Risk Factors Comparison 2024-02-28 to 2023-02-23 Form: 10-K

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The summary of risks below provides an overview of the principal risks we are exposed to in the normal course of our business activities: • Our operating and financial results are subject to various risks and uncertainties that could adversely affect our business, financial condition, results of operations and cash flows, as well as the trading price of our common stock and debt securities. • Substantial and increasingly intense competition worldwide in ecommerce may harm our business. • **We are exposed to** ~~The global COVID- 19 pandemic could harm our business and results of operations. • Fluctuations~~ **fluctuations** in foreign currency exchange rates **, which** could negatively impact our financial results. • Our international operations and engagement in cross- border trade are subject to risks, which could harm our business. • Our business may be adversely affected by geopolitical events, natural disasters, seasonal factors and ~~similar~~ **other** factors **that cause our users to spend less time, or transact less, on our websites or mobile platforms and applications, including increased usage of other websites** . • If we cannot keep pace with rapid technological developments or continue to innovate and create new initiatives to provide new programs, products and services, the use of our products and our revenues could decline. • Changes to our programs to protect buyers and sellers could increase our costs and loss rate, and failure to manage such programs effectively can result in harm to our reputation. • Operations and continued development of our payments system and financial services offerings require ongoing investment, are subject to evolving laws, regulations, rules, and standards, and involve risk, including risks related to our dependence on third- party providers. • We may be unable to adequately protect or enforce our intellectual property rights and face ongoing allegations by third parties that we are infringing their intellectual property rights. • Failure to deal effectively with fraudulent activities on our platforms would increase our loss rate and harm our business, and could severely diminish merchant and consumer confidence in and use of our services. • Our business is subject to online security risks, including security breaches and cyberattacks. • Systems failures and resulting interruptions in the availability of or degradation in the performance of our websites, applications, products or services could harm our business. • ~~We~~ **Our success largely depends on key employees. Because competition for key employees is intense, we** may not be able to attract, retain, and develop the highly skilled employees ~~and~~ **we need to support our business. The loss of** senior management ~~that we need to support~~ **or other key employees could harm** our business. • Problems with or price increases by third parties who provide services to us or to our sellers could harm our business. • Our business is subject to extensive and increasing government regulation and oversight, which could adversely impact our business. • New laws and increasing levels of regulation in the areas of privacy and protection of user data could harm our business. • **Other laws and regulations could harm our business. • Our disclosures and stakeholder expectations related to environmental, social and governance matters may impose additional costs and expose us to new risks. •** We are regularly subject to litigation and regulatory and government inquiries, investigations and disputes, as our business evolves and as governments and regulators seek to extend new and existing laws to reach our business model. • We ~~are~~ **could be** subject to regulatory ~~activity~~ **or agency investigations and / or court proceedings** under **unfair** competition laws that could adversely impact our business. • The listing or sale by our users of certain items, including items that allegedly infringe the intellectual property rights of rights owners, including pirated or counterfeit items, illegal items or items used in an illegal manner **,** may harm our business. • We are subject to risks associated with information disseminated through our services. • Fluctuations in interest rates **, and changes in regulatory guidance related to such interest rates,** could adversely impact our financial results. • We have substantial indebtedness, and we may incur substantial additional indebtedness in the future, and we may not generate sufficient cash flow from our business to service our indebtedness. **Failure to comply with the terms of our indebtedness could result in the acceleration of our indebtedness, which could have an adverse effect on our cash flow and liquidity.** • Our business and our sellers and buyers may be subject to **evolving** sales and other tax regimes in various jurisdictions, which may harm our business **. • We may have exposure to greater than anticipated tax liabilities** . • Acquisitions, dispositions, joint ventures, strategic partnerships and strategic investments could result in operating difficulties and could harm our business **or impact our financial results** . • We could incur significant liability if the Distribution of PayPal is determined to be a taxable transaction. • We may be exposed to claims and liabilities as a result of the Distribution ~~of PayPal~~ . Risk Factors: You should carefully review the following discussion of the risks that may affect our business, results of operations and financial condition, as well as our consolidated financial statements and notes thereto and the other information appearing in this report, for important information regarding risks that affect us. Current global economic events and conditions **as well as evolving regulatory scrutiny** may amplify many of these risks. These risks are not the only risks that may affect us. Additional risks that we are not aware of or do not believe are material at the time of this filing may also become important factors that adversely affect our business. Business, Economic, Market and Operating Risks Our operating and financial results have varied on a quarterly basis during our operating history and may continue to fluctuate significantly as a result of a variety of factors, including ~~as a result of~~ the following risks and other risks set forth in this " Risk Factors " section ~~.~~ **:** • our ability to convert visits into sales for our sellers; • the amount and timing of expenses; • our success in attracting and retaining sellers and buyers; • changes in consumer discretionary spending trends, including shifts in interests away from any of our major categories; • our success in executing on our strategy and the impact of any changes in our strategy; • the timing and success of product launches, including new services and features we may introduce; • the success of our marketing efforts; and • the impact of competitive and industry developments **, including changes in the legal and regulatory landscape,** and our response to those developments. In view of the rapidly evolving nature of our business, period- to- period comparisons of our operating results may not be meaningful, and you should not rely upon them as an indication of future performance. It is difficult for us to forecast the level or source of our revenues or earnings (loss) accurately, particularly given that substantially all of our net revenues each quarter come from transactions involving sales during that quarter. Due to the inherent difficulty in forecasting revenues, it is also difficult to forecast expenses as a percentage of net revenues. Quarterly and annual expenses as a percentage of net revenues reflected in our consolidated financial statements may be significantly different from historical or projected percentages. Because our business model is dependent upon consumer spending, our results of operations are sensitive to changes in or uncertainty about macro- economic conditions. Our buyers may in the future have less capacity for discretionary purchases and may reduce their purchases from our sellers as a result of various factors, including job losses, inflation (such as recent inflationary pressure), higher taxes, reduced access to credit, changes in federal economic policy, **public health issues such as a** ~~the impact of the COVID- 19~~ pandemic, recent global economic uncertainty, lower consumer confidence and demand for discretionary goods, and geopolitical events such as recent international trade disputes and the ongoing ~~war~~ **wars** in Ukraine **and in Israel and Gaza, including the related disruptions to international shipping in the Red Sea** . The businesses and markets in which we operate are intensely competitive. We currently and potentially compete with a wide variety of online and offline companies providing goods and services to consumers and merchants, a number of which have significant resources, large user communities and well- established brands. The Internet and mobile networks provide new, rapidly evolving and intensely competitive channels for the sale of all types of goods and services. We compete in two- sided markets, and **we** must attract both buyers and sellers to use our platforms. Consumers who purchase or sell goods and services through us have more and more alternatives, and merchants have more channels to reach consumers. We expect competition to continue to intensify. The barriers to entry into these channels can be low, and businesses can easily launch online sites or mobile platforms and applications at nominal cost by using commercially available software or partnering with any of a number of successful ecommerce, search, advertising or social companies. As we respond to changes in the competitive environment, we may, from time to time, make pricing, service, policy or marketing decisions or acquisitions that may be controversial with and lead to dissatisfaction among sellers **or buyers** , which could reduce activity on our platform and harm our reputation and profitability. We face increased competitive pressure online and offline. In particular, the competitive norm for, and the expected level of service from, ecommerce and mobile commerce has significantly increased due to, among other factors, improved user experience, greater ease of buying goods, lower (or no) shipping costs, faster shipping times and more favorable return policies. In addition, certain platform businesses, such as Alibaba, Alphabet (Google), Amazon, Apple ~~,~~ **and** Meta (Facebook and Instagram), many of ~~whom~~ **which** are larger than us or have greater capitalization, have a dominant and secure position in other industries or certain significant markets, and offer other goods and services to consumers and merchants that we do not offer. If we are unable to change our products, offerings and services in ways that reflect the changing demands of ecommerce and mobile commerce marketplaces, ~~or~~ **including** if ~~products offered through eBay~~ **sellers on our platforms** are ~~not available~~ **unable to source items** ~~for -~~ **or we are unable to provide** ~~purchase where the consumers shop, particularly the~~ higher ~~growth of sales of fixed- price items and higher expected~~ service levels (some of which depend on services provided by sellers on our platforms) **in line with consumer expectations** , or if we are unable to compete effectively with and adapt to changes in larger platform businesses, our business and reputation will suffer. Competitors with other revenue sources **or greater resources** may also be able to devote more resources to marketing and promotional campaigns and buyer acquisition, adopt more aggressive pricing policies and devote more resources to website, mobile platforms and applications and systems development than we can. Other competitors may offer or continue to offer faster and / or free shipping, delivery on Sunday, same- day delivery, **more** favorable return policies or other transaction- related services which improve the user experience on their sites and which could be impractical or inefficient for our sellers to match. Competitors may be more narrowly focused on ~~a~~ particular ~~type~~ **types** of goods and create ~~a~~ compelling ~~community~~ **communities** ~~,~~ **and** be able to innovate faster and more efficiently, and new technologies may increase ~~the~~ **these** competitive pressures by enabling competitors to offer more efficient or lower- cost services. Some of our competitors control other products and services that are important to our success, including **payment processing** ~~credit card interchange~~ , Internet search **, shipping and delivery resources** , and mobile operating systems. Such competitors could manipulate pricing, availability, terms or operation of service related to their products and services in a manner that impacts our competitive offerings. For example, Alphabet, which operates a shopping platform service, has from time to time made changes to its search algorithms that **have** reduced the amount of search traffic directed to us from searches on Google. If we are unable to use or adapt to operational changes in such services, we may face higher costs for such services, face integration or technological barriers or lose customers, which could cause our business to suffer. Consumers who might use our sites to buy goods have a wide variety of alternatives, including traditional department, warehouse, boutique, discount and general merchandise stores (as well as the online and mobile operations of these traditional retailers), online retailers and their related mobile offerings, online and offline aggregation and classified services, social media platforms and other shopping channels, such as offline and online home shopping networks. In the United States, these include, but are not limited to, Amazon, Facebook, Instagram, Google, **TikTok,** Walmart, Target **, Best Buy** , Macy' s, Etsy, ~~StockX,~~ Shopify, Wayfair, ~~TheRealReal~~ **Temu** , **Shein,** ~~Overstock. com~~ and Rakuten, among others. In addition, consumers have a large number of online and offline channels focused on one or more of the categories of products offered on our ~~site~~ **sites** , including but not limited to, **Vinted, StockX, TheRealReal,** Back Market, Chrono24, ~~FARFETCH~~ **Fanatics, Farfetch, RockAuto,** and GOAT Group, among others. Consumers also can turn to many companies that offer a variety of services that provide other channels for buyers to find and buy items from sellers of all sizes, including social media, online aggregation and classifieds platforms, such as websites operated by Adevinta or Naspers Limited and others such as craigslist, Oodle. com and Meta. Consumers also can turn to shopping- comparison sites, such as Google Shopping, or social networks that enable purchases such as Pinterest, Facebook ~~and~~ **,** Instagram **and TikTok** . In certain markets, our fixed- price listing and traditional auction- style listing formats increasingly are being challenged by other formats, such as classifieds. We use product search engines and paid search advertising to help users find our sites, but these services also have the potential to divert users to other online shopping destinations. Consumers may choose to search for products and services with a horizontal search engine or shopping comparison website, and such sites may also send users to other shopping destinations. In addition, sellers are increasingly utilizing multiple sales channels, including the acquisition of new customers by paying for search- related advertisements on horizontal search engine sites, such as Google, Naver and Baidu. Consumers and merchants who might use our sites to sell goods also have many alternatives, including general ecommerce sites, such as Amazon, Alibaba, and Zalando, and more specialized sites, such as Etsy. Our international sites also compete for sellers with general and specialized ecommerce sites. Sellers may also choose to sell their goods through other channels, such as multi- channel services like Shopify or classifieds platforms. Consumers and merchants also can create and sell through their own sites, and may choose to purchase online advertising instead of using our services. In some countries, there are online sites that have larger customer bases and greater brand recognition, as well as competitors that may have a better understanding of local culture and commerce. We may increasingly compete with local competitors in developing countries that have **these or other** unique advantages, such as a greater ability to operate under local regulatory authorities. We generate a meaningful amount of our revenue from our Promoted Listings (a first- party advertising offering) and, to a lesser extent, third- party advertising. To sustain or increase our advertising revenue, we must continue to provide customers with compelling advertising products to maintain or increase the amount of advertising purchased through our platform. If we are unable to compete effectively for advertising spend, our business and operating results could be harmed. In addition, certain manufacturers **or brands** may **seek to** limit or cease distribution of their products through online channels, such as our sites. Manufacturers may attempt to use contractual obligations or existing or future government regulation to prohibit or limit ecommerce in certain categories of goods or services. Manufacturers may also attempt to enforce minimum resale price maintenance or minimum advertised price arrangements to prevent distributors from selling on our platforms or on the Internet generally, or drive distributors to sell at prices that would make us less attractive relative to other alternatives. The adoption of those or other policies could adversely affect our results of operations and result in loss of market share and diminished value of our brands. The principal competitive factors for us include the following: • ability to attract, retain and engage buyers and sellers; • volume of transactions and price and selection of goods; • trust in the seller and the transaction; • customer service; • brand recognition; • community cohesion, interaction and size; • website, mobile platform and application ease- of- use and accessibility; • system reliability and security; • reliability of delivery and payment, including customer preference for fast delivery and free shipping and returns; • level of service fees; and • quality of search tools. We may be unable to compete successfully against current and future competitors. Some current and potential competitors have longer operating histories, larger customer bases and greater brand recognition in other business and Internet sectors than we do. ~~The global spread of COVID- 19 variants and related measures to contain its spread (such as government mandated business closures and shelter in- place guidelines) have created significant volatility, uncertainty and economic disruption. The extent to which the COVID- 19 pandemic impacts our business, results of operations, financial condition and liquidity in the future will depend on numerous evolving factors that we cannot predict, including the duration and scope of the pandemic, including as a result of the emergence of new variants; any resurgence of the pandemic; the availability and distribution of effective treatments and vaccines; governmental, business and individuals' actions that have been and continue to be taken in response to the pandemic, including China' s former " zero- COVID " policy and its impact to the global supply chain; the impact of the pandemic on national and global economic activity, unemployment levels and financial markets, including the possibility of a national or global recession; the potential for shipping difficulties, including slowed deliveries from sellers to their customers; and the ability of consumers to pay for products. The COVID- 19 pandemic has generally resulted in a shift in consumer spending, which could have an adverse impact on our sellers through reduced consumer demand for their products and availability of inventory, which could in turn negatively impact the demand for use of our platforms. Additionally, the COVID- 19 pandemic caused us to require employees to work remotely for an extended period of time. More recently, we have shifted to a flexible working model, which, in addition to providing for onsite and hybrid work arrangements, allows some of our employees to work fully remote, which could negatively impact our business and harm productivity and collaboration. If there is a prolonged impact of COVID- 19, it could adversely affect our business, results of operations, financial condition and liquidity, perhaps materially. The future impact of COVID- 19 and these containment measures cannot be predicted with certainty and may increase our borrowing costs and other costs of capital and otherwise adversely affect our business, results of operations, financial condition and liquidity, and we cannot assure that we will have access to external financing at times and on terms we consider acceptable, or at all, or that we will not experience other liquidity issues going forward. The COVID- 19 pandemic and the related measures to contain its spread did not adversely affect our consolidated results of operations. Initially, our Marketplace platforms experienced improved traffic and buyer acquisition due to the ongoing impact of mobility restrictions taken globally to contain the spread of COVID- 19 and changes in consumer behaviors that resulted in more online shopping. However, as restrictions have loosened and mobility continues to increase, we have seen net revenues decrease and GMV decrease across major categories, primarily due to a decline in traffic resulting from the normalization of consumer behavior in 2022 compared to the elevated traffic experienced on our Marketplace platforms from the impact of COVID- 19 during 2021. These trends may continue, and the impacts seen may continue to create volatility in our results and a wider range of outcomes as consumer behaviors and mobility restrictions continue to evolve. We are exposed to fluctuations in foreign currency exchange rates, which could negatively impact our financial results.~~ Because we generate approximately half of our revenues outside the United States but report our financial results in U. S. dollars, our financial results are impacted by fluctuations in foreign currency exchange rates, or foreign exchange rates. The results of operations of many of our internationally focused platforms are exposed to foreign exchange rate fluctuations as the financial results of the applicable subsidiaries are translated from the local currency into U. S. dollars for financial reporting purposes. While from time to time we enter into transactions to hedge portions of our foreign currency translation exposure, it is impossible to predict or eliminate the effects of this exposure. Fluctuations in foreign exchange rates could significantly impact our financial results, which may have a significant impact on the trading price of our common stock and debt securities. Our international businesses, especially in the United Kingdom, Germany and Australia, and cross- border business from greater China, have generated approximately half of our net revenues in recent years. In addition to uncertainty about our ability to generate revenues from our foreign operations and expand into international markets, there are risks inherent in doing business internationally, including: • uncertainties and instability in economic and market conditions resulting from inflationary pressures, increasing interest rates and the ongoing ~~war~~ **wars** in Ukraine **and in Israel and Gaza, including the related disruptions to international shipping in the Red Sea** ; • uncertainties caused by decreasing consumer confidence and demand for discretionary goods; • expenses associated with localizing our products and services and customer data, including offering customers the ability to transact business in the local currency and adapting our products and services to local preferences (e. g., payment methods) with which we may have limited or no experience; • **economic and trade sanctions,** trade barriers and changes in trade regulations; • difficulties in developing, staffing, and simultaneously managing a large number of varying foreign operations as a result of distance, language, and cultural differences; • stringent local labor laws and regulations; • credit risk and higher levels of payment fraud; • profit repatriation restrictions, foreign currency exchange restrictions or extreme fluctuations in foreign currency exchange rates for a particular currency; • global or regional economic conditions that impact companies and customers with which we do business; • political or social unrest, economic instability, repression, or human rights issues; • geopolitical events, including natural disasters, public health issues (**including pandemics** ~~such as COVID- 19 variants~~), acts of war (such as the ongoing ~~war~~ **wars** in Ukraine **and in Israel and Gaza**), and terrorism; • supply chain disruptions **including the ongoing disruptions to international shipping in the Red Sea** ; • import or export regulations ~~; • economic~~ **, including the complexities of seller compliance with " de minimis thresholds "** and ~~trade sanctions~~ **other parallel regulations across the broad range of categories and products offered on our platforms** ; • compliance with U. S. laws such as the Foreign Corrupt Practices Act, and foreign laws prohibiting corrupt payments to government officials, as well as U. S. and foreign laws designed to combat money laundering and the financing of terrorist activities; • antitrust and competition regulations; • potentially adverse tax developments and consequences; • economic uncertainties relating to sovereign and other debt; • different, uncertain, or more stringent user protection, data protection, **data localization,** privacy, and other **data and consumer protection** laws; • risks related to other government regulation or required compliance with local laws; • national or regional differences in macroeconomic growth rates; • payment intermediation regulations; • local licensing and reporting obligations; and • increased difficulties in collecting accounts receivable. Violations of the complex foreign and U. S. laws and regulations that apply to our international operations may result in fines, criminal actions, or sanctions against us, our officers, or our employees; prohibitions on the conduct of our business; and damage to our reputation. Although we have implemented policies and procedures designed to promote compliance with these laws, there can be no assurance that our employees, contractors, or agents will not violate our policies. These risks inherent in our international operations and expansion increase our costs of doing business internationally and could harm our business. Cross- border trade is an important source of both revenue and profits for us. Cross- border trade also represents our primary (or in some cases, only) presence in certain important markets, such as China, and various other countries. The interpretation and / or application of laws, such as those related to intellectual property rights of authentic products, selective distribution networks, and sellers in other countries listing items on the Internet, could impose restrictions on, or increase the costs of, purchasing, selling, shipping, or returning goods across national borders. The shipping of goods across national borders is often more expensive and complicated than domestic shipping. ~~Any~~ **Changes to customs authorities' " de minimis " thresholds, as well as increased costs or fees for third party sellers, logistics providers, or online marketplaces associated with changes in customs policy, as well as any other** factors that increase the costs of cross- border trade or restrict, delay, or make cross- border trade more difficult or impractical would lower our revenues and profits and could harm our business. Our ~~business may be adversely affected by geopolitical events, natural disasters, seasonal factors and other factors that cause our users to spend less time on our websites or mobile platforms and applications, including increased usage of other websites. Our~~ users may spend less time on our websites and our applications for mobile devices as a result of a variety of diversions **and other factors** , including: geopolitical events, such as war (including the ongoing **wars in Ukraine and Israel and Gaza, including the related disruptions to international shipping in the Red Sea), the threat of** war ~~in Ukraine)~~ , ~~the threat of war~~ **social or political unrest** , or terrorist activity; natural disasters ~~or~~ **;** the **physical** effects of climate change (such as drought, flooding, wildfires, increased storm severity and sea level rise); **and potential increases in the cost of energy due to climate change;** power shortages or outages ~~,~~ **;** major public health issues, including pandemics ~~(such as COVID- 19 variants)~~ ; less discretionary **consumer** ~~spend~~ **spending** ~~due to increasing utility prices in the European Union~~ ; social networking or other entertainment websites or mobile applications; significant local, national or global events capturing the attention of a large part of the population; and seasonal fluctuations due to a variety of factors. If any of these, or any other factors, divert **or otherwise prevent** our users from using **or transacting on** our websites or mobile applications, our business could be materially adversely affected. In ~~2022~~ **2023** , we experienced reduced traffic in most markets resulting from geopolitical events (such as the ongoing war in Ukraine), inflationary pressure, foreign exchange rate volatility **, elevated interest rates** and lower consumer confidence. These factors are negatively impacting discretionary consumer spending and may continue to do so indefinitely, which could harm our business. Rapid, significant technological changes continue to confront the industries in which we operate and we cannot predict the effect of technological changes on our business. We also continuously strive to create new initiatives and innovations that promote growth, such as our payments and advertising offerings and other features that enhance the customer experience. **We are also increasingly leveraging AI technologies, including GAI, in our products and services and are making investments to expand our use of GAI capabilities.** In addition to our own initiatives and innovations, we rely in part on third parties, including some of our competitors, for the development of and access to new technologies **, including GAI tools** . We expect that new services and technologies applicable to the industries in which we operate will continue to emerge. These new services and technologies may be superior to, or render obsolete, the technologies we currently use in our products and services. Incorporating new technologies into our products and services may require substantial expenditures and take considerable time, and ultimately may not be successful **. For example, GAI is a new and rapidly developing technology in its early stages of commercial use and presents certain inherent risks. GAI algorithms are based on machine learning and predictive analytics, which can create unintended biases and discriminatory outcomes, and outputs can be completely fabricated or false (e. g., GAI hallucinatory behavior) or contain copyrighted or other protected material. There is a risk that our algorithms could produce such outcomes or other unexpected results or behaviors that could harm our reputation, business, or buyers and sellers** . In addition, our ability to adopt new services and develop new technologies may be inhibited by industry- wide standards, new laws and regulations, resistance to change from our users, clients or merchants, or third parties' intellectual property rights. **In particular, the AI regulatory landscape is still uncertain and evolving, and the development and use of AI technologies, including GAI, in new or existing products may result in new or enhanced governmental or regulatory activity and scrutiny, litigation, ethical concerns or other complications that could be costly and time- consuming and could adversely affect our business, reputation or financial results.** Our **future** success will depend on our ability to develop new technologies and adapt to technological changes and evolving industry standards. Our eBay Money Back Guarantee program represents the means by which we compensate users who believe that they have been defrauded, have not received the item that they purchased or have received an item different from what was described. We expect to continue to receive communications from users requesting reimbursement or threatening or commencing legal action against us if no reimbursement is made. ~~Our liability for these sorts of claims is beginning to be clarified in some jurisdictions.~~ Litigation **, legislation, or regulation** involving liability for any such third- party actions could result in increased costs of doing business, lead to adverse judgments or settlements or otherwise harm our business. In addition, affected users will likely complain to regulatory agencies that could take action against us, including imposing fines or seeking injunctions. Since **our recent** ~~transitioning~~ --- **transition** to our payments system, we have also experienced and may continue to experience increased costs from chargebacks on payments, due to instances of forced transaction reversals initiated by buyers through their payment card issuers. These forced transaction reversals can be initiated for a number of reasons, including, but not limited to, **alleged** fraud or seller nonperformance, among others. Additionally, in order to further strengthen our buyers' confidence and trust in our services and the goods offered on our ~~marketplace~~ **Marketplace** , we introduced ~~"~~ Authenticity Guarantee, ~~"~~ an independent authentication service, in 2020 in select categories in the **United States** ~~U. S.~~ and have since expanded this service to more luxury categories and more markets. If we are unable to effectively manage the authentication process, including the third- party service providers on ~~whom~~ **which** we rely for much of our item authentication, we may suffer harm to our reputation and may be subject to litigation, which could be costly and time- consuming for us. We have invested and plan to continue to invest internal resources into our payments tools in order to maintain existing availability, expand into additional markets and offer new payment methods and other types of financial services to our buyers and sellers. If we fail to invest adequate resources into payments on our platform, or if our investment efforts are unsuccessful, unreliable or result in system failure, our payments and financial services may not function properly or keep pace with competitive offerings, which could negatively impact their usage and our Marketplace. Future errors, failures or outages could cause our buyers and sellers to lose confidence in our payments system and could cause them to cease using our ~~marketplace~~ **Marketplace** . If we transition to new third- party payment service providers for any reason, we may be required to invest significant financial and personnel resources to support such transition or could be unable to find a suitable replacement service provider. As we offer new payment methods and financial services to our sellers and buyers, we are now subject to additional regulations and compliance requirements, and exposed to heightened fraud and regulatory risk, which could lead to an increase in our operating expenses. We rely on third- party service providers to perform services related to compliance among other activities, credit card processing, payment disbursements, currency exchange, identity verification, sanctions screening, and fraud analysis and detection. As a result, we are subject to a number of risks related to our dependence on third-party service providers. If any or some of these service providers fail to perform adequately or if any such service provider were to terminate or modify its relationship with us unexpectedly, our sellers' ability to use our platform to receive orders or payments could be adversely affected, which would increase costs, drive sellers away from our marketplaces, result in potential legal liability, and harm our business. In addition, we and our third- party service providers may experience service outages from time to time that could adversely impact payments made on our platform. Additionally, any unexpected termination or modification of those third- party services could lead to a lapse in the effectiveness of certain fraud prevention and detection tools. Our third-party service providers may increase the fees they charge us in the future, which would increase our operating expenses. This could, in turn, require us to increase the fees we charge to sellers and cause some sellers to reduce listings on our ~~marketplaces~~ **Marketplaces** or to leave our platform altogether by closing their accounts. Payments and other financial services are governed by complex and continuously evolving laws and regulations that are subject to change and vary across different jurisdictions in the United States and globally. As a result, we are required to spend significant time and effort to determine whether various licensing and registration **laws as well as privacy and secrecy** laws relating to payments and other financial services we offer apply to us and to comply with applicable laws and licensing and registration regulations. In addition, there can be no assurance that we will be able to obtain or retain any necessary licenses or registrations. Any failure or claim of failure **by us or** ~~on the part of the Company or~~ **our** ~~its~~ third- party service providers to comply with applicable laws and regulations relating to payments or financial services could require us to expend significant resources, result in liabilities, limit or preclude our ability to enter certain markets and harm our reputation. In addition, changes in payment regulations, or other financial regulation, including changes to the credit or debit card interchange rates in the United States or other markets, could adversely affect payments on our platform and make our payments systems less profitable. Further, we are indirectly subject to payment card association operating rules and certification requirements pursuant to agreements with our third- party payment processors. These rules and requirements, including the Payment Card Industry Data Security Standard and rules governing electronic funds transfers, are subject to change or reinterpretation, making it difficult for us to comply. Any failure to comply with these rules and certification requirements could impact our ability to meet our contractual obligations to our third- party payment processors and could result in potential fines. In addition, changes in these rules and requirements, including any change in our designation by major payment card providers, could require a change in our business operations and could result in limitations on or loss of our ability to accept payment cards or other forms of payment, any of which could negatively impact our business. Such changes could also increase our costs of compliance, which could lead to increased fees for us or our sellers and adversely affect payments on our platform or usage of our payments services and Marketplace. Our payments system is susceptible to illegal uses, including money laundering, terrorist financing, fraud and payments to sanctioned parties. If our compliance program and internal controls to limit such illegal activity are ineffective, government authorities could bring legal action against us or otherwise suspend our ability to offer payment services in one or more markets. We believe the protection of our intellectual property, including our trademarks, patents, copyrights, domain names, trade dress, and trade secrets, is critical to our success. We seek to protect our intellectual property rights by relying on applicable laws and regulations in the United States and internationally, as well as a variety of administrative procedures. We also rely on contractual restrictions to protect our proprietary rights when offering or procuring products and services, including confidentiality and invention assignment agreements entered into with our employees and contractors and confidentiality agreements with parties with whom we conduct business. However, effective intellectual property protection may not be available in every country in which our products and services are made available, and contractual arrangements and other steps we have taken to protect our intellectual property may not prevent third parties from infringing or misappropriating our intellectual property or deter independent development of equivalent or superior intellectual property rights by others. Trademark, copyright, patent, domain name, trade dress and trade secret ~~protection~~ **protections** ~~is~~ **are** very expensive to maintain and may require litigation. **Patent protection may not be available or obtainable for our proprietary rights, or patent applications may not issue.** We must protect our intellectual property rights and other proprietary rights in ~~an increasing~~ **a significant** number of jurisdictions, a process that is expensive and time consuming and may not be successful in every jurisdiction. Also, we may not be able to discover or determine the extent of any unauthorized use of our proprietary rights. We have licensed in the past, and expect to license in the future, certain of our proprietary rights, such as trademarks or copyrighted material, to others. These licensees may take actions that diminish the value of our proprietary rights or harm our reputation. Any failure to adequately protect or enforce our intellectual property rights, or significant costs incurred in doing so, could materially harm our business. Additionally, we have repeatedly been sued for allegedly infringing other parties' patents. We are a defendant in various patent suits and have been notified of several other potential patent disputes. As the number of ~~patent~~ **intellectual property** owners and products in the software industry increases and the functionality of these products further ~~overlap~~ **overlaps** , and as we acquire technology through acquisitions or licenses, ~~litigation may be necessary to determine the validity and scope of the intellectual property rights of others and~~ we may become increasingly subject to patent suits and other infringement claims, including copyright, and trademark infringement claims. ~~Such~~ **For example, the intellectual property ownership and license rights surrounding AI technologies, including GAI, have not been fully addressed by U. S. courts or by U. S. or international laws or regulations, and the use or adoption of third-party GAI technologies into our products and services may result in exposure to claims of intellectual property infringement or misappropriation, which could harm our business and financial results. These or other intellectual property** claims may be brought directly against us and / or against our customers whom we may indemnify either because we are contractually obligated to ~~do so~~ or **because** we choose to do so as a business matter. ~~Patent~~ **Such** claims, whether **or not** meritorious ~~or not~~ , ~~are~~ **may be** time- consuming and costly to defend and resolve, and could require us to make expensive changes in our methods of doing business, enter into costly royalty or licensing agreements, ~~make substantial payments to satisfy adverse judgments or settle claims or proceedings, or~~ cease conducting certain operations, **make substantial payments to satisfy adverse judgments or settle claims, any of** which ~~would~~ **could** harm our business. We face reputational and other risks with respect to fraudulent activities on our platforms and periodically receive complaints from buyers and sellers who may not have received the goods that they had contracted to purchase or payment for the goods that a buyer had contracted to purchase. In some European and Asian jurisdictions, buyers may also have the right to withdraw from a sale made by a professional seller within a specified time period. While we can, in some cases, suspend the accounts of users who fail to fulfill their payment or delivery obligations to other users, we do not have the ability to require users to make payment or deliver goods, or otherwise make users whole other than through our protection programs. Although we have implemented measures to detect and reduce the occurrence of fraudulent activities, combat bad buyer experiences and increase buyer satisfaction, including evaluating sellers on the basis of their identity and transaction history and restricting or suspending their activity, there can be no assurance that these measures will be effective in combating fraudulent transactions or improving overall satisfaction among sellers, buyers, and other participants. If these measures fail to address fraud effectively, buyers and sellers could lose trust in our ~~marketplace~~ **Marketplace** , and our reputation and results of operations could suffer as a result. Additional measures to address fraud could negatively affect the attractiveness of our services to buyers or sellers, resulting in a reduction in the ability to attract new users or retain current users, damage to our reputation, or a diminution in the value of our brand names. Our businesses involve the storage and transmission of users' personal ~~information~~ **data** , including financial information. In addition, a significant number of our users authorize us to bill their payment card accounts directly for all ~~transaction~~ **transactions** and other fees charged by us or, in certain cases, third- party service providers utilized in our payment services. An increasing number of websites, including those owned by several other large Internet and offline companies, have disclosed breaches of their security, some of which have involved sophisticated and highly targeted attacks on portions of their websites or infrastructure. Our information technology and infrastructure **have at times been, and** may **in the future** be **,** vulnerable to cyberattacks (including ransomware attacks) or security incidents and third parties may be able to access our users' proprietary information and payment card data that are stored on or accessible through our systems. Any security breach at a company providing services to us or our users could have similar effects. **Our use of GAI tools could also result in a greater likelihood of cybersecurity incidents, privacy violations and inadvertent disclosures of our intellectual property or other confidential information, any of which could either directly or indirectly harm our business, operations and reputation. Further, if employees fail to comply with internal security policies and practices, this may present the risk of improper access, use or disclosure of data.** We may also need to expend significant additional resources to protect against security breaches or to redress problems caused by breaches. **The increasing sophistication of attacks and regulatory requirements could require us to fundamentally change our business activities and practices to mitigate and / or respond to security vulnerabilities.** Additionally, ~~our~~ **while we maintain** insurance **policies to protect against potential losses caused by security breaches, these** policies may not be adequate to reimburse us for **such** losses **,** ~~caused by security breaches~~ and we may not be able to fully collect, if at all, under these ~~insurance~~ policies. Our systems may experience service interruptions or degradation due to hardware and software defects or malfunctions, computer denial- of- service and other cyberattacks, human error, earthquakes, hurricanes, floods, fires, natural disasters **, sustained drought** , power losses, disruptions in telecommunications services, fraud, military or political conflicts, terrorist attacks, computer viruses, or other events. Our systems are also subject to break- ins, sabotage and intentional acts of vandalism. Some of our systems are not fully redundant and our disaster recovery planning is not sufficient for all eventualities. We have experienced and will likely continue to experience system failures, denial- of- service attacks, human error and other events or conditions from time to time that interrupt the availability or reduce the speed or functionality of our websites and mobile applications, including our payments services. These events have resulted and likely will result in loss of revenue **. In addition, our use of AI involves significant technical complexity and requires specialized expertise. Any disruption or failure in our AI systems or infrastructure, or those of our third- party providers, could result in delays or errors in our operations, which could harm our business and financial results** . A prolonged interruption in the availability or reduction in the speed or other functionality of our websites and mobile applications or payments services could materially harm our business. Frequent or persistent interruptions in our services could cause current or potential users to believe that our systems are unreliable, leading them to switch to our competitors or to avoid our sites, and could permanently harm our reputation and brands. Moreover, to the extent that any system failure or similar event results in damages to our customers or their businesses, these customers could seek significant compensation from us for their losses and those claims, even if unsuccessful, would likely be time- consuming and costly for us to address. We also rely on facilities, components and services supplied by third parties and our business may be materially adversely affected to the extent these components or services do not meet our expectations or these third parties cease to provide the services or facilities. In particular, a decision by any of our third party hosting providers to close a facility that we use could cause system interruptions and delays, result in loss of critical data and cause lengthy interruptions in our services. **While we** ~~We do not~~ carry business interruption insurance **, it may not be** sufficient to compensate us for losses that may result from interruptions in our service as a result of systems failures and similar events. Our success largely depends on key employees. Because competition for ~~our~~ key employees is intense, we may not be able to attract, retain, and develop the highly skilled employees we need to support our business. The loss of senior management or other key employees could harm our business. Our future performance depends substantially on the continued services of our senior management and other key employees, including highly skilled engineers and product developers, and our ability to attract, retain, and motivate them. Competition for highly skilled individuals is intense, especially in the Silicon Valley where our corporate headquarters are located, and we may be unable to successfully attract, integrate or retain sufficiently qualified employees. In making employment decisions, particularly in the Internet and high- technology industries, employees often consider the value of their total compensation, including share- based awards such as restricted stock units, that they could receive in connection with their employment. In addition, our employee hiring and retention also depend on our ability to build and maintain a diverse, welcoming and inclusive workplace. If our share- based or other compensation programs cease to be viewed as competitive, including due to fluctuations in our stock price, or our workplace is not viewed as **diverse,** welcoming and inclusive, our ability to attract, retain, and motivate employees ~~would~~ **could** be weakened, which could harm our business. We do not have long- term employment agreements with any of our key employees and do not maintain any “ key person ” life insurance policies. The loss of the services of any of our senior management or other key employees, or our inability to attract highly qualified senior management and other key employees, could harm our business. Our business is primarily non- unionized, but we have some works councils outside the **United States and** ~~U. S. There has been a general increase in workers organizing to form or join a union in the U. S. While we~~ have ~~not~~ seen **some unionization** ~~a material increase in such efforts among~~ **amongst** ~~our~~ **the** employees ~~,~~ **of one of our subsidiaries in** the **United States. The** unionization or related activism of significant employee populations **, including in the United States,** could result in higher costs and other operational changes necessary to respond to changing conditions and to establish new relationships with worker representatives **. In addition, in January 2024, we announced a restructuring plan that includes a reduction of our workforce by approximately 1, 000 employees, or 9 %. Our restructuring plan, and any future restructuring plans, reductions in force or other cost- cutting measures, could divert management attention, adversely affect employee morale and turnover, and damage our reputation as an employer, which could increase the difficulty of attracting, retaining and motivating qualified personnel and maintaining our corporate culture. Further, our reduced headcount following our restructuring plan and any further turnover may increase the difficulty of executing on our plans, including due to the loss of historical, technical or other expertise, which may have an adverse effect on our business, prospects and results of operations** . A number of third parties provide services to us or to our sellers. Such services include seller tools that automate and manage listings, merchant tools that manage listings and interface with inventory management software, storefronts that help our sellers list items, shipping providers that deliver goods sold on our platform, managed payments intermediation ~~and~~ **,** item authentication services **, and services that we leverage for using and developing AI technologies (including GAI)** , among others. Financial or regulatory issues, labor issues (e. g., strikes, lockouts, worker shortages or work stoppages), or other problems that prevent these companies from providing services to us or our sellers could harm our business. Price increases by, or service terminations, disruptions or interruptions at, companies that provide services to us and our sellers and clients could also reduce the number of listings on our platforms or make it more difficult for our sellers to complete transactions, thereby harming our business. **In addition,** ~~While we continue to work with global carriers to offer our sellers a variety of~~ shipping ~~options~~ and ~~to enhance their shipping experience,~~ postal rate increases may reduce the competitiveness of certain sellers' offerings, and postal service changes and disruptions could require certain sellers to utilize alternatives which could be more expensive or inconvenient, which could in turn decrease the number of transactions on our sites, thereby harming our business. We have outsourced certain functions to third- party providers, including some customer support, managed payments, product development functions and much of our item authentication service, which are critical to our operations. If our service providers do not perform satisfactorily, our operations could be disrupted, which could result in user dissatisfaction and could harm our business. ~~There can be no assurance that third~~ **Third** parties who provide services directly to us or our sellers ~~will~~ **may not** continue to do so on acceptable terms, or at all. If any third parties were to stop providing services to us or our sellers on acceptable terms, including as a result of bankruptcy, we may be unable to procure alternatives from other third parties in a timely and efficient manner and on acceptable terms, or at all. Regulatory and Legal Risks We are subject to laws and regulations affecting our domestic and international operations in a number of areas, including consumer protection, data privacy requirements, **responsible AI requirements,** intellectual property ownership and infringement, prohibited items and stolen goods, tax, antitrust and anti- competition, **import and** export requirements **and restrictions** , anti- corruption, labor, advertising, digital content, real estate, payments and financial services, billing, ecommerce / marketplace **or online platform** liability, promotions, quality of services, telecommunications, mobile communications and media, environmental, packaging and waste, and health and safety regulations, as well as laws and regulations intended to combat money laundering and the financing of terrorist activities. In addition, we are, or may become, subject to further regulation in some of the above- mentioned areas or new areas as a result of the continued development and expansion of our payments capabilities. Further, certain government agencies **have sought, or continue to** seek **,** to hold us liable for third party sales on our Marketplace platforms to the extent such sales implicate laws and regulations enforced by those agencies, including specifically the Environmental Protection Agency (the " EPA ") and the Drug Enforcement Agency (the " DEA "), as described more fully under " Note 13 — Commitments and Contingencies — Litigation and Other Legal Matters **,** " **as well as the Office for Product Safety** and ~~below~~ **Standards in the United Kingdom (the " OPSS "), which seeks to hold us liable for third-party sales** under the **General Product Safety Regulations** ~~heading " The listing or sale by our users of certain items~~ , **which is** ~~including items that allegedly infringe~~ the **subject** ~~intellectual property rights~~ of **ongoing litigation** ~~rights owners, including pirated or counterfeit items, illegal items or items used in an illegal manner may harm our business~~ . ~~"~~ Compliance with these laws, regulations, and similar requirements may be onerous and expensive, and variances and inconsistencies from jurisdiction to jurisdiction may further increase the cost of compliance and doing business. Any such costs, which may rise in the future as a result of changes in these laws and regulations or in their interpretation, could individually or in the aggregate make our products and services less attractive to our customers, delay the introduction of new products or services in one or more regions, or cause us to change or limit our business practices. We have implemented policies and procedures designed to ensure compliance with applicable laws and regulations, but there can be no assurance that our customers, employees, contractors, or agents will not violate such laws and regulations or our policies and procedures. If we are held liable for any such violations, including relating to actions by third parties using our Marketplace platforms, we could be subject to monetary penalties, which depending on the matter could be material to us. Furthermore, our reputation could suffer harm as a result of any such violations. We are subject to multiple laws relating to the collection, use, sharing, retention, **deletion,** security, transfer and other handling of ~~personally~~ -- **personal data** ~~identifiable information~~ about individuals, including our users and employees around the world. Data protection and privacy laws may differ, and be interpreted and applied inconsistently, from country to country. In many cases, these laws apply not only to user data, employee data and third- party transactions, but also to transfers of information between or among ourselves, our subsidiaries, and other parties with which we have commercial relations. These laws continue to develop around the globe and in ways we cannot predict and that may harm our business. Regulatory scrutiny of privacy, data protection, and **the** collection, use **, sharing, retention** and ~~disclosure~~ **deletion** of personal data is increasing on a global basis. We are subject to a number of privacy laws and regulations in the countries in which we operate and these laws and regulations will likely continue to evolve over time, both through regulatory and legislative action and judicial decisions. In addition, compliance with these laws may restrict our ability to provide services to our customers that they may find to be valuable. For example, the General Data Protection Regulation (**the** " GDPR ") ~~became effective in May 2018. The GDPR, which~~ applies to personal data collected in the context of all of our activities conducted from an establishment in the European Union, related to products and services offered to individuals in the European Union or related to the monitoring of individuals' behavior in Europe, imposes a range of significant compliance obligations regarding the handling of personal data. **Additionally, we have " Binding Corporate Rules " in place, which require us to apply European Union data protection standards to all users and employees across the globe.** Actions required to comply with these obligations ~~depends~~ - **depend** in part on how particular and strict regulators interpret and apply them. If we fail to comply with the GDPR, or if regulators assert we have failed to comply with the GDPR, we may be subject to regulatory enforcement actions, that can result in monetary penalties of up to **20 million euros or** 4 % of our annual worldwide revenue **(whichever is higher)** , private lawsuits, and / or reputational damage. **There** ~~In June 2021, the European Commission published new versions of the Standard Contractual Clauses, which~~ are **continuing** ~~used as a~~ legal **challenges and regulatory scrutiny of** cross- border ~~mechanism allowing companies to transfer / allow access to personal~~ data ~~outside~~ **transfers from** the European **Union and** ~~Economic Area. Also in June 2021, the~~ **other jurisdictions** ~~European Data Protection Board finalized its recommendations regarding supplemental transfer measures to protect personal data during cross- border transfers. We must incur costs and expenses to comply with the new requirements~~ , which may impact the cross- border transfer of personal data throughout our organization and to / from third parties. In the **United States** ~~U. S.~~ , ~~several~~ **at least a dozen** states ~~, including California, Colorado, Connecticut, Utah and Virginia,~~ have adopted generally applicable and comprehensive **consumer** privacy laws **, with the California Consumer Privacy Act (the " CCPA ") extending more broadly to personal data about any type of California resident (including employees and individuals acting in a professional capacity at other companies as well)** . These new and developing state laws provide a number of new privacy rights for residents of these states and impose corresponding obligations on organizations doing business in these states. Not only do these laws require that we make ~~new~~ disclosures ~~to consumers, business contacts, employees, job applicants and others~~ about our data collection, use and sharing practices, but they also require that we provide new rights **to individuals** , such as the rights to access, delete and correct personal data. ~~While the California law (CCPA) became effective in 2020, it has already been amended significantly, and compliance with the amended law (CPRA) will be required in January 2023. Compliance with the other states' laws will be required at different times during 2023.~~ These new and ~~amended~~ **developing** laws will require us to continue to incur costs and expenses in our effort to comply. In addition, a number of other U. S. states are ~~considering adopting~~ **continuing to propose** laws and regulations imposing obligations regarding the handling of personal data. Compliance with the GDPR, the new **U. S.** state laws, and other current and future applicable U. S. and international privacy, data protection, cybersecurity, **AI** ~~artificial intelligence~~ and other data- related laws can be costly and time- consuming **. For example, the European Union has been continuing its work on the Artificial Intelligence Act, which lays out the guardrails for AI systems where non- compliance can result in fines up to 35 million euros or 7 % of global turnover** . Complying with these varying national and international data and privacy- related requirements could cause us to incur substantial costs and / or require us to change our business practices in a manner adverse to our business and violations of data and privacy- related laws can result in significant penalties. A determination that there have been violations of laws relating to our practices under communications- based laws could also expose us to significant damage awards, fines and other penalties that could, individually or in the aggregate, materially harm our business. In particular, because of the enormous number of emails, texts and other communications we send to our users, communications laws that provide a specified monetary damage award or fine for each violation (such as those described below) could result in particularly large awards or fines. For example, under the federal Telephone Consumer Protection Act ~~, or~~ **(the "** TCPA **")** , we face potential exposure to liability for certain types of telephonic communication with customers, including but not limited to text messages to mobile phones. Under the TCPA, plaintiffs may seek actual monetary loss or statutory damages of $ 500 per violation, whichever is greater, and courts may treble the damage award for willful or knowing violations. We are regularly subject to class- action lawsuits, as well as individual lawsuits, containing allegations that our businesses violated the TCPA. These lawsuits, and other private lawsuits not currently alleged as class actions, seek damages (including statutory damages) and injunctive relief, among other remedies. While a 2021 Supreme Court decision narrowed the applicability of the TCPA' s restrictions, plaintiffs continue to test the boundaries of the decision, and a few states, including Florida and Oklahoma, have adopted TCPA- like laws that similarly provide for statutory damages and a private right of action. Additional states may follow suit. Given the enormous number of communications we send to our users, a determination that there have been violations of the TCPA or other communications- based statutes could expose us to significant damage awards that could, individually or in the aggregate, materially harm our business. We post on our websites our privacy notices and practices concerning the collection, use, sharing, disclosure, deletion and retention of our user data. Any failure, or perceived failure, by us to comply with our posted privacy notices or with any regulatory requirements or orders or other **U. S.** federal, state or international privacy or consumer protection- related laws and regulations, including the GDPR ~~,~~ **and** CCPA ~~and CPRA~~ , could result in proceedings or actions against us by governmental entities or others (e. g., class action plaintiffs), subject us to significant penalties and negative publicity, require us to change our business practices, increase our costs and adversely affect our business. Data collection, data usage **and sharing** , privacy and security have become the subject of increasing public concern. If Internet and mobile users were to reduce their use of our websites, mobile platforms, products, and services as a result of these concerns, or not consent to the use of their personal data for certain marketing or advertising purposes, our business could be harmed. We also have experienced security breaches and likely will in the future, which themselves may result in a violation of these laws and give rise to regulatory enforcement and / or private litigation ~~. Other laws and regulations could harm our business~~ . It is not always clear how laws and regulations governing matters relevant to our business, such as property ownership, copyrights, trademarks, and other intellectual property issues, parallel imports and distribution controls, taxation, libel and defamation, and obscenity apply to our businesses. Many of these laws were adopted prior to the advent of the Internet, mobile, and related technologies and, as a result, do not contemplate or address the unique issues of the Internet and related technologies. Many of these laws, including some of those that do reference the Internet are subject to interpretation by the courts on an ongoing basis and the resulting uncertainty in the scope and application of these laws and regulations increases the risk that we will be subject to private claims and governmental actions alleging violations of those laws and regulations. As our activities, the products and services we offer, our investment in other companies, and our geographical scope continue to expand, regulatory agencies or courts may claim or ~~hold~~ **determine** that we or our users are subject to additional requirements (including licensure) or prohibited from conducting our business in their jurisdiction, either generally or with respect to certain actions. For example, we have the ability to acquire investments in other companies (such as Adevinta, Adyen, ~~KakaoBank~~ and Gmarket ~~, formerly known as Apollo Korea~~) that raise the potential for us to be deemed an investment company as defined by the Investment Company Act of 1940 **, as amended** (the " Investment Company Act "). While we intend to conduct our operations such that we will not be deemed an investment company, such a determination would require us to initiate burdensome compliance requirements and comply with restrictions imposed by the Investment Company Act that would limit our activities, including limitations on our capital structure and our ability to transact with affiliates, which would have an adverse effect on our financial condition. Further, financial and political events have increased the level of regulatory scrutiny on large companies, and regulatory agencies may view matters or interpret laws and regulations differently than they have in the past and in a manner adverse to our businesses. Numerous U. S. states and foreign jurisdictions, including the State of California, have regulations regarding " auctions " and the handling of property by " secondhand dealers " or " pawnbrokers. " Several states and some foreign jurisdictions have attempted to impose such regulations upon us or our users, and others may attempt to do so in the future. Attempted enforcement of these laws against some of our users appears to be increasing and we could be required to change the way we or our users do business in ways that increase costs or reduce revenues, such as forcing us to prohibit listings of certain items or restrict certain listing formats in some locations. We could also be subject to fines or other penalties, and any of these outcomes could harm our business. The European Union ~~recently enacted the~~ Digital Services Act (the " DSA ") ~~, which~~ became effective in November 2022 and will begin to be enforced in ~~early~~ **mid- February** 2024 ~~(or earlier if we qualify as a " very large online platform ")~~. The DSA imposes legal obligations on online marketplaces operating in Europe, requiring them to verify ~~and ensure~~ the ~~accuracy~~ **identity of business sellers** and **make best efforts to assess proper** disclosure **by traders** of required information, as well as **information on** the safety and authenticity of products posted by third- party merchants. The DSA also enforces new content moderation obligations, notice obligations, advertising restrictions and other requirements on digital platforms that will create additional operational burdens and compliance costs for us. For online platforms like ours, noncompliance with the DSA could result in fines of up to 6 % of annual global revenues, which would be adverse to our business. **Additionally, the United Kingdom' s Online Safety Act creates requirements around monitoring and handling harmful content and may require us to expend resources to comply with the new regulations.** The European Union ~~is~~ **has** also ~~considering~~ **adopted certain** additional ~~proposed~~ regulations relating to the safety and sustainability of products on the EU market, which ~~would~~ bring new obligations both on us directly and our sellers and vendors. Additionally, certain EU- member countries have enacted anti- waste regulations that create direct obligations on sellers and impose compliance verification obligations on us. These anti- waste regulations vary by EU- member country, creating additional operational burdens and compliance costs on our sellers and us. These proposed and ongoing regulations could cause our ~~marketplaces~~ **Marketplaces** to be less attractive to current and prospective sellers and buyers, which could materially impact our business. Government regulators globally are also imposing new data reporting requirements on platforms for user tax compliance. These laws (e. g., DAC 7 in the **European Union** ~~EU, or 1099- K in the US~~) may make users more reluctant to use our services due to increased sensitivity around personal data collection and reporting **(e. g., Form 1099- K in the United States)**, even when mandated by applicable laws and regulations. As we expand and localize our international activities, we are increasingly becoming obligated to comply with the laws of the countries or markets in which we operate. In addition, because our services are accessible worldwide and we facilitate sales of goods and provide services to users worldwide, one or more jurisdictions may claim that we or our users are required to comply with their laws based on the location of our servers or one or more of our users, or the location of the product or service being sold or provided in an ecommerce transaction. Laws regulating Internet, mobile and ecommerce technologies outside of the United States are generally less favorable to us than those in the United States. Compliance may be more costly or may require us to change our business practices or restrict our service offerings, and the imposition of any regulations on us or our users may harm our business. In addition, we may be subject to multiple overlapping legal or regulatory regimes that impose conflicting requirements on us (e. g., in cross- border trade). Our alleged failure to comply with foreign laws could subject us to penalties ranging from criminal prosecution to significant fines to bans on our services, in addition to the significant costs we may incur in defending against such actions. We **have voluntarily established and publicly disclosed certain environmental, social and governance (" ESG ") goals, including targets for growth in less- advantaged communities and reduced greenhouse gas emissions. These statements reflect our current plans and aspirations and are not guarantees that we will be able to achieve them. Our failure to accomplish or accurately track and report on these goals on a timely basis, or at all, could adversely affect our reputation, financial performance and growth, and expose us to increased scrutiny from the investment community, regulatory authorities and other stakeholders. If our ESG goals or performance are perceived to be inadequate, or if such goals or performance are perceived to be worse than those of our competitors, our reputation, our ability to attract or retain employees and our attractiveness as an investment, business partner or acquirer could be harmed. In addition, ESG best practices and reporting standards are complex and evolving, and new laws, regulations, policies and international accords relating to ESG matters are being developed and formalized in numerous jurisdictions. Some of these laws and regulations require specific, target- driven frameworks and disclosures. For example, in the United States, the SEC has proposed climate change and ESG reporting requirements, and California recently enacted legislation that creates new disclosure requirements regarding greenhouse gas emissions, climate change- related financial risk and carbon offset purchases for companies that operate in California. Our costs to comply with these and other ESG reporting requirements, including new ESG standards and initiatives in the European Union, could be significant, and such disclosure requirements could result in revisions to our previous ESG- related disclosures or challenges in meeting evolving and varied regulatory, investor and other stakeholder expectations and standards, which could expose us to liability or harm our business and reputation. As described under " Note 13 — Commitments and Contingencies — Litigation and Other Legal Matters " and above under the heading " Our business is subject to extensive and increasing government regulation and oversight, which could adversely impact our business, " we** are regularly subject to claims, lawsuits (including class actions and individual lawsuits), government investigations, and other proceedings involving competition and antitrust, intellectual property, privacy, consumer protection, accessibility claims, securities, tax, labor and employment, commercial disputes, content generated by our users, services and other matters. The number and significance of these disputes and inquiries have increased as our Company has grown larger, our businesses have expanded in scope and geographic reach, and our products and services have increased in complexity. As the global regulatory and legal landscape evolves, we may also become subject to product liability or other claims when products sold by third parties using our platforms result in personal injury, illness, death, injury to property or harm to the environment, or such sales are alleged to be in violation of the law ~~. As described more fully under " Note 13 — Commitments and Contingencies — Litigation and Other Legal Matters " and below under the heading " The listing or sale by our users of certain items, including items that allegedly infringe the intellectual property rights of rights owners, including pirated or counterfeit items, illegal items or items used in an illegal manner may harm our business, " certain government agencies are seeking to hold us liable for third party sales on our Marketplace platforms to the extent such sales implicate laws and regulations enforced by those agencies, including specifically the EPA and the DEA. In addition, as also more fully described under " Note 13 — Commitments and Contingencies — Litigation and Other Legal Matters, " we are responding to inquiries from the U. S. Attorney for the District of Massachusetts regarding potential criminal liability of the Company arising from the stalking and harassment in 2019 of the editor and publisher of Ecommercebytes, a website that publishes ecommerce news and information. Six former Company employees and one former contractor have pleaded guilty to crimes arising from the conduct. The Company has begun discussions with the U. S. Attorney' s Office, which discussions include a potential settlement. We expect any such settlement may include fines, other payments, and non- monetary remedies, such as additional remediation, compliance and reporting requirements. Furthermore, the editor and publisher also have a pending civil action against the Company, which seeks unspecified damages arising from the above- described conduct~~ . The outcome and impact of such claims, lawsuits, government investigations, and other proceedings cannot be predicted with certainty. Regardless of the outcome, such investigations and proceedings can have a material adverse impact on us because of legal costs, diversion of management resources, and other factors. Determining reserves for our pending litigation and other proceedings is a complex, fact- intensive process that is subject to judgment calls. **If** ~~Based on currently available information, reasonably possible losses arising directly from such claims, lawsuits, government investigations, and other proceedings (i. e., monetary damages or amounts paid in judgment or settlement) in excess of our recorded accruals are not material. However, if~~ one or more matters were resolved against us in a reporting period for amounts in excess of management' s expectations, the impact on our operating results or financial condition for that reporting period could be material. These proceedings could also result in criminal sanctions, consent decrees, reputational harm, harm to our relations with various government agencies and regulators, or orders preventing us from offering certain products or services, or requiring a change in our business practices in costly ways, or requiring development of non- infringing or otherwise altered products or technologies. Any of these consequences could **materially** harm our business. ~~We~~ **Our conduct and actions** are subject to scrutiny by various government agencies under U. S. and foreign laws and regulations, including antitrust and competition laws. Some jurisdictions also provide private rights of action for competitors or consumers to assert claims of **unfair or** anti- competitive conduct. Other companies and government agencies have in the past **alleged,** and may in the future allege that our actions violate the antitrust or competition laws of the United States, individual states, the European Union or other countries, or otherwise constitute unfair competition. An increasing number of governments are regulating **activities by online platforms as a complement to** competition law ~~activities~~ , ~~including increased scrutiny in large markets~~ **and we may be subjected to** such **regulation** ~~as China~~ . Our business partnerships or agreements or arrangements with customers or other companies could give rise to ~~regulatory~~ **law enforcement** action or antitrust litigation. Some regulators **and enforcement agencies** ~~, particularly those outside of the United States,~~ may perceive our business to be used so broadly that otherwise uncontroversial business practices could be deemed anticompetitive. Certain competition authorities have conducted market studies of our industries. ~~Such~~ **Any** claims and investigations, even if without foundation, may be very expensive to defend, involve negative publicity and substantial diversion of management time and effort and could result in ~~significant~~ judgments against us **with significant fines** or require us to change our business practices. The listing or sale by our users of unlawful, counterfeit or stolen goods or unlawful services, or sale of goods or services in an unlawful manner, has resulted and may continue to result in allegations of civil or criminal liability for unlawful activities against us (including the employees and directors of our various entities) involving activities carried out by users through our services. In a number of circumstances, third parties, including government regulators and law enforcement officials, have alleged that our services aid and abet violations of certain laws, including laws regarding the sale of counterfeit items, laws restricting or prohibiting the transferability (and by extension, the resale) of digital goods (e. g., books, music and software), the fencing of stolen goods, selective distribution channel laws, customs laws, distance selling laws, and the sale of items outside of the United States that are regulated by U. S. export controls. **Additionally, legislative proposals in the United States seek to make online marketplaces contributorily liable for the use of a counterfeit mark by third party sellers.** In addition, allegations of infringement of intellectual property rights, including but not limited to counterfeit items, have resulted **and may continue to result** in threatened and actual litigation from time to time by rights owners. These and similar suits may also force us to modify our business practices in a manner that increases costs, lowers revenue, makes our websites and mobile platforms less convenient to customers, and requires us to spend substantial resources to take additional protective measures or discontinue certain service offerings ~~in order~~ to combat these practices. In addition, we have received **and may continue to receive** significant media attention relating to the listing or sale of illegal or counterfeit goods, which could damage our reputation, diminish the value of our brand names, and make users reluctant to use our products and services. As described more fully under " Note 13 — Commitments and Contingencies — Litigation and Other Legal Matters ~~,~~" ~~we have received requests for information from~~ **and above under the heading " Our business is subject to extensive and increasing government regulation and oversight, which could adversely impact our business, " certain** government agencies ~~related to~~ **have sought,** ~~our~~ **or** ~~potential liability~~ **continue to seek, to hold us liable** for ~~products sold by sellers~~ **third- party sales** on our Marketplace platforms ~~. We have responded~~ to ~~inquiries from~~ **the extent such sales implicate laws and regulations enforced by those agencies, including specifically the EPA, the DEA and the OPSS, and we paid $ 59 million and agreed to implement enhanced processes regarding our monitoring and reporting of listings that violate our terms of service, pursuant to the DEA Settlement Agreement, to fully resolve** the U. S. Department of Justice **' s allegations** ~~regarding products sold on our Marketplace platforms alleged to violate certain laws and regulations, including regulations~~ of **noncompliance arising under** the **Controlled**

Substances Act ~~EPA and, separately, regulations of the DEA. The inquiries relate to whether and to what extent we should be liable for the sale of regulated or illicit products manufactured and sold by others who listed such products on Marketplace platforms in a manner that evaded and / or was designed to evade detection by us~~ . If we are found ~~to be~~ liable for **any instances of** such activities **, or if new laws or court decisions impose liability** on ~~our Marketplace~~ **marketplace platforms** , we likely will be subject to monetary damages, **required to** ~~changes~~ - **change** ~~in~~ our business practices ~~,~~ or **implement** other remedies that could have a material adverse impact on our business, and our reputation could suffer harm. Online services companies may be subject to claims relating to information disseminated through their services, including claims alleging defamation, libel, breach of contract, invasion of privacy, negligence, copyright or trademark infringement, among other things. The laws relating to the liability of online services companies for information disseminated through their services are subject to frequent challenges both in the United States and foreign jurisdictions. Any liabilities incurred as a result of these matters could require us to incur additional costs and harm our reputation and our business. ~~Our potential liability~~ **A number of legislative proposals in the United States seek to make online platforms liable** to third parties for the user- provided content on ~~our~~ sites ~~may increase~~ **like ours** . If we become liable for information provided by our users and carried on our service in any jurisdiction in which we operate, we could be directly harmed and we may be forced to implement new measures to reduce our exposure to this liability, including expending substantial resources or discontinuing certain service offerings, which could harm our business. Interest Rate and Indebtedness Risks ~~Fluctuations in interest rates, and changes in regulatory guidance related to such interest rates, could adversely impact our financial results.~~ During 2022 **and 2023** , the Federal Reserve raised benchmark interest rates to combat inflation ~~, and~~ **. Although the Federal Reserve has indicated that it expects to reduce** interest rates ~~are expected to continue to increase~~ in ~~2023~~ **2024** ~~. Our~~ **, our** borrowing costs **have been and** will **continue to** be impacted by ~~rising~~ **increased** interest rates, which could negatively impact our results of operations and financial condition. The cost of future fixed rate indebtedness may be more expensive than existing fixed rate indebtedness that is coming due and being refinanced. Further, although as of December 31, ~~2022~~ **2023** we had no outstanding borrowings under our revolving credit facility, our revolving credit facility is subject to floating interest rates and therefore is also subject to interest rate risks to the extent we borrow in the future. We have in the past and may in the future enter into interest rate hedging arrangements, but we can provide no assurances that these arrangements will fully mitigate the increased borrowing costs. In addition, investments in both fixed- rate and floating- rate interest- earning instruments carry varying degrees of interest rate risk. As described more fully under " Note 7 – Investments, " in 2022 **and 2023** , the fair market value of our fixed- rate investment securities was adversely impacted due to a rise in interest rates, which may ~~continue to~~ occur **again in future periods** . This increase was partially offset by increased interest income resulting from higher yielding investments in a higher interest rate environment. If rates were to return to lower levels, we would expect to see the opposite effect with a corresponding reduction in investment income and increase in fair value. We have substantial indebtedness, and we may incur substantial additional indebtedness in the future, and we may not generate sufficient cash flow from our business to service our indebtedness. Failure to comply with the terms of our indebtedness could result in the acceleration of our indebtedness, which could have an adverse effect on our cash flow and liquidity. We have a substantial amount of outstanding indebtedness and we may incur substantial additional indebtedness in the future, including under our commercial paper program and revolving credit facility or through public or private offerings of debt securities. Our outstanding indebtedness and any additional indebtedness we incur may have significant consequences, including, without limitation, any of the following: • requiring us to use a significant portion of our cash flow from operations and other available cash to service our indebtedness, thereby reducing the amount of cash available for other purposes, including capital expenditures, dividends, share repurchases, and acquisitions; • our indebtedness and leverage may increase our vulnerability to downturns in our business, to competitive pressures, and to adverse changes in general economic and industry conditions; • adverse changes in the ratings assigned to our debt securities by credit rating agencies will likely increase our borrowing costs; • our ability to obtain additional financing for working capital, capital expenditures, acquisitions, share repurchases, dividends or other general corporate and other purposes may be limited; and • our flexibility in planning for, or reacting to, changes in our business and our industry may be limited. Tax Risks ~~Our business and our sellers and buyers may be subject to evolving sales and other tax regimes in various jurisdictions, which may harm our business.~~ The application of indirect taxes such as sales and use tax, value- added tax (" VAT "), goods and services tax (" GST ") (including the " digital services tax "), business tax, withholding tax and gross receipt tax, and tax information reporting obligations to businesses like ours and to our sellers and buyers is a complex and evolving issue. Many of the fundamental statutes and regulations that impose these taxes were established before the adoption and growth of the Internet and ecommerce. Significant judgment is required to evaluate applicable tax obligations and as a result amounts recorded are estimates and are subject to adjustments. In many cases, the ultimate tax determination is uncertain because it is not clear when and how new and existing statutes might apply to our business or to our sellers' businesses. In some cases it may be difficult or impossible for us to validate information provided to us by our sellers on which we must rely to ascertain any obligations that may apply to us related to our sellers' businesses, given the intricate nature of these regulations as they apply to particular products or services and that many of the products and services sold in our ~~marketplace~~ **Marketplace** are unique or handmade. If we are found to be deficient in how we have addressed our tax obligations, our business could be adversely impacted. From time to time, some taxing authorities in the United States have notified us that they believe we owe them certain taxes imposed on our services. These notifications have not resulted in any significant tax liabilities to date, but there is a risk that some jurisdiction may be successful in the future, which would harm our business. While we attempt to comply in those jurisdictions where it is clear that a tax is due, some of our subsidiaries have, from time to time, received claims relating to the applicability of indirect taxes to our fees. Additionally, we pay input VAT on applicable taxable purchases within the various countries in which we operate. In most cases, we are entitled to reclaim this input VAT from the various countries. However, because of our unique business model, the application of the laws and rules that allow such reclamation is sometimes uncertain. A successful assertion by one or more countries that we are not entitled to reclaim VAT could harm our business. Various jurisdictions are seeking to, or have recently imposed additional reporting, record- keeping, indirect tax collection and remittance obligations, or revenue- based taxes on businesses like ours that facilitate online commerce. If requirements like these become applicable in additional jurisdictions, our business, collectively with eBay sellers' businesses, could be harmed. For example, taxing authorities in the **United States** ~~U. S.~~ and in other countries have targeted e- commerce platforms as a means to calculate, collect, and remit indirect taxes for transactions taking place over the internet, and have enacted laws and others are considering similar legislation. To date, 45 states, the District of Columbia and Puerto Rico have enacted Internet sales tax legislation with additional states anticipated to adopt legislation in the coming years. Our business is also required to increase payments reporting requirements for U. S. sellers as a result of federal legislation. All businesses that process payments are now required to issue a Form 1099- K for all sellers who receive more than $ 600 in ~~net~~ **gross** payments in a year, a decrease from the previous reporting threshold of $ 20, 000 and 200 transactions. The IRS recently announced a **second** one- year delay of this rule **covering 2023 transactions** . As a result, Form 1099- Ks for the ~~new~~ **$ 600** ~~thresholds~~ - **threshold** will be issued beginning in January **2025 for** 2024 **transactions** , subject to potential new federal legislation raising the threshold and / or future IRS action. Tax collection responsibility and the additional costs associated with complex sales and use tax collection, remittance and audit requirements, or reporting, could create additional burdens for buyers and sellers on our websites and mobile platforms. Moreover, any failure by us to prepare for and comply with this and similar reporting and record- keeping obligations could result in substantial monetary penalties and other sanctions, adversely impact our ability to do business in certain jurisdictions and harm our business. These legislative changes or new legislation could adversely affect our business if the requirement of tax to be charged on items sold on our ~~marketplaces~~ **Marketplaces** causes our ~~marketplaces~~ **Marketplaces** to be less attractive to current and prospective buyers, which could materially impact our business and eBay sellers' businesses. This legislation could also require us or our sellers to incur substantial costs in order to comply, including costs associated with tax calculation, collection, remittance, and audit requirements, which could make selling on our ~~marketplaces~~ **Marketplaces** less attractive ~~. We may have exposure to greater than anticipated tax liabilities~~ . The determination of our worldwide provision for income taxes and other tax liabilities requires estimation and significant judgment, and there can be from time to time transactions and calculations where the ultimate tax determination is uncertain. Like many other multinational corporations, we are subject to tax in multiple U. S. and foreign jurisdictions and have structured our operations to reduce our effective tax rate. Our determination of our tax liability is always subject to audit and review by applicable domestic and foreign tax authorities, and we are currently undergoing a number of investigations, audits and reviews by taxing authorities throughout the world, including with respect to our business structure. Any adverse outcome of any such audit or review could harm our business, and the ultimate tax outcome may differ from the amounts recorded in our financial statements and may materially affect our financial results in the period or periods for which such determination is made. While we have established reserves based on assumptions and estimates that we believe are reasonable to cover such eventualities, these reserves may prove to be insufficient. In addition, our future income taxes could be adversely affected by a shift in our jurisdictional earning mix, by changes in the valuation of our deferred tax assets and liabilities, changes in the valuation of our investments, as a result of gains on our foreign exchange risk management program, or changes in tax laws, regulations, or accounting principles, as well as certain discrete items. Transactional Risks ~~Acquisitions, dispositions, joint ventures, strategic partnerships and strategic investments could result in operating difficulties and could harm our business or impact our financial results.~~ We have acquired a significant number of businesses of varying size and scope, technologies, services, and products, and we maintain investments in certain businesses. We have also disposed of significant businesses. We expect to continue to evaluate and consider a wide array of potential strategic transactions as part of our overall business strategy, including business combinations, acquisitions, and dispositions of businesses, technologies, services, products, and other assets, as well as strategic investments and joint ventures. These transactions may involve significant challenges and risks, including: • the potential loss of key customers, merchants, vendors and other key business partners of the companies we acquire, or dispose of, following and continuing after announcement of our transaction plans; • declining employee morale and retention issues affecting employees of companies that we acquire or dispose of, which may result from changes in compensation, or changes in management, reporting relationships, future prospects or the direction of the acquired or disposed business **, which risks may be heightened following our recently announced restructuring plan** ; • difficulty making new and strategic hires of new employees; • diversion of management time and a shift of focus from operating the businesses to the transaction, and in the case of an acquisition, integration and administration; • the need to provide transition services to a disposed of company, which may result in the diversion of resources and focus; • the need to integrate the operations, systems (including accounting, management, information, human resource and other administrative systems), technologies, products and personnel of each acquired company, which is an inherently risky and potentially lengthy and costly process; • the inefficiencies and lack of control that may result if such integration is delayed or not implemented, and unforeseen difficulties and expenditures that may arise as a result; • the need to implement or improve controls, procedures and policies appropriate for a larger public company at companies that prior to acquisition may have lacked such controls, procedures and policies or whose controls, procedures and policies did not meet applicable legal and other standards; • risks associated with our expansion ~~into~~ **in** new international markets and new areas of business; • derivative lawsuits resulting from the acquisition or disposition; • liability for activities of the acquired or disposed of company before the transaction, including intellectual property and other litigation claims or disputes, violations of laws, rules and regulations, commercial disputes, tax liabilities and other known and unknown liabilities and, in the case of dispositions, liabilities to the acquirers of those businesses under contractual provisions such as representations, warranties and indemnities; • the potential loss of key employees following the transaction; • the acquisition of new customer and employee personal ~~information~~ **data** by us or a third party acquiring assets or businesses from us, which in and of itself may require regulatory approval and or additional controls, policies and procedures and subject us to additional exposure; • any fluctuations in share prices, financial results and fluctuations in exchange rates, and our ability to sell our shares in any company we have invested in; and • our dependence on the acquired business' accounting, financial reporting, operating metrics and similar systems, controls and processes and the risk that errors or irregularities in those systems, controls and processes will lead to errors in our consolidated financial statements or make it more difficult to manage the acquired business. We have made certain investments, including through joint ventures, in which we have a minority equity interest and / or lack management and operational control. The controlling joint venture partner in a joint venture may have business interests, strategies, or goals that are inconsistent with ours, and business decisions or other actions or omissions of the controlling joint venture partner or the joint venture company may result in harm to our reputation or adversely affect the value of our investment in the joint venture. Any circumstances, which may be out of our control, that adversely affect the value of our investments, or cost resulting from regulatory action or lawsuits in connection with our investments, could harm our business or negatively impact our financial results. We entered into a warrant agreement in conjunction with a commercial agreement with Adyen that entitles us to acquire a fixed number of shares of Adyen' s common stock subject to certain milestones being met. This warrant is accounted for as a derivative instrument under **Accounting Standards Codification ("** ASC **")** Topic 815, Derivatives and Hedging. Changes in Adyen' s common stock price and equity volatility have had, and may continue to have in the future, a significant impact on the value of this warrant. We report this warrant on a quarterly basis at fair value in our consolidated balance sheets, and changes in the fair value of this warrant are recognized in our consolidated statement of income. Fluctuations in Adyen' s common stock price and prevailing foreign exchange rate or other changes in assumptions could result in material changes in the fair value that we report in our consolidated balance sheets and our consolidated statement of income, which could have a material impact on our financial results. As a result of a prior transaction, we own a significant number of Adevinta shares, and fluctuations in Adevinta' s share price ~~,~~ **and** financial results and fluctuations in exchange rates could result in material changes in our consolidated balance sheet and our consolidated statement of income. As described more fully under " Note 7 — Investments — Equity Investments, " we recorded significant ~~realized and~~ unrealized **gains and** losses in ~~each of~~ **2023 and** 2022 ~~and 2021~~ **, respectively,** relating to the change in fair value of these shares ~~. In addition, our ability~~ **and also entered into an agreement in November 2023** to sell **50 % of** our **shares and exchange our remaining shares for an equity stake of approximately 20 % in a newly privatized Adevinta, which transaction remains subject to closing conditions and is expected to close in the second quarter of 2024 (the " Adevinta Transaction "). If the Adevinta Transaction closes and** Adevinta shares **cease to trade on the Oslo Stock Exchange, our ability to sell our shares in a newly privatized Adevinta** in the future will be **limited and** subject to market conditions and other factors **,** which ~~could~~ **may** impact the value we are able to realize from any such sales ~~. We could incur significant liability if the Distribution is determined to be a taxable transaction~~ . We have received an opinion from outside tax counsel to the effect that our distribution of 100 % of the outstanding common stock of PayPal to our stockholders on July 17, 2015 (the " Distribution ") qualifies as a transaction that is described in Sections 355 and 368 (a) (1) (D) of the Internal Revenue Code. The opinion relies on certain facts, assumptions, representations and undertakings from PayPal and us regarding the past and future conduct of the companies' respective businesses and other matters. If any of these facts, assumptions, representations or undertakings are incorrect or not satisfied, our stockholders and we may not be able to rely on the opinion of tax counsel and could be subject to significant tax liabilities. Notwithstanding the opinion of tax counsel **that** we have received, the IRS could determine on audit that the Distribution is taxable if it determines that any of these facts, assumptions, representations or undertakings are not correct or have been violated or if it disagrees with the conclusions in the opinion. If the Distribution is determined to be taxable for U. S. federal income tax purposes, our stockholders that are subject to U. S. federal income tax and we could incur significant U. S. federal income tax liabilities. We ~~may be exposed to claims and liabilities as a result of the Distribution. We~~ entered into a separation and distribution agreement and various other agreements with PayPal to govern the Distribution and the relationship of the two companies. These agreements provide for specific indemnity and liability obligations and could lead to disputes between us and PayPal. The indemnity rights we have against PayPal under the agreements may not be sufficient to protect us. In addition, our indemnity obligations to PayPal may be significant and these risks could negatively affect our results of operations and financial condition. ~~29~~ **32**