DALALBYTES RESEARCH · FIVE-PILLAR ANALYSIS · NASDAQ: EBAY

eBay, Inc.

Five-Pillar Analysis: Two Pass, Three Partial

Moderate fit, 2 of 5 pass. Leadership and Moat pass on delivery and on the enthusiast inventory graph. Sunrise, Iron Fortress and Free Cash Flow grade partial. Companion to the investment report at 66/100 Selective Positive. FY2029 targets: Bear $95 / Base $150 / Bull $210.

NOVEMBER 11, 2026

Reference price $123.52 (NASDAQ close, November 10, 2026). Sources: company filings, releases and calls, and named public sources as cited. Educational purposes only, not financial advice.

1 THE SCORECARD

Moderate fit. 2 of 5 pass. Leadership and Moat pass on delivery and on the enthusiast inventory graph. Sunrise, Iron Fortress and Free Cash Flow grade partial, each for a named reason that can change.

2 of 5	66/100	$123.52	$95 / $150 / $210
Pillars passing	Companion investment report score	Reference price, Nov 10, 2026 close	FY2029 bear / base / bull

What would change the grades. Sunrise upgrades if international organic growth reaches high single digits for a full year. Iron Fortress upgrades if net debt returns below $1.5B without new deal debt. Free Cash Flow upgrades if FY2027 free cash flow holds above $2B while buybacks stay funded from cash flow rather than the balance sheet.

Companion to the eBay investment report (66/100, Selective Positive). This piece grades the business against the five-pillar engine: Sunrise, Leadership, Moat, Iron Fortress, and Free Cash Flow.

Pillar	Grade	One-line evidence
1. Sunrise	PARTIAL	Recommerce grows at about four times the broader clothing market while the core marketplace pond grows at low single digits
2. Leadership	PASS	Three consecutive 2026 quarters above the high end of guidance on every guided line
3. Moat	PASS	16 million enthusiast buyers driving over 70 percent of GMV behind a 20 million item authentication layer
4. Iron Fortress	PARTIAL	Gross debt flat at $6,733M, net debt up to about $2,587M after paying $1.4B cash for Depop
5. Free Cash Flow	PARTIAL	Free cash flow fell to about $1.48B in FY2025 as revenue grew 8 percent, then recovered in 2026

2 PILLAR 1, SUNRISE: PARTIAL

- Global secondhand apparel was a $257B market in 2025 on GlobalData estimates for ThredUp, projected to reach $393B by 2030.
- US secondhand grew 19 percent in 2025, about four times faster than the broader retail clothing market.

- Pre-owned and refurbished goods have been over 40 percent of eBay GMV since 2024, and eBay's own survey work finds 89 percent of consumers planning to spend the same or more on secondhand in 2027.
- Against that, the overall pond is mature: total GMV grew 1 to 2 percent in 2023 and 2024, and international GMV grew only 4 percent in Q3 2026.
- The specialists riding the same sunrise grow faster: Vinted at +47 percent in 2025, TikTok Shop US at +68 percent.

A sunrise pillar asks whether the weather carries the company. For eBay the weather is split down the middle: a genuine sunrise in recommerce and collectibles, and a flat grey sky over the general marketplace it used to be. The company has repositioned itself under the sunny half with discipline, which is a leadership credit, not a sunrise credit. The pillar grades the weather, not the positioning, and the weather is PARTIAL until the international and non-focus pond grows at a rate that carries the whole company rather than its best categories.

3 PILLAR 2, LEADERSHIP: PASS

- Q1 2026 beat the high end of guidance on revenue, GMV and non-GAAP EPS. Q2 2026 did the same. Q3 2026 beat GMV guidance by $0.8B above the high end and non-GAAP EPS by $0.09 above the high end.
- Depop was framed before delivery with dated, testable promises: 1 to 2 points of 2026 GMV growth at announcement, a quantified operating income headwind, and accretion to non-GAAP operating income in 2028. Q3 delivered nearly 3 points.
- The October 2026 restructuring ties headcount cuts explicitly to funding the highest growth priorities, with the $130M to $150M charge guided in advance.
- Capital allocation is shareholder-direct: $2,500M of buybacks in FY2025 against a promise of at least $2B, a $2.0B authorisation added in February 2026, and the dividend raised twice in two years to $0.31 a quarter.
- The marks against are recorded, not hidden: the Depop cash price stepped up about $200M between announcement and close, and GAAP operating margin fell year over year in two of the last three quarters.

Leadership passes because the test this engine applies is whether management says what it will do, dates it, and then does it. On volume, product rollout, deal framing and capital return, this team has done that for three straight quarters in 2026, against a strategy it set years earlier. The open item is margin delivery, and it is an open item rather than a broken promise: the team guided the investment and the headwind in advance. PASS, with the margin quarter as the evidence that would be needed to keep it if volume delivery ever slips.

4 PILLAR 3, MOAT: PASS

- Sixteen million enthusiast buyers visit more than once a day on average and contribute over 70 percent of GMV, spending about $3,700 each over the trailing year.

- Authenticity Guarantee passed 20 million cumulative items inspected in July 2026 and expanded to buyers in 23 EU countries for luxury fashion in Q3 2026.
- The collectibles complex has no assembled rival: TCGplayer over $1B of trailing GMV, Goldin setting record quarters, PSA grading and vault, PCGS for coins, and 130 million cumulative AI card scans feeding the price guide.
- Liquidity is self-reinforcing in one-of-one inventory: sellers list where the enthusiast buyers are, and the buyers are there because the inventory is.
- The boundary is explicit: the moat does not extend to new, standardised goods, where Amazon, Walmart and Temu compete on price and logistics eBay does not own.

The moat is narrow and deep rather than broad and shallow, and this engine grades the moat the business actually defends. Inside collectibles, motors parts, luxury and refurbished electronics, eBay's combination of unique inventory, authentication infrastructure and enthusiast liquidity is the strongest position in its market, and rivals attack it one category at a time against a set that compounds together. PASS, graded on the focus-category business, with the commodity tail named as outside the wall.

5 PILLAR 4, IRON FORTRESS: PARTIAL

- Total debt was $6,733M at September 30, 2026, flat against $6,746M at December 31, 2025. The Depop acquisition was funded from cash and securities, not new term debt.
- Cash and non-equity investments on the company's definition fell from $4.9B at June 30, 2026 to $3.3B at September 30, 2026, with the $1.4B Depop payment the dominant cause.
- Net debt on balance-sheet totals rose from about $1,060M to about $2,587M across the deal.
- Book equity of $4,412M sits below goodwill of $5,242M after years of buybacks. The equity line is thin by construction.
- The business carries no inventory and no fulfilment network, so the balance sheet faces no working-capital cliff of the retail kind. Customer funds of $1,624M are matched on both sides of the balance sheet and are not eBay debt.

An iron fortress survives its own mistakes without asking anyone's permission. eBay's balance sheet is sound, liquid and conservatively termed, and it absorbed a $1.4B cash deal without borrowing. It is not a fortress: net debt more than doubled in a quarter by choice, and the equity cushion is an accounting residue of the buyback programme rather than a buffer. PARTIAL, with a clear upgrade path if deal-making pauses and free cash flow rebuilds the cash pile toward the June 2026 level.

6 PILLAR 5, FREE CASH FLOW: PARTIAL

- Free cash flow, continuing: about $2.0B in FY2023, about $1.96B in FY2024, about $1.48B in FY2025, then $1,973M in the first nine months of 2026 alone.
- The FY2025 dip came as revenue grew 8 percent: a working-capital swing, including income taxes payable falling from $966M to $108M, took the cash line down even as the P&L grew.

- Buybacks exceeded free cash flow in FY2024 ($3,149M against about $1,956M) and FY2025 ($2,500M against about $1,484M). The difference came from the balance sheet, which is why the fortress pillar and this pillar lean on each other.
- Stock-based compensation runs near 5.5 percent of revenue: $607M in FY2025 and $511M in the first nine months of 2026. Real cash flow per share must be read after it.
- Q3 2026 free cash flow of $749M funded the quarter's $689M buyback and $138M dividend with room to spare, the cleanest single-quarter coverage of the year.

Free cash flow is the pillar this business historically never failed, and FY2025 is why it no longer passes clean. A marketplace with a 72 percent gross margin should convert more reliably than a year in which cash flow fell by a quarter while revenue rose. The 2026 recovery is strong and the Q3 coverage was clean, so the grade is PARTIAL rather than FAIL, and it upgrades on one more full year of conversion at the 2026 run-rate.

7 WHAT WOULD CHANGE THE GRADES

- **Sunrise upgrades** if international organic GMV growth reaches high single digits for a full year, proving the pond beyond the US focus categories can carry growth.
- **Leadership is retested** on the 2028 Depop accretion date and on the first quarter that pairs double-digit organic growth with a rising non-GAAP operating margin.
- **Moat downgrades** if Vinted or another specialist takes measurable share in US fashion C2C, the segment eBay paid $1.4B to defend, or if collectibles GMV growth turns negative for two quarters.
- **Iron Fortress upgrades** if net debt returns below $1.5B with no new deal debt, and downgrades on any debt-funded acquisition above $1B.
- **Free Cash Flow upgrades** if FY2027 free cash flow holds above $2B with buybacks funded from cash flow, and downgrades if FY2026 closes below $2.2B despite the guided revenue year.

8 SUMMARY

- **Pillar 1. Sunrise:** PARTIAL, a recommerce sunrise over a mature pond, with the specialists growing faster than the core.
- **Pillar 2. Leadership:** PASS, three straight quarters of delivery above guided ranges, dated deal promises, and capital returned as promised.
- **Pillar 3. Moat:** PASS, enthusiast liquidity plus a 20 million item trust layer inside the focus categories, with the commodity tail outside the wall.
- **Pillar 4. Iron Fortress:** PARTIAL, flat gross debt and a cash-funded deal against net debt of about $2,587M and equity below goodwill.
- **Pillar 5. Free Cash Flow:** PARTIAL, a FY2025 conversion failure inside a strong 2026 recovery, with buybacks still partly balance-sheet funded.

Moderate fit, 2 of 5 pass. The engine's read: eBay passes the two pillars that describe what it owns and who runs it, and grades partial on the weather, the walls and the cash conversion. That is exactly the shape of the investment report's 66/100 Selective Positive: a well-run, well-defended business whose growth weather is borrowed from its best categories, whose balance sheet was spent down by choice in 2026, and whose price at $123.52 already charges for the good weather continuing.

9 SOURCES

- Company filings and releases: eBay Q3 2026 earnings release and deck (October 28, 2026), Q2 2026 release (August 5, 2026), Q1 2026 release (April 29, 2026), Q4 and full year 2025 release (February 18, 2026), FY2025 Form 10-K (filed February 19, 2026), Q3 2026 earnings call (October 28, 2026)
- Deal sources: eBay and Etsy releases on Depop (February 18 and July 30, 2026), eBay release on Tise (September 2025)
- Market and industry sources: ThredUp 2026 Resale Report with GlobalData (April 2, 2026), Vinted 2025 annual results (April 9, 2026), Momentum Works TikTok Shop estimates (2026), Finnhub and MarketBeat price data to November 10, 2026