden, electronics, and apparel? How are you going to upgrade those?

Jamie Iannone

Yes, who wants to take that? Rob, do you want to take that?

Rob Hattrell

I'll just remind you from the previous things I was talking about. I mean, our P&A business is already a huge business. That scale has got enthusiast buyers, nearly 40 million buyers, already shopping on eBay. We are number one in the U.K., we're number one in Germany, and we're a really strong second here in the U.S. This is an enormous business scaled with enthusiast buyers already in it.

In terms of overall contribution, that business is in excess of over $10 billion of GMV on annual basis, and we will continue to invest in it. The real themes of that investment are all on these lines. The fundamental challenge with parts and accessories as a consumer is there are around about three million cars on the road or about 25,000 parts in every single car and when you are coming shopping for a part, you specifically want that unique part which fits your vehicle, and you're trying to find that under the whole range of choices from original parts through to used which you're trying to navigate.

Because of our experience in the category and the history of it and the data we've built up and our ability to combine that with market-leading data and our technology, we're able to help that buyer find that specific item that he or she is looking for that moment in time. That gives us an enormous advantage competitively and differentially against any of our competitors in this sector. What we're going to do is basically start to apply that not only in the motors specifically cars, but also then you can start to extend it
into other vehicles, green parts, boats, and the likes. There's plenty of other sort of motorized vehicles we can extend that logic to.

The other dimension that we will continue to expand on is many customers now seek and want the ability to be partnered up with someone who can help with the installation. So, we'll start to connect and work with other parties who can help buyers get installation services.

The second part of the question is really about how do we take that beyond. I think John covered it earlier, particularly in his presentation about how we continue to take this playbook onwards into home and garden, electronics and refurb, and ultimately into clothing. It's always the same principle, is what we're trying to do is always we understand what our customer needs, we then build brilliant experiences which are anchored on improving trust. Then we'll find the trust to unlock in each of those categories, and then we tell our story in a different way. We know that playbook is repeatable, and we've continued to work across all of these different categories as we extend into the rest of the business.

**Joe Billante**

Thank you.

Our next question comes from Justin Post with Bank of America. How are you thinking about the sustainability of growth in categories that have been improved after the initial uptick?

**Jamie Iannone**

Yes, we've seen some great results there. Justin, thanks for the question. Maybe Jordan, you want to take that?

**Jordan Sweetnam**

Yes, in all honesty, it's been very exciting for us and it seems somewhat simple. But when you build experiences that customers love, they come and shop, and when they are delighted, you saw in some of the videos the unboxing experience and seeing the sneakers with the NFC tag on it, that that experience is now being replicated across sneakers, watches, handbags.

We recently launched trading cards and customers have experiences they love, they shop again and they tell their friends, and so we have seen the growth rate to be sustainable as we have laid out in our multiyear plan. We think the growth rate in these focus categories will be at or above market, which is pretty exciting.

**Joe Billante**

Okay. Our next question comes from Tom Champion at Piper Sandler. It's a two-part question. The first part is, I'd be curious to hear more about the experience of sellers with video. The second question is about the 19 million enthusiast buyer opportunity. It's very impressive. Just curious how this has trended over time and the opportunity to grow this segment.

**Jamie Iannone**

Yes, let me start and then Pete can jump in on the video.

I'm incredibly excited for what video means to eBay. When I look at the experiences that sellers are putting out there leveraging video, it's a real game changer. If you think about an eBay store able to tell
their story of how they source their products or in the video we show a custom jewelry seller and how they make their jewelry, it really brings their brand to life. That's one of the unique value propositions of eBay is, as a seller, you can really bring your brand to life and build a community of repeat buyers. That's the first part that's really compelling.

On the item level, it's a real game changer across-the-board. You think about what Rob was talking about with parts and accessories and the ability to see how is this installed or where does this product go? Is there an actual great fit? You think about musical instruments. I bought an oboe on the site about a year ago for my daughter. Fabulous experience with the seller. But God, it would've been really nice to actually hear the instrument live. You can think about people showing off apparel in different ways. I think it's a real game changer. It's really appealing for our Gen Z audience to have that video capability on the site and we're actually putting it in some of our new tools.

You want to talk about it, Pete?

Pete Thompson

Yes, sure.

Likewise, I think this is going to transform the experience. When I first got here and talked to sellers, they all would ask me, why can't we put video into our listings, into our stores? It makes a ton of sense. We have this breadth and depth of inventory, and as Jamie mentioned, it's a way to really bring things to life. Not only that, Jordan talked about trust.

One of the things that I'm personally really excited about with video is by being able to use video with the listings, with stores, with the 3D partnership we're doing with Unity, all of this is a way to be able to make sure sellers are able to convey what it is they're selling and buyers can really see before they transact what it is that they're going to get. That's a game-changer.

As I mentioned in my part, we're putting it into listings and that's going really well. We've just started to roll out the unified listing experience and we're seeing good uptake across different videos. Obviously, adding videos for large sellers is easy, they already have them. In small sellers, we're making it super simple for them with tools to be able to create their own videos, and then we moderate everything before it goes live to make sure that we're keeping a safe, trusted environment. You will see that with stores, you'll see it with listings, and then you'll see video brought into our live commerce pilot. Excited about all these.

Jamie Iannone

Tom, to your question on enthusiast buyers and how has that trended over time, I just ask you to hold in for the next segment because Steve is actually going to detail that out. What I'd say briefly is that, because during the COVID and pandemic period, we had a lot of mid-value buyers move to high-value buyers. We'll see that come down a bit as we lap because that's a 12-month metric.

But as Stef said, the whole premise of the eBay multiplier effect is really being able to take the tools that we have and leverage to grow our enthusiast buyers over time. Enthusiast buyers driving 71% are really critical to the health of the business. We can come back to that in the second Q&A, but hopefully we'll get that answered for you.

Joe Billante

Our next question comes from John Colantuoni, at Jefferies.
You're planning to launch a number of payment services like consumer and merchant credit and buy now, pay later. Can you give us a sense for the size of the term for each of these services you'll be launching? Also, what capabilities are you building to assess credit for the end-user of these services?

Jamie Iannone

Yes, thanks for the question. We learned a lot launching Afterpay in Australia.

Julie, maybe you want to take that question.

Julie Loeger

Sure. Exactly.

Afterpay in Australia has been a great success for us, particularly with Gen Zers. It's a huge opportunity for them to decide on choice and control over how they want to pay. It won't stop there. Obviously, as I just mentioned, our Klarna partnership is another great opportunity for us to offer choice in the form of payment in Germany and our partnership with Klarna is another example.

Then as it relates to buyer and seller financing, that's something that we're very focused on in the financial services space. In creating partnerships, we'll have an upcoming announcement in the next few months. As it relates to seller financing and working capital, again, offering the ability to do everything on our platform to eliminate friction and to really be customer-focused, and to serve our customers the best way possible.

Joe Billante

We have time for one more question in this session. The last question comes from Deepak Mathivanan at Wolfe Research. Do you see any M&A opportunities to accelerate many initiatives that you have highlighted so far? Can you talk about what can help accelerate these efforts?

Jamie Iannone

Yes. M&A has been and will continue to be a key tenant of our capital allocation policy, specifically where we think we can accelerate something that we're doing in an asset-like way that makes a lot of sense for the business.

The two recent ones that I would point you to, Jordan talked about how trust is such a game-changer for the focus category initiatives that we have. Doing the relationship with Sneaker Con and that acquisition was really important to us. They have authentication centers in five different countries. If you look at just what's happened in our sneakers business with the growth charts that we shared, you'll see what a game-changer this was for the business.

Another example of that was the investment with bidadoo in our business and industrial space, also bringing trust in those categories. We'll continue to look for those opportunities and we always look at build-buy-partner. In some cases, it's an acquisition. In some cases, like Adient or what we announced today with Klarna, it's a partnership. In other cases, like a lot of the computer vision work that Pete's team has done, it's a build scenario. We'll continue to use this build-buy-partner framework to make sure we're moving the strategy forward as fast as we can.

Joe Billante
Thank you. This concludes the first Q&A segment. We will now pause for a 10-minute break. Please enjoy the video.

Female Speaker

We’re Chicks with Kicks, sisters and owners of one of the world’s largest sneaker collections. Our dad’s obsession with sneakers rubbed off on us pretty quickly.

Female Speaker

A lot of times because we were on a sports team, we liked to go all out on our basketball shoes, soccer cleats, whatever it may have been.

Female Speaker

We always say it's like an art form. We saw him talk about each piece of the sneaker and different materials and who made it and where it came from.

Female Speaker

We slowly became collectors ourselves just by seeing how much history is behind each pair.

Female Speaker

Growing up, this was always a private thing. It wasn't until we decided to bring it to Instagram that it kind of became this public thing.

Female Speaker

It quickly went from Airforce Ones to every single brand and every single shoe and shoe memorabilia and sneakers were just everywhere.

Female Speaker

We decided to sell our sneakers with eBay because it made the most sense. It was the most authentic to our process and how our collection started, that was really the inception of my dad's love for sneakers. To do this full circle and offer people the same opportunity and feeling that we had, it just didn't make sense to sell them anywhere else.

We are interested in sneakers with a back story, so anything that can never be duplicated. Gaze made basketball shoes many years ago. This was a pair that they had made for Dr. J. The iconic College Dropout Reebok set was made with made pre-Yeezy. They were custom-made exclusively for Kanye West. One of the most fair pairs is a Mark Smith Laser Airforce made for Sandy Bodecker.

I think sneaker collecting can be addicting because there is always that one pair that you're seeking out. When you finally get that box in your hand, it's an indescribable feeling. You finally are at the finish line. You're opening that box, and it's just an aha, "Oh, thank God" moment.

Female Speaker

For the first time ever, you can shop our sneaker collection exclusively on eBay.
Female Speaker

We knew that it could be given a second life, why don't we try eBay? For us it was like, "Oh my God, that's a fantastic idea."

Female Speaker

(Spanish Spoken).

Male Speaker

Without eBay, I realistically would have never been able to fund this charity and make such an impact in the community.

Female Speaker

I thought that was interesting, that you could take stuff, take technology, and create this amazing output. That began the journey of the non-profit. I became a direct seller for eBay for charity for that very reason.

Steve Priest

Good morning, good afternoon, and good evening.

Thanks again for joining us. I'm delighted you've had the opportunity to meet our incredible leadership team over the course of the day. I'm looking forward to outlining how the strategic initiatives they have shared will translate into our financial outlook for the next few years.

I'll begin with why eBay is so well-positioned to execute the ambitious plans you just heard about. We operate an asset-light business with a highly-engaged community at its core. We have this sophisticated technology to reduce transactional friction and facilitate trust between sellers and buyers.

As a third-party marketplace, we do not compete with our sellers. In fact, we frequently leverage our scale for the benefit of our community. Whether it's reducing payments costs for sellers, providing discounts with shipping rates, or ensuring authenticity for high-value transactions, our scale creates value for customers. The scale of eBay is truly unique in the world of e-commerce. We connect 147 million active buyers with 17 million sellers, making us one of the world's largest commerce platforms. eBay is globally recognized brand and facilitates transactions across 190 markets with our largest being the U.S, the U.K, and Germany.

Cross-border trade represents one in five transactions, as our global seller base provides the inventory that buyers cannot always get in their home country. The eBay marketplaces where scale demand meets scale supply, driven by a highly engaged community. Every week, more than 60 million people use eBay, and they visit us on average more than 10 times each. The vast majority of visitors navigate directly to the eBay mobile app or website, while only 10% of our traffic comes from paid marketing channels.

When we do drive buyers to eBay, it's typically at a lower-cost due to the wide range of inventory that we offer. eBay customers comprise 1.5 billion listings from sellers of all types, from large enterprises to small businesses, to everyday consumers.

The products they list are incredibly diverse ranging from luxury items like a vintage Rolex to a refurbished Dyson, or a missing piece from a child's favorite board day. eBay's extensive selection of items is a key reason why so many shoppers visit us so frequently.
The breadth of scale categories on eBay sets us apart from our competitors, particularly vertical marketplaces. Our top 5 categories include motors parts and accessories, electronics, collectibles, home and garden, and fashion. All five of these categories individually generate over $10 billion in annual GMV.

To put this in perspective, eBay's annual volume is larger than the combined GMV of all of the competitors on the slide in front of you.

Any single one of our top five categories compares favorably to most of these companies with our longest tenured player in the non-new-in-season market and our scale provides us with a unique advantage. Our marketplace not only has scale, but it drives an incredibly durable financial model with best-in-class operating margins. Due to low capital intensity, most of our operating profit converts directly into free cash flow. Our resulting balance sheet strength puts eBay in an enviable position, to both invest in our core business and deliver meaningful capital returns to shareholders.

As attractive as our scale, business model, and balance sheet are in their own light, a key differentiator for eBay is how we draw sustainability. The impact that eBay has on the environment and the communities we support is of paramount importance to us. Not only do we have ambitious environmental targets to reduce our impact on the planet, but driving a circular economy directly affects our business performance.

As one of the world's largest commerce platforms, we have a responsibility to help mitigate the impact of climate change. We reached a major milestone in 2021 by achieving 100% carbon neutrality, for (inaudible) one and two emissions. We achieved this through a multi-year effort to reduce our carbon footprint, and source more of our energy from renewable sources.

Recommerce, or the selling of pre-owned goods, has been a foundational element of eBay's marketplace throughout its 26-year history. It's also one of the principal drivers of our sustainability efforts. During 2021, in the electronics and the power categories alone, we estimate re-commerce on eBay led to 540,000 metric tons of avoided CO2 emissions in the U.S., the U.K., and Canada. Recommerce not only supports a healthier planet, selling used goods can be a source of economic empowerment for household seeking additional income.

According to a study we commissioned 18 months ago, the average U.S. household has nearly $4,000 worth of goods that could be resold on eBay. During the pandemic, recommerce emerged as a lifeline for countless households to mitigate their financial challenges and to make ends meet. A tremendous scale, best-in-class margins, relentless focus on supporting the environment, and long track of record of success, make eBay one of the world's most trusted and sustainable marketplaces. These foundational elements, combined with a renewed strategy, make me incredibly excited about the outlook for the years ahead.

As it has been several years since our last investor day, I'd like to take a step back and look at some pre-pandemic trends in our business. Starting in late 2015, our business strategy focused on branded new in-season products. Volume grew modestly for a couple of years, but our operating income remained relatively flat. In 2018, the Company expanded site-wide marketing promotions that drove short-term GMV, but those investments did not lead to sustainable growth.

By 2019, our GMV was declining 2%. This was in part due to a one-point headwind related to the rollout of internet sales tax in the U.S., and we (inaudible) 4% that year. While volume is declining, active buyers was still growing. While we shifted marketing from site-wide promotions to low ASP coupons, it drove a significant number of low value buyers to the platform, but this approach did not cater to enthusiasts and
it failed to generate sustainable volume or operating income gains. As we entered 2020, our full-year outlook assumed GMV will decline yet another 2%.

Then of course, the pandemic hit. It reduced consumer mobility and dramatically accelerated our growth. That summer we took steps to transform our strategy and laid out the vision for tech led re-imagination of eBay. This strategy has led to clear improvements in our underlying health. Excluding macro impacts during the pandemic, our GMV has been growing up modestly positive ways. In addition to improvements in volume growth, we have executed several other changes that drove substantial value. Our advertising business doubled in size over the past four years eclipsing $1 billion in 2021.

Perhaps more importantly, the composition of our ad revenue was transformed over this period as we modernized our product portfolio. When I look back to 2017, over 85% of our advertising revenue was generated by third-party display ads to send traffic off eBay. Last year, more than 80% of our ad business came from first-party promoted listings, which keeps traffic on eBay, enables sellers to get an exposure, and delivers a better customer experience. Nearly all of our promoted listings revenue last year came from a single product.

However, our recent portfolio expansion taps into incremental budgets from a broader group of sellers, which should drive ad revenue growth ahead of GMV for the years to come. In addition to incremental revenue, advertising delivers growth and healthy margins, which creates investment capacity to help fund our strategic initiatives.

Another transformational change we delivered was payments. We have built our own in-house payments platform to control the full end-to-end customer experience. The results exceeded the ambitious targets we set out to achieve as we migrated customers to the new platform in just 18 months. Buyers were given more options to pay, most sellers saw their fees lowered, and transactional friction was reduced. Financially, we reached our annual run rate targets of $2 billion in revenue and $500 million in incremental operating profit by the end of 2021.

Additionally, warrants acquired in connection with our (inaudible) partnership have created over a billion dollars in value for shareholders today. The payments transition was a huge success for eBay and has enabled new growth opportunities in financial services, which Julie outlined earlier.

We have realized tremendous value by simplifying our portfolio. Since the beginning of 2020, we have completed the disposition of StubHub, Classifieds, and our South Korean business. But closing, these deals were worth over $20 billion in aggregate, representing a multiple of over 28 times non-GAAP operating income.

Based on ‘22 consensus, this valuation is roughly three times higher than our current multiple on an EV to up income basis. In the past two years, as Jamie mentioned, we have more than replaced the foregone income from these divestitures. Our portfolio simplification also benefited the Company in other important ways. It allowed us to focus on our core business and it improved our already best-in-class margin profile by 300 basis points.

Our approach to capital allocation has remained consistent over time. We continue to evaluate both organic and inorganic investments using the billed-by-partner framework. We first prioritize investments to drive organic growth, then evaluate opportunities to supplement it with disciplined investments and acquisitions.

Over the last few years, we have strengthened our marketplace through each pillar of this framework. We’re building numerous services in-house including our advertising stack and computer vision technology, and the Vault that you heard about from Jordan earlier today. We’ve partnered with
(inaudible) and Payoneer to enhance our payments infrastructure, and teamed up with Unity to deliver our impressive 3D TrueView for sneakers. We strategically invested in Vinity to enhance our business and industrial capabilities and we acquired Sneaker Con to enhance our authentication technology and throughput.

After funding our growth strategy, we have consistently returned excess capital to shareholders through dividends and opportunistic buybacks. We've repurchased over $5 billion of shares in each of the last three years, including roughly $7 billion in 2021. After instituting a quarterly dividend in 2019, we have raised it by double-digit percentages in each of the last three years. As e-commerce tailwinds, for mobility abate, it's clear that our Company is a much stronger position now than when we entered the pandemic.

Our focus category is returning to market rates of growth due to improved customer satisfaction rates. Our high-value buyers, particularly enthusiast buyers have grown over the last two years and continue to spend more. Innovations in managed payments in advertising have alleviated friction and helped sellers grow their businesses. We're nearly two years into a tad like re-imagination, (inaudible) for eBay, back on the growth trajectory, one we believe we can sustain over the long term.

Earlier I discussed the intrinsic qualities that make e-Bay well-positioned for success in e-commerce. We see numerous pieces of evidence indicating our strategy is a winning one.

The first key point that gives us confidence is the market we operate in. We estimate our total addressable market, or TAM, in online retail across our three largest markets alone, amounted to $1.1 trillion in 2021. This TAM estimate incorporates both B2C and C2C transactions, but exclude categories like grocery that eBay does not participate in. Our TAM is projected to grow at an 8% CAGR to $1.4 trillion by 2024. Roughly two thirds of that growth is estimated to come from non-new in-season categories by close to 90% of eBay GMV occurs.

Non-new in-season categories are expected to grow from $575 billion to $750 billion over the next three years. This is 50% faster than branded new in-season over the same period. In short, we just squarely focused on the largest and fastest-growing part of our market.

Our expanding TAM provides tailwinds from our focused categories, which have demonstrated really encouraging early proof points. As Jordan Rob noted earlier, we rolled out our fantastic guarantee in luxury categories like sneakers and watches and handbags. We subsequently saw customer satisfaction rates dramatically improve and accelerated GMV growth has followed. We went from consistent market share losses in recent years to seeing these categories return to stable double-digit annualized growth.

Our sneakers category is a great example of the impact that our innovation playbook can have. Years ago, we were the category leader in sneakers. However, between 2016 and 2019, sneakers over $100 declined at double-digit CAGR in the U.S.

Vertical competitors were taking our market share. That turned after we implemented a series of changes, including authenticity guarantee, pricing, marketing and significant improvements to the shopping experience. Our volume rebounded dramatically with GMV growing at a 70% CAGR over the past two years. We truly believe our innovation playbook can seemly bend the curve in other categories overtime.

Focused categories also drive cross-category shopping behavior, which serves as a multiplier effect for our business and increases overall spend per buyer. As you'll see on the slide, shoppers in our focused categories spend far more than an average eBay shopper and they do so across a broader range of products. Our shifting focus from total buyers to prioritizing high-value buyers is amplifying the underlying growth in our business. High-value buyers, particularly enthusiasts, are growing faster and they're spending more.
A Stef highlighted earlier, we have over 19 million enthusiast buyers who spend on average over $3,000 per year. This is rare territory for any e-commerce company. Our other buyer groups remain key sources of future eBay enthusiasts, and we will continue to invest in the features and levers to put them on that path.

As we look to the future, we understand the key questions that you, our investors and analysts have for us. What level of GMV growth (inaudible) drive over the long term? How much incremental revenue can ads and payments deliver? As we continue to invest in a business, how much can operating income grow and how are we approaching capital allocation in the current market environment? With those questions in mind, let's turn to where we're going as a Company.

Two weeks ago, we outlined the first-half, second-half dynamics we expect due in 2022. Our underlying growth picture should be clear in the second half when GMV turns positive and we plan to exit the year at 2% to 3% volume growth. The investments we're making should carry that momentum into 2023, when we expect GMV to go 3% to 4% year-over-year. We anticipate volume will accelerate further in 2024, with GMV growing approximately 5% year-over-year. At our level of scale, every point of year-over-year growth equates to nearly $1 billion of incremental economic activity.

Expansion of our innovation playbook underpins our growth outlook. We expect focused (inaudible) coverage will grow from 20% of GMV at the end of 2021 to approximately 50% of our volume by the end of 2024. In aggregate, these categories are expected to grow at double-digit rates in 2024, which will enable us to reach our multiyear growth targets with minimal contribution from other categories.

Revenues should continue to outprice GMV for the foreseeable future, driven by ads and payments. We expect revenue to grow between 0% and 3% year-over-year for constant currency in 2022, with faster growth during the second half of the year. That momentum should carry into 2023, with revenue growing 5% to 6% year-over-year or two points faster than volume. We anticipate revenue growth of approximately 7% to 8% in 2024 of roughly 2 to 3 points ahead of GMV. As Alex detailed earlier, we expect to roughly double our ads business to over $2 billion by 2025, representing a CAGR of nearly 20% over the next four years. This implies ads penetration eclipses 2% of GMV by 2024, while our team sees a path to reaching 3% or higher over the long term.

We expect manage payments to add $300 million in cumulative incremental revenue, independent of volume growth over the next three years. We continue to see additional opportunities for partnerships related to buyer and seller financing.

We'll also introduce services like an eBay wallet that can reduce purchase friction and further optimize our cost of payments. Our investments supporting focused categories are key to driving accelerating growth I just laid out. We expect investments in products and full funnel marketing to continue through 2024.

However, volume leverage and operational efficiency should lead to margin expansion beyond 2022. Following operating margins between 30% and 31% this year, we expect margins to expand by a total of 100 basis points across the following two years. This outlook implies operating income will grow our CAGR between 8% and 9% from 2020 to 2024.

In addition to investments fueled by volume leverage, we expect to reinvest approximately $300 million in cost savings through our structural cost program over the next three years. These savings will be fully reinvested into value-added growth initiatives. You should expect us to maintain a balanced and disciplined approach to capital allocation as our key tenets and targets remain unchanged. We will continue to evaluate opportunities to supplement our organic growth with disciplined acquisitions and investments.
We will continue to use the build by partner framework I discussed earlier as our blueprint. The approach not only enables us to execute our strategy, but will also drive long-term value for shareholders. Our growth and margin targets should yield roughly $7 billion in free cash flow over the next three years providing ample reserves for future capital returns. We plan to return approximately a 125% of our free cash flow to shareholders over the next three years through repurchases and dividends.

Turning to EPS. After mid-to-high single-digit growth in non-GAAP EPS this year, we anticipate EPS to grow approximately 10% year-over-year in 2023. We expect EPS to accelerate to mid-teens growth in 2024. This outlook implies roughly two-thirds of our EPS growth and '23 and '24 is driven through operating income expansion.

As I reflect on my first nine months at eBay, I've been truly inspired by the passion our employees have shown as they rallied around our common vision, building the eBay of the future through a tech-led reimagination. With an uncompromising focus on customer centricity, we're building trust between sellers and buyers, leveraging our scale to benefit the communities we serve, and accelerating the circular economy. In short, we're building the world's largest sustainable marketplace.

Our focus categories are already fueling growth and we are just getting started. We're moving faster, category by category, country by country, delivering innovative new shopping experiences through technology. We expect this transformation to accelerate eBay's revenue growth in the years ahead in line with a healthy growth in our trillion plus market opportunities.

Our fortress balance sheet from best in class margins provide the flexibility to invest in growth initiatives, generate consistently strong operating income and free cash flow, and increase total shareholder returns through repurchases and dividends.

This is our path to generating sustainable growth on long-term value for shareholders, while also supporting our people, our communities, and our planet.

I'd like to echo Jamie's comments from earlier today by thanking our incredible eBay teams for their relentless execution. They are truly the reason our tech-led re-imaginations has come to life. Their passion for sellers and buyers is creating a more vibrant eBay and economic opportunity for all.

With that, Jamie and I will answer your questions.

Joe, over to you.

Joe Billante

Thank you, Steve.

With us now are Jamie Iannone and Steve Priest for our final Q&A segment.

You may submit questions using the Q&A box on the right side of your screen. Let's begin. We've had a number of questions come in on the expected business impact of the ongoing situation in Ukraine. Jamie and Steve, could you address your views on the conflict and its expected impact?

Jamie Iannone

Yes, Steve, do you want to take that one?
Thank you, Jamie.

First of all, I’d just like to reflect on the atrocities that are happening in Ukraine and just say that all of us here at eBay stand by Ukraine as we go forward.

I think it's fair to say that with a couple of our significant European markets, we're seeing a little bit of softness as a result of the atrocities that are happening but it's not material. We put out guidance a couple of weeks ago earnings, and our Q1 and full-year guide for 2022 still remain intact.

Joe Billante

Thank you. Our next question comes from Colin Sebastian at Baird. Outside of the pandemic, eBay's core marketplace has lost share and struggled to grow for a number of years. What should give investors confidence that this dynamic is poised to change with near-market growth?

Jamie Iannone

You want to start?

Steve Priest

Yes, I'll pick that up. Thanks, Colin for the question. Good to hear from you. I think as I stand back, and I mentioned this in my prepared comments, thinking back to 2019, the whole year we were down minus 2, the business was shrinking. The exit rate in 29 (phon) was minus 4, and as we entered 2020 pre-pandemic, we're planning for another 2% deceleration in the business. What we have seen over the last 18 months has been transformational. We've launched into the focused categories, we've invested effectively and we've seen sustainable underlying growth in our business.

In fact, as we start to see the first relatively clean laughing perspective in the second half of 2022, we're seeing an exit rate or anticipating an exit rate of between 2% and 3% and you can see what our expectations are that we've laid out today for '23 and '24.

I'm really excited about the tech-led re-imagination and the transformation is having in the business just opposed with where we were before the pandemic.

Joe Billante

Our next question comes from Brian Fitzgerald at Wells Fargo.

It's been great to see how many buyers have responded to authentication. Could you talk about how that's improving seller confidence in the platform as well? Are there any learnings for items that maybe don't require authentication per se but where maybe the item value is such that a buyer or seller might want to have a third-party verifying what is sent and what is received?

Jamie Iannone

Yes. Sorry.

Steve Priest
Go ahead.

Jamie Iannone

Okay. Let me take that question. First on the authentication, yes, it's very powerful for sellers because they know how much the buyers are going to trust the product. That helps with their selling prices, it helps with bringing new buyers onto the platform. That's a real differentiator.

I've even talked to some really experienced sellers. We have a seller called Watch Fox, who is a very sophisticated watch seller, does amazing work authenticating their products themselves. But they say, buyers love what we're doing on our platform even though they're a well-established watch seller because that level of trust is just game-changing on the platform, so it's pretty significant.

To the question of how do we build trust with things that we don't authenticate? I would probably point to parts and accessories. Their trust is really about is this part going to fit in my vehicle, my boat, my RV, whatever it is, and that's why we're investing so much behind that.

The other thing I would point you to is maybe our refurbished products. We launched eBay Refurbished last year. Wonderful product. You can get like-new products for a 40% off what you would pay otherwise and it comes with a two-year warranty, 30-day hassle free returns, and eBay money-back guarantee. It's a like-new product at amazing value, wrapped with all of that trust. The last two laptops I bought for my family were actually Lenovo's, off of our certified refurbished. You really couldn't tell that they're not new products and I got them at a great value.

We've started expanding that program to what we call seller refurbished. We're starting in our mobile phone area, and what that is categories; when sellers have that level of trust and they've been pre-vetted and meet that criteria, we offer a warranty with those products as well. It's an example of in addition to authentication, us really building a game-changing level of trust across the platform. As Jordan mentioned earlier, it's so important to what we're doing in our focus categories strategy.

Joe Billante

Our next question comes from Eric Sheridan at Goldman Sachs.

Can you give greater level of clarity on the elements of the $300 million of incremental cost savings from current OpEx run rate levels.

Steve Priest

Hi, Eric. I think it's really important that we take some responsibility within the Company to help fuel and fund the growth that we've been seeing. When I stand back and think about watches and sneakers and handbags, the investments we have made have really fueled growth, and so at the same time that we're investing in our products, we're going to drive operational efficiency.

The $300 million that we're going to generate off the stretch with cost program over the next three years will really help us to fuel that growth and continue to drive the durability of our financial model while we continue to drive growth on the platform. It's going to be a really, really important focus for us and a really key ingredient of our financial model as we go forward.

Joe Billante

Our next question comes from Doug Anmuth of JPMorgan.
How should we think about the level of take rate going forward with managed payments now fully rolled out, and could you discuss some of the opportunities that can move take rate higher overtime?

Steve Priest

Thanks Doug. So, when I think about our take rate, we should think about or take rate being roughly about 12% today. You've heard from Julie and you've heard from Alex about some of the exciting opportunities we have going forward. Alex talked about ads business and how we're going to double it again over the next four years. You heard about some of the innovation that Julie talked about in payments and we're they're going to generate an incremental $300 million of payments over and through sort of 2024.

I'm really excited about those opportunities and obviously they will continue to go forward towards our take rate and not any (inaudible) to drive earnings growth for the enterprise.

Joe Billante

Our next question comes from Brian Fitzgerald at Wells Fargo.

You talked about the growth in pre-owned, particularly among younger buyers, and the sustainability push across the Company. Can you talk a little bit more about the sustainability vision and how that aligns with younger buyer cohorts? Anything you could tell us about your brand awareness and association with sustainability among younger users or growth in those younger cohorts?

Jamie Iannone

Yes. Look, eBay was really the pioneer of re-commerce back from starting with our original item, which was a broken laser pointer that Pierre sold 27 years ago. It's at the core of what we do is leaning into that opportunity. In fact, if you look at the strategic direction of where we're going with Non New In-Season, with pre-logged, with NminusOne fashion, with refurbished product, it leans right into what's so important to Gen Z and that's the sustainability angle. They look at it very different than how a boomer looked at it and that's what we're seeing in the experience.

We did a re-commerce report recently and what we found from that was that 32% of Gen Z actually started in the last year selling secondhand goods online and it's a trend that I think is only going to accelerate. We're doing a lot of things to lean into it. Specifically, categories like our focus categories and sneakers are bringing a lot of Gen Z and millennials into the platform.

I talked earlier about some of the new marketing that's vertical-specific that we're doing. Think about those TikTok campaigns, this is a very different eBay. Twelve billion views on TikTok, two million user-generated videos off of our latest campaign there. We're leveraging a new marketing capability with vertical-specific marketing, leaning into where the puck is going for our younger demographics, which is really around re-commerce and sustainability, and building a game changing experience.

Think the messaging piece that I talked about earlier, how it looks just like everything else that Gen Zs are using. I think the combination of those three is really important to continue to accelerate what we're doing with our younger cohorts.

Joe Billante

Our next question comes from Scott Devitt at Stifel.
Can you talk more about the Vault? Will this be where a product requiring authentication passes through before going to the buyer which I think you do versus via a third-party partner, as well as the storage facility for goods that can be authenticated and traded without physical possession? How much of the business do you think can be benefited or enhanced by this type of offering?

Jamie Iannone

Yes. Thanks for the question, Scott.

So look, we think this is an amazing new offering. Really unique and leans into a sweet spot which is eBay has always been the home for collectors and collectibles. To your specific question, yes. When a product comes into the Vault, it's actually going to be authenticated. This way we know when a future buyer buys it, maybe the third or fourth buyer, they know that that product has already been authenticated and it's the product that they're buying.

Because remember, they're not even going to touch or see the products by buying it once it's in the Vault. That storage gives a lot of capabilities. I mean you could think about just something happening during a football game or a basketball game and people wanting to trade cards. The Vault makes it what Jordan likes to call, instance sale, on the platform and it's pretty exciting and compelling.

There's some specialty vaults out there, but no one's doing what we're doing at this scale. When you talk about what's the opportunity, I think in Jordan's prepared speech upfront, he said, we could potentially have $3 billion in assets in the Vault. We know that there's a lot of consumer demand for this product, but once again, we'll launch it, we'll see, as we've done with everything, we'll iterate and pivot, listen to our sellers and buyers and make it the best experience we can.

Steve Priest

The only thing I would to Jamie also is when these assets are in the Vault, Jamie talked about their ability to trade. So really once these items are there, it really can drive some very really ASP items for us as we fuel the growth in these focus category. For me as we think forward is, again, the Vault is a key ingredient for the commerce that we are having at eBay, and that we're really leaning into these collectibles and these focus categories to fuel the future growth.

Jamie Iannone

It's a good point. Jordan talked about the $2.3 million Tom Brady car that's sold on the platform. Julie talked about other high ASP transactions. We do think it builds into that level an opportunity to trade even more expensive items on the platform.

Joe Billante

Our next question comes from Stephen Ju of Credit Suisse.

Can you share some details, please, into what inputs are going into the GMV growth outlook? Is this a bottoms-up build based on your expectations of buyers and sellers growth and anticipated transaction velocity, or is this a tops-down build based on your expanded TAM?

Steve Priest

I'll pick that up. Thank you, Stephen.
As I stand back, let's just start with 2022. We came out three weeks ago and talked about the guide for the year. As you would expect, we take a very thoughtful approach to when we are putting guidance out and a very balanced and disciplined approach to that. In terms of 2022, we made certain assumptions. We thought about mobility. Mobility is so stabilized over the last few quarters and we wouldn't expect that to be any different. As you think about macro trends, think about GDP growth, think about inflation, think about supply chain challenges. We expect those to continue to go through 2022 and then sort of moderate. The focus category growth is the key ingredient for us that is fueling the growth of the enterprise. We exited 2021 with 20% of our GMV getting in touch from focus categories (phon). We expect that to accelerate during 2022. We've took that length about P&A as we go forward.

Then as you think about '23 and '24, it's continuing with that playbook, it's going category by category, country by country, investing in the products, and really seeing a flywheel going forward. That's why we are so confident in our growth trajectory for 2023 and '24 and beyond. That's why we have that confidence about the 5% growth in 2024.

The final thing I would say is thinking about the TAM, the non-moving season TAM that we are very focused on. We see a great trajectory, and it's a great area for eBay to continue to play in as we drive the playbook going forward.

Joe Billante

Our next question comes from Tom Champion at Piper Sandler.

GMV sounds concentrated around four or five key categories. I'm just curious if there are any incremental verticals that look interesting. Also curious to what extent you're pursuing a global enthusiast buyer versus concentrating on the U.S., U.K., and Germany?

Jamie Iannone

Yes. Thanks for the questions. First off, when you look at the stuff that Stef talked about earlier with the eBay multiplier effect. When we have a buyer that we get to buy in a focus category and they become an enthusiast buyer, they buy in eight other categories on the site. That is a massive difference because you can actually get the global effect of them across a number of different verticals when we do that. Yes, we've talked about continuing to expand our efforts on focused categories, but in addition, there's that multiplier effect which really helps the overall platform. To the question on who we're targeting geographically, really everyone across the world. That's one of the unique benefits of eBay is our cross-border trade business.

As Steve talked about, one in five transactions are done between a buyer and seller in different countries. It's really important to these enthusiast buyers, because it just opens up so much more inventory across the globe for them to buy. We've opened up quarters for sneakers in terms of cross-border trade, and so people are buying across boundaries through our new focus category product. It's always been important to eBay. But what we're trying to do this year is actually make it even easier. We've launched this product called the global shipping product. We've got that live today.

When I've talked to some sellers, they're like, wow, that's a fantastic product because it allows me to shift to 190 different countries with these, because we take care of the hard work. This year, we're going to be investing more in programs that make export even easier for our sellers, leaning into the opportunity that we have in our cross-border transaction business. As Stef talked about it, it's the third rung of the eBay multiplier effect, after we get them to more categories, is exposed them and get them buying across eBay's global inventory.
Our next question comes from a buy-side investor.

Per the advertising model, I continue to see many ads when I search. It takes me off of eBay to another site. What percentage of ad revenues is via inventory that takes the user off the eBay site?

Jamie Iannone

I’ll start and then you can add in maybe.

One of the things I’m really proud of with our advertising program is how we’ve shifted it towards a 1P model. If I look back a couple of years, 85% of our advertising revenue was actually taking people off of eBay. Over time, we’ve actually changed that ratio so now 80% is our 1P business. An incredibly strong 1P business driving growth is great for the marketplace. A, it keeps our buyers on the platform, not driving them off of the platform.

But in addition, it gives our sellers more capabilities from low and drive velocity of their items, which is a healthy thing for the marketplace, and in terms of driving demand, giving them a great ROAS or return on ad spend, etc.

In addition, you think about the treasure trove of data that we have, right? Every search data, every watch data, who the customer is, what they’ve been browsing, and so that data and opening that up to our 1P business with things like merchandising modules, things like visually similar that we show today, will continue to be a great opportunity. I’m pleased with the shift and we’ll stay in the range of having the majority of our business in this healthy 1P advertising.

Steve Priest

The only thing I’d add to what Jamie has said is just how excited I am about ads in the future. Alex and the team have done a tremendous job over the last few years, not just pivoting from third party to first-party but continuing to drive sustainable growth in our ads business. I’m really excited about another doubling of that revenue over the next four years which is going to be tremendous contribution for our shareholders.

Joe Billante

Your outlook for $7 billion in free cash flow was below our estimate. Can you give us more color around your expectations for working capital and capital expenditures to help bridge the gap? Is the Vault a meaningful capital investment?

Steve Priest

Great question, John. I stand back and just reflect on how durable our financial model is. We have best-in-class margins, a fortress balance sheet and very high conversion of operating income to free cash flow. I think if you reflect back, John, over the last few years, and I understand the question about the $7 billion. We do have a situation where we’re lapping some working capital benefits that we saw as you rolled out the managed payments framework.
Secondly, we have some one-time items associated costs taxes as we go forward. But for me, the key element is this really durable financial model that we have going forward, and just the sheer level of a free cash flow that we'll be generating over the next few years.

In terms of the second question, with regard to the Vault, it's not a meaningful capital investment for us as eBay. We put our CapEx guide, it's very much in line with previous years, and it's obviously implied in our guide, as we've gone forward to '22 and beyond, so really excited about the Vault, how it's going to transform our collectibles business and really taking forward for the future.

Joe Billante

Our next question comes from Doug Anmuth of JPMorgan.

GMV growth is accelerating to 5% in 2024. Should we think about 5% as a stable growth rate beyond '24 or is there a path to further acceleration in GMV beyond '24?

Steve Priest

Hi, Doug, I will tell you that one.

I'm really excited by the growth. As I mentioned in my prepared comments and obviously from the question we had earlier. We have seen accelerating unsustainable growth as we've gone through the last few years and continue to have growth aspirations as we got through '24. I'm not going to get ahead of myself. We've very clearly laid out for our investors a three-year plan today in terms of our expectations really as a reflection of the strategy we embarked upon and the success of the tailored re-imagination. I'm looking forward to us executing and driving significant value for shareholders in the year ahead.

Joe Billante

Our next question comes from Seth Sigman at Guggenheim.

Can you elaborate on the acquisition versus build strategy specifically in the context of expanding the focus categories to 50%?

Jamie Iannone

Yes. I would say we use a billed-by-partner framework across the board when we look at opportunities. Like I mentioned earlier, there's a lot of cases where the build is the best option and the fastest option for us to do so. I talked about our hundreds of AI and data scientists that we have at the Company, who are building these game-changing level experiences.

At the same time, we want to be a better partner to other companies. We talked about (inaudible) today, we've talked about (inaudible) in the past. We've talked about Afterpay in Australia. Those cases where people can bring a capability to us is great and we want to do more of those partnerships. Julie mentioned the chase 5% cash-back program that we had running to help drive traffic back at a lot of impressions to bringing traffic to eBay.

Then finally on the buy scenario, I mentioned a couple of ones that we've done with Sneaker Con and in our investment in (inaudible). We'll continue to look at all three of those as we have in the past and move forward with whatever we think helps accelerate the strategy and get us to that vision that we ultimately have.
Joe Billante

Our next question comes from Ross Sandler, at Barclays.

As advertising grows and you start to head toward the 3% of GMV you noted, do you see upside to the 32% operating margin target? What areas could drive upside or downside to your margin targets?

Steve Priest

I'll pick that one up.

So, I think it's about balance. You hear me say a lot about balance and discipline and I think we've continued to exhibit that as we've gone through eBay over the past and as we are going forward. It's really important that we continue to invest in the business. You've seen the returns of those investments as you've gone through the last few years, as we've lent into various categories going forward.

For me, we still have best-in-class margins and this has been a really effective tool for us as we go forward. You've seen as the guide that we've put out today that we see some increases in momentum with operating margin as we go from '22 through '23 to '24.

Again, I'm not going to get ahead of myself beyond 2024 but I'm really proud of what the work that the team are doing, the durability of our financial model and operating margins are just one part of that, that really continues to drive great returns for our shareholders as we go forward.

Joe Billante

Our next question comes from a buy-side investor.

Can you please explain what the $450 million per year roughly of Capex goes towards exactly? Four to 6% of sales seems high for a marketplace model without fulfillment. Where does the money go towards?

Steve Priest

I'll pick that one up Jamie.

We have an incredibly capital light model. If you think about our marketplace and as we go forward, again, we've very measured in terms of our investments in this business going forward. As you would imagine over the years you'll suspect in terms of real estate, from technology and source of data-center, evolution, and things like that.

Obviously, the Vault that we talked about earlier is part of the guide as we're going forward, but it's not a material element of our Capex profile. But again, I'll stand back and think about the overall durability of our financial model and having the balance between OpEx investment, Capex investments and continue to drive those sustainable returns for our shareholders as we go forward.

Joe Billante

Our next question comes from James Lee at Mizuho.

Your Full Year '24 guidance assumes only 1.5 points of improvement in take rate, while you spoke about an incremental two to three points from ads and payments. Are you simply being conservative or are we missing something?
Steve Priest

As we stand back and we think about the years ahead, we look at these various puts and takes in our overall business. For me, I'm absolutely focused on top-line growth but particularly on earnings growth for the business as we go forward, and the component part of take rate will obviously be our final value. Seller fees, there'll be a blend of ads, there'll be a blend of payments as we go forward and continue to be puts and takes.

But again, I'm really happy with the progress we've continued to make. I'm excited about the work that Julie is doing in payments and Alex is doing in ads, and that will drive good momentum in our take rate going forward and great earnings path for our business.

Joe Billante

Please stand by while we gather our next question. Our next question comes from Stephen Ju at Credit Suisse. There's a higher level of manual work required to run some of these core categories, authentication and the creation of 3D imagery being some of the examples. Should we view these as being lower-margin, or should we think that these additional requirements will be reflected in the take rate?

Steve Priest

Do you want me to pick that one off?

Jamie Iannone

Well, let me explain the 3D and then you can take over.

Steve Priest

Sounds good.

Jamie Iannone

The 3D imaging, the whole idea with that is actually making it so easy that sellers could do it by themselves, so that's not eBay doing it, but sellers. What we've challenged our AI teams to do and computer vision teams is, how do we make this really seamless for sellers to do really quickly but create these beautiful rich 3D models? Much like I talked about video, it's a game changer on the platform.

What I'm excited by is what you saw in the demos that we showed today is technology that we're working on that doesn't require a big fancy studio to create. It can actually be done by sellers at a really minimal cost. We're really conscious of how do we build products that actually scale out to our community and leverage them and that's a good example.

I don't know if you want to add to that.

Steve Priest

I think what I'd add Jamie, it's about building trust on our platform and products that delight our customers. As CFO, when I stand back from this enterprise, I think about the aggregate margin of our business. These investments are fueling growth, and they're fueling shareholder returns.
For me, it's about the margin of the enterprise, building trust, building sustainability, and delighting our customers as we go forward.

Joe Billante

We have time for one more question.

That question comes from Deepak Mathivanan at Wolfe Research. You know the plans to return to 125% of free cash flow as capital returns to shareholders, your capacity to return more, is that just the initial plan, or do you have a plan for different capital structure?

Steve Priest

Hi, Deepak.

Again, I'll take a step back and think about we've been really solid allocators of capital over the last few years. We've returned a significant amount of returns to our shareholders over the last three years, in particular. Think about the divestitures that we did, think about the relevance, like the $5 billion of returns that we've made over the last three years.

As always said, our first priority is to invest in the business, to stimulate growth, and to stimulate returns ultimately for shareholders through the billed-by-partner framework. Then when we have any excess capital even above that, we'll drive those forward through balanced and thoughtful capital returns to shareholders by the dividend that we just increased on three buybacks as we go forward.

Nothing has changed in terms of our philosophy around capital allocation and I'm really pleased with the progress that we've made. Again, I'd say that we've been really good stewards of capital and we'll continue to be the same.

Joe Billante

As we wrap, would you like to share any closing thoughts?

Jamie Iannone

You want to start and then I'll go?

Steve Priest

The first thing I would say is just how excited I am about the growth trajectory that we have had and the growth trajectory ahead of us. As I mentioned earlier, we took a negative growing business. It was shrinking as we came into the pandemic. It's growing as we come out of it and the strategy is clearly working. As we sort of lean into the focus categories, I'm really excited about the growth trajectory as we go forward.

The other thing I would say is about the durability of our financial model. We have best-in-class margins, we have a fortress balance sheet, and we have very, very high conversion of operating income to free cash flow, which for any investor as you stand back, should be really excited about the opportunities ahead for eBay and the sustainable earnings growth that that would generate.

Joe Billante
How about you?

Jamie Iannone

I'll just say, I'm incredibly excited for what I'm calling the new eBay. We've changed our strategy where we're focused on non-new in-season (phon), our focused category playbook is working, our commitment to our seller community has changed radically and that's really powerful. The first thing I'm happy with is just the trajectory as Steve said that we're on.

Secondly I'm happy about is the speed of our technology innovation. I talked to many of you when I arrived that I was a little frustrated by the tech that we had and our pace of movement and I've been really excited by how fast we are moving now, how much we've invested in tech philosophy, talking to you about programs like the unified listing experience which is a game-changing new platform. That pace, we hope will continue to move over time.

Lastly, I'm excited by the team and I'm glad you got to spend some time with them today. You didn't get to meet the whole leadership team but we've put together a really world-class team. Even below that team at every level of the organization, we're bringing in incredible talent into the organization and that's really exciting as well.

I guess I want to close with a thank you. I first have to thank our buyers and our sellers. They are what makes this platform what it is today. They drive the incredible velocity that we have on the marketplace. They've done $1.1 billion in charity and we've connected people who need stuff with people who have stuff like the PPE description that I talked about earlier so thank you to our amazing community.

Thank you to our eBay employees. They make eBay what it is. I love the energy that they bring. I'm excited as our campuses are now starting to come back in person to be able to move even faster with that proximity that we haven't had really for the last two years.

Finally, I want to thank all of you. Thank you for spending a couple of hours with us today, thank you for your interest in eBay and I look forward to future conversations. Thanks.

Steve Priest

Thank you very much.

Joe Billante

We want to thank you for joining us today and we look forward to meeting you in person in the future. As we wrap, we'd like to share a summary highlight video with you. Please enjoy.