
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2025.

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from _____ to _____.

Commission file number 001-36859



PayPal Holdings, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

2211 North First Street

(Address of Principal Executive Offices)

San Jose, California

47-2989869

(I.R.S. Employer
Identification No.)

95131

(Zip Code)

(408) 967-7000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Common stock, \$0.0001 par value per share

Trading Symbol(s)

PYPL

Name of each exchange on which registered

NASDAQ Global Select Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of October 22, 2025, there were 935,651,953 shares of the registrant's common stock, \$0.0001 par value, outstanding, which is the only class of common or voting stock of the registrant issued.

PayPal Holdings, Inc.
TABLE OF CONTENTS

		Page Number
<u>Part I.</u>	<u>Financial Information</u>	4
<u>Item 1.</u>	<u>Condensed Consolidated Balance Sheets</u>	4
	<u>Condensed Consolidated Statements of Income (Loss)</u>	5
	<u>Condensed Consolidated Statements of Comprehensive Income (Loss)</u>	6
	<u>Condensed Consolidated Statements of Stockholders' Equity</u>	7
	<u>Condensed Consolidated Statements of Cash Flows</u>	9
	<u>Notes to Condensed Consolidated Financial Statements</u>	11
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	49
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	66
<u>Item 4.</u>	<u>Controls and Procedures</u>	68
<u>Part II.</u>	<u>Other Information</u>	69
<u>Item 1.</u>	<u>Legal Proceedings</u>	69
<u>Item 1A.</u>	<u>Risk Factors</u>	69
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	77
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u>	77
<u>Item 4.</u>	<u>Mine Safety Disclosures</u>	77
<u>Item 5.</u>	<u>Other Information</u>	77
<u>Item 6.</u>	<u>Exhibits</u>	78
	<u>Signatures</u>	79

PART I: FINANCIAL INFORMATION**ITEM 1: FINANCIAL STATEMENTS**

PayPal Holdings, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2025	December 31, 2024		
	(In millions, except par value) (Unaudited)			
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 8,995	\$ 6,662		
Short-term investments	1,760	4,262		
Accounts receivable, net	973	984		
Loans and interest receivable, held for sale	1,404	541		
Loans and interest receivable, net of allowances of \$515 and \$461 as of September 30, 2025 and December 31, 2024, respectively	6,396	6,422		
Funds receivable and customer accounts	38,668	37,671		
Prepaid expenses and other current assets	1,980	1,664		
Total current assets	<u>60,176</u>	<u>58,206</u>		
Long-term investments	3,601	4,583		
Property and equipment, net	1,656	1,508		
Goodwill	10,941	10,837		
Intangible assets, net	226	326		
Other assets	3,201	3,265		
Total assets	<u>\$ 79,801</u>	<u>\$ 78,725</u>		
LIABILITIES AND EQUITY				
Current liabilities:				
Accounts payable	\$ 208	\$ 227		
Funds payable and amounts due to customers	40,668	39,671		
Accrued expenses and other current liabilities	4,048	5,592		
Total current liabilities	<u>44,924</u>	<u>45,490</u>		
Other long-term liabilities	3,403	2,939		
Long-term debt	11,276	9,879		
Total liabilities	<u>59,603</u>	<u>58,308</u>		
Commitments and contingencies (Note 13)				
Equity:				
Common stock, \$0.0001 par value; 4,000 shares authorized; 941 and 993 shares outstanding as of September 30, 2025 and December 31, 2024, respectively	—	—		
Preferred stock, \$0.0001 par value; 100 shares authorized, unissued	—	—		
Treasury stock at cost, 400 and 337 shares as of September 30, 2025 and December 31, 2024, respectively	(31,624)	(27,085)		
Additional paid-in-capital	21,359	20,705		
Retained earnings	31,163	27,347		
Accumulated other comprehensive income (loss)	(700)	(550)		
Total equity	<u>20,198</u>	<u>20,417</u>		
Total liabilities and equity	<u>\$ 79,801</u>	<u>\$ 78,725</u>		

The accompanying notes are an integral part of these condensed consolidated financial statements.

PayPal Holdings, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In millions, except per share amounts) (Unaudited)			
Net revenues	\$ 8,417	\$ 7,847	\$ 24,496	\$ 23,431
Operating expenses:				
Transaction expense	4,063	3,841	11,735	11,700
Transaction and credit losses	483	352	1,330	1,008
Customer support and operations	447	427	1,258	1,317
Sales and marketing	521	508	1,592	1,375
Technology and development	801	746	2,299	2,206
General and administrative	513	519	1,477	1,553
Restructuring and other	69	63	251	388
Total operating expenses	6,897	6,456	19,942	19,547
Operating income	1,520	1,391	4,554	3,884
Other income (expense), net	13	(80)	111	35
Income before income taxes	1,533	1,311	4,665	3,919
Income tax expense	285	301	869	893
Net income (loss)	\$ 1,248	\$ 1,010	\$ 3,796	\$ 3,026
Net income (loss) per share:				
Basic	\$ 1.31	\$ 1.00	\$ 3.92	\$ 2.91
Diluted	\$ 1.30	\$ 0.99	\$ 3.88	\$ 2.89
Weighted average shares:				
Basic	950	1,015	968	1,040
Diluted	960	1,024	978	1,048

The accompanying notes are an integral part of these condensed consolidated financial statements.

PayPal Holdings, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In millions) (Unaudited)			
Net income (loss)	\$ 1,248	\$ 1,010	\$ 3,796	\$ 3,026
Other comprehensive income (loss), net of reclassification adjustments:				
Foreign currency translation adjustments ("CTA"), net	(49)	275	185	7
Tax (expense) benefit on foreign CTA, net	—	—	(4)	—
Net investment hedges CTA (losses) gains, net	—	(149)	—	50
Tax benefit (expense) on net investment hedges CTA (losses) gains, net	—	35	—	(12)
Unrealized gains (losses) on cash flow hedges, net	78	(148)	(346)	(49)
Tax (expense) benefit on unrealized gains (losses) on cash flow hedges, net	(3)	7	17	2
Unrealized gains (losses) on available-for-sale debt securities, net	18	60	(2)	158
Tax expense on unrealized gains (losses) on available-for-sale debt securities, net	(5)	(14)	—	(37)
Other comprehensive income (loss), net of tax	39	66	(150)	119
Comprehensive income (loss)	<u>\$ 1,287</u>	<u>\$ 1,076</u>	<u>\$ 3,646</u>	<u>\$ 3,145</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

PayPal Holdings, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock Shares	Treasury Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Equity
	(In millions) (Unaudited)					
Balances at December 31, 2024	993	\$ (27,085)	\$ 20,705	\$ (550)	\$ 27,347	\$ 20,417
Adoption of crypto asset accounting standard	—	—	—	—	20	20
Net income	—	—	—	—	1,287	1,287
Foreign CTA, net	—	—	—	109	—	109
Tax expense on foreign CTA, net	—	—	—	(7)	—	(7)
Unrealized losses on cash flow hedges, net	—	—	—	(176)	—	(176)
Tax benefit on unrealized losses on cash flow hedges, net	—	—	—	9	—	9
Unrealized losses on available-for-sale debt securities, net	—	—	—	(9)	—	(9)
Tax benefit on unrealized losses on available-for-sale debt securities, net	—	—	—	2	—	2
Common stock and stock-based awards issued, net of shares withheld for employee taxes	5	—	(171)	—	—	(171)
Common stock repurchased	(19)	(1,512)	—	—	—	(1,512)
Stock-based compensation	—	—	285	—	—	285
Balances at March 31, 2025	979	\$ (28,597)	\$ 20,819	\$ (622)	\$ 28,654	\$ 20,254
Net income	—	—	—	—	1,261	1,261
Foreign CTA, net	—	—	—	125	—	125
Tax expense on foreign CTA, net	—	—	—	3	—	3
Unrealized losses on cash flow hedges, net	—	—	—	(248)	—	(248)
Tax benefit on unrealized losses on cash flow hedges, net	—	—	—	11	—	11
Unrealized losses on available-for-sale debt securities, net	—	—	—	(11)	—	(11)
Tax benefit on unrealized losses on available-for-sale debt securities, net	—	—	—	3	—	3
Common stock and stock-based awards issued, net of shares withheld for employee taxes	3	—	(2)	—	—	(2)
Common stock repurchased	(22)	(1,514)	—	—	—	(1,514)
Stock-based compensation	—	—	319	—	—	319
Balances at June 30, 2025	960	\$ (30,111)	\$ 21,136	\$ (739)	\$ 29,915	\$ 20,201
Net income	—	—	—	—	1,248	1,248
Foreign CTA, net	—	—	—	(49)	—	(49)
Unrealized gains on cash flow hedges, net	—	—	—	78	—	78
Tax expense on unrealized gains on cash flow hedges, net	—	—	—	(3)	—	(3)
Unrealized gains on available-for-sale debt securities, net	—	—	—	18	—	18
Tax expense on unrealized gains on available-for-sale debt securities, net	—	—	—	(5)	—	(5)
Common stock and stock-based awards issued, net of shares withheld for employee taxes	2	—	(66)	—	—	(66)
Common stock repurchased	(21)	(1,513)	—	—	—	(1,513)
Stock-based compensation	—	—	289	—	—	289
Balances at September 30, 2025	941	\$ (31,624)	\$ 21,359	\$ (700)	\$ 31,163	\$ 20,198

PayPal Holdings, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY—(continued)

	Common Stock Shares	Treasury Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Equity
	(In millions) (Unaudited)					
Balances at December 31, 2023	1,072	\$ (21,045)	\$ 19,642	\$ (746)	\$ 23,200	\$ 21,051
Net income	—	—	—	—	888	888
Foreign CTA, net	—	—	—	(143)	—	(143)
Net investment hedges CTA gains, net	—	—	—	99	—	99
Tax expense on net investment hedges CTA gains, net	—	—	—	(23)	—	(23)
Unrealized gains on cash flow hedges, net	—	—	—	96	—	96
Tax expense on unrealized gains on cash flow hedges, net	—	—	—	(5)	—	(5)
Unrealized gains on available-for-sale-debt securities, net	—	—	—	83	—	83
Tax expense on unrealized gains on available-for-sale-debt securities, net	—	—	—	(20)	—	(20)
Common stock and stock-based awards issued, net of shares withheld for employee taxes	6	—	(193)	—	—	(193)
Common stock repurchased	(25)	(1,511)	—	—	—	(1,511)
Treasury stock reissuance	—	4	—	—	—	4
Stock-based compensation	—	—	376	—	—	376
Balances at March 31, 2024	1,053	\$ (22,552)	\$ 19,825	\$ (659)	\$ 24,088	\$ 20,702
Net income	—	—	—	—	1,128	1,128
Foreign CTA, net	—	—	—	(125)	—	(125)
Net investment hedges CTA gains, net	—	—	—	100	—	100
Tax expense on net investment hedges CTA gains, net	—	—	—	(24)	—	(24)
Unrealized gains on cash flow hedges, net	—	—	—	3	—	3
Unrealized gains on available-for-sale-debt securities, net	—	—	—	15	—	15
Tax expense on unrealized gains on available-for-sale-debt securities, net	—	—	—	(3)	—	(3)
Common stock and stock-based awards issued, net of shares withheld for employee taxes	3	—	13	—	—	13
Common stock repurchased	(24)	(1,516)	—	—	—	(1,516)
Treasury stock reissuance	—	4	—	—	—	4
Stock-based compensation	—	—	325	—	—	325
Balances at June 30, 2024	1,032	\$ (24,064)	\$ 20,163	\$ (693)	\$ 25,216	\$ 20,622
Net income	—	—	—	—	1,010	1,010
Foreign CTA, net	—	—	—	275	—	275
Net investment hedges CTA losses, net	—	—	—	(149)	—	(149)
Tax benefit on net investment hedges CTA losses, net	—	—	—	35	—	35
Unrealized losses on cash flow hedges, net	—	—	—	(148)	—	(148)
Tax benefit on unrealized losses on cash flow hedges, net	—	—	—	7	—	7
Unrealized gains on available-for-sale debt securities, net	—	—	—	60	—	60
Tax expense on unrealized gains on available-for-sale debt securities, net	—	—	—	(14)	—	(14)
Common stock and stock-based awards issued, net of shares withheld for employee taxes	2	—	(47)	—	—	(47)
Common stock repurchased	(28)	(1,791)	—	—	—	(1,791)
Treasury stock reissuance	—	4	—	—	—	4
Stock-based compensation	—	—	310	—	—	310
Balances at September 30, 2024	1,006	\$ (25,851)	\$ 20,426	\$ (627)	\$ 26,226	\$ 20,174

The accompanying notes are an integral part of these condensed consolidated financial statements.

PayPal Holdings, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30,	
	2025	2024
	(In millions) (Unaudited)	
Cash flows from operating activities:		
Net income (loss)	\$ 3,796	\$ 3,026
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Transaction and credit losses	1,330	1,008
Depreciation and amortization	729	783
Stock-based compensation	792	947
Deferred income taxes	93	8
Net (gains) losses on strategic investments	(69)	226
Accretion of discounts on investments, net of amortization of premiums	(77)	(290)
Adjustments to loans and interest receivable, held for sale	122	92
Other	(245)	(138)
Originations of loans receivable, held for sale	(24,040)	(17,173)
Proceeds from repayments and sales of loans receivable, originally classified as held for sale	23,160	17,159
Changes in assets and liabilities:		
Accounts receivable	11	31
Accounts payable	(6)	24
Other assets and liabilities	(1,564)	(647)
Net cash provided by operating activities	<u>4,032</u>	<u>5,056</u>
Cash flows from investing activities:		
Purchases of reverse repurchase agreements	(201)	(299)
Maturities of reverse repurchase agreements	288	226
Purchases of property and equipment	(658)	(480)
Proceeds from sales of property and equipment	3	—
Purchases and originations of loans receivable	(15,904)	(15,374)
Proceeds from repayments and sales of loans receivable, originally classified as held for investment	15,945	14,705
Purchases of investments	(15,951)	(20,819)
Maturities and sales of investments	19,027	21,179
Funds receivable	(1,232)	152
Collateral posted related to derivative instruments, net	(207)	(58)
Other	(15)	—
Net cash provided by (used in) investing activities	<u>1,095</u>	<u>(768)</u>
Cash flows from financing activities:		
Borrowings from repurchase agreements	2,949	656
Repayments of repurchase agreements	(2,949)	(656)
Proceeds from issuance of common stock	74	55
Purchases of treasury stock	(4,551)	(4,778)
Tax withholdings related to net share settlements of equity awards	(317)	(271)
Borrowings under financing arrangements	2,237	1,546
Repayments under financing arrangements	(1,954)	(411)
Funds payable and amounts due to customers	663	(771)
Collateral received related to derivative instruments and reverse repurchase agreements, net	(155)	(1)
Other	(6)	(60)
Net cash used in financing activities	<u>(4,009)</u>	<u>(4,691)</u>

PayPal Holdings, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS—(continued)

	Nine Months Ended September 30,	
	2025	2024
	(In millions) (Unaudited)	
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	245	103
Net change in cash, cash equivalents, and restricted cash	1,363	(300)
Cash, cash equivalents, and restricted cash at beginning of period	22,490	21,834
Cash, cash equivalents, and restricted cash at end of period	\$ 23,853	\$ 21,534

Supplemental cash flow disclosures:

Cash paid for interest	\$ 210	\$ 168
Cash paid for income taxes, net	\$ 1,033	\$ 975

The table below reconciles cash, cash equivalents, and restricted cash as reported in the condensed consolidated balance sheets to the total of the same amounts shown in the condensed consolidated statements of cash flows:

Cash and cash equivalents	\$ 8,995	\$ 7,372
Short-term investments	—	1
Funds receivable and customer accounts	14,858	14,161
Total cash, cash equivalents, and restricted cash shown in the condensed consolidated statements of cash flows	\$ 23,853	\$ 21,534

The accompanying notes are an integral part of these condensed consolidated financial statements.

PayPal Holdings, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1—OVERVIEW AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

OVERVIEW AND ORGANIZATION

PayPal Holdings, Inc. (“PayPal,” the “Company,” “we,” “us,” or “our”) was incorporated in Delaware in January 2015. At PayPal, our mission is to revolutionize commerce globally. Our products are designed to enable digital payments and simplify commerce experiences for consumers and merchants to make selling, shopping, and sending and receiving money simple, personalized, secure, online or offline, including mobile. Our two-sided platform serves millions of consumers and merchants worldwide.

SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and principles of consolidation

The accompanying condensed consolidated financial statements include the financial statements of PayPal and our wholly- and majority-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

We determine at the inception of each investment, and re-evaluate if certain events occur, whether an entity in which we have made an investment is considered a variable interest entity (“VIE”). If we determine an investment is in a VIE, we then assess if we are the primary beneficiary, which would require consolidation. As of September 30, 2025 and December 31, 2024, no VIEs qualified for consolidation as the structures of these entities do not provide us with both the ability to direct activities that would significantly impact their economic performance and the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE.

As of September 30, 2025 and December 31, 2024, the carrying value of our investments in nonconsolidated VIEs that are primarily investments in funds that are limited partnerships or similar structures which are focused on increasing access to capital for underserved communities was \$199 million and \$187 million, respectively, and is included as non-marketable equity securities applying the equity method of accounting in long-term investments on our condensed consolidated balance sheets. Our maximum exposure to loss related to these nonconsolidated VIEs, which represents funded commitments and any future funding commitments, was \$246 million as of both September 30, 2025 and December 31, 2024.

These condensed consolidated financial statements and accompanying notes should be read in conjunction with the audited consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2024 (the “2024 Form 10-K”) filed with the United States (“U.S.”) Securities and Exchange Commission (“SEC”) on February 4, 2025.

In the opinion of management, these condensed consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments, which are necessary for a fair statement of the condensed consolidated financial statements for all interim periods presented. Certain amounts for prior periods have been reclassified to conform to the financial statement presentation as of and for the three and nine months ended September 30, 2025.

Use of estimates

The preparation of condensed consolidated financial statements in conformity with U.S. generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, we evaluate our estimates, including those related to provisions for transaction and credit losses, income taxes, loss contingencies, revenue recognition, and the evaluation of strategic investments for impairment. We base our estimates on historical experience and various other assumptions which we believe to be reasonable under the circumstances. Actual results could materially differ from these estimates.

PayPal Holdings, Inc.**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
(Unaudited)**Cash and cash equivalents**

Cash and cash equivalents are short-term, highly liquid investments and are primarily comprised of bank deposits, PayPal USD stablecoin (“PYUSD”), money market funds and debt securities with original maturities of three months or less when purchased. PYUSD is a stablecoin pegged to the U.S. dollar and fully backed by U.S. dollar deposits, U.S. treasuries, and similar cash equivalents. Each token of PYUSD held by PayPal represents a contractual right to redeem with the third-party issuer of PYUSD for one U.S. dollar.

Recently issued accounting guidance

In December 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-09, *Income Taxes* (Topic 740): *Improvements to Income Tax Disclosures*. The amended guidance enhances income tax disclosures primarily related to the effective tax rate reconciliation and income taxes paid information. This guidance requires disclosure of specific categories in the effective tax rate reconciliation and additional information on reconciling items meeting a quantitative threshold. In addition, the amended guidance requires disaggregating income taxes paid (net of refunds received) by federal, state, and foreign taxes. It also requires disaggregating individual jurisdictions in which income taxes paid (net of refunds received) is equal to or greater than 5 percent of total income taxes paid (net of refunds received). The amended guidance is effective for annual periods beginning after December 15, 2024. The guidance can be applied either prospectively or retrospectively. We are evaluating the impact this amended guidance may have on the notes to our consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures* (Subtopic 220-40): *Disaggregation of Income Statement Expenses*. The amended guidance requires disaggregation of certain expense captions into specified natural expense categories in the disclosures within the notes to the financial statements. In addition, the guidance requires disclosure of selling expenses and its definition. The new guidance is effective for annual periods beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027, with early adoption permitted. The guidance can be applied either prospectively or retrospectively. We are evaluating the impact this amended guidance may have on the notes to our condensed consolidated financial statements.

In September 2025, the FASB issued ASU 2025-06, *Intangibles – Goodwill and Other – Internal-Use Software* (Subtopic 350-40): *Targeted Improvements to the Accounting for Internal-Use Software*. The amended guidance modernizes the accounting for costs related to internal-use software to more closely align with current software development methods. The guidance removes references to project stages and clarifies when we are required to start capitalizing eligible costs. The new guidance is effective for fiscal years beginning after December 15, 2027, and interim periods within those fiscal years, with early adoption permitted. The guidance can be applied on a prospective basis, a modified basis for in-process projects, or a retrospective basis. We are evaluating the impact this amended guidance may have on our condensed consolidated financial statements.

Recently adopted accounting guidance

In December 2023, the FASB issued ASU 2023-08, *Intangibles – Goodwill and Other – Crypto Assets* (Subtopic 350-60): *Accounting for and Disclosure of Crypto Assets*. This amended guidance requires fair value measurement of certain crypto assets each reporting period, with the changes in fair value reflected in net income. The amendments also require disclosures of the name, fair value, units held, and cost basis for each significant crypto asset held and annual reconciliations of crypto asset holdings. The new guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2024. We adopted this guidance effective as of January 1, 2025. We have applied the amendments of this guidance as a cumulative-effect adjustment to retained earnings. The adoption of this guidance did not have a significant impact on our condensed consolidated financial statements.

PayPal Holdings, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

In January 2025, the SEC released Staff Accounting Bulletin (“SAB”) No. 122 rescinding SAB No. 121, which required an entity to record a liability to reflect its obligation to safeguard the crypto assets held for its platform users with a corresponding asset and required disclosures related to the entity’s safeguarding obligations. SAB No. 122 is effective for annual periods beginning after December 15, 2024 and is required to be applied on a fully retrospective basis, with early adoption permitted. We adopted this guidance as of March 31, 2025 and derecognized the crypto asset safeguarding liability and corresponding safeguarding asset on our condensed consolidated balance sheet as of December 31, 2024. Additionally, we derecognized the associated deferred tax asset and liability as of December 31, 2024. The adoption of this guidance did not impact our condensed consolidated statements of income (loss), comprehensive income (loss), stockholders’ equity or cash flows.

The following table presents the effects of the changes on the presentation of our condensed consolidated balance sheet:

	December 31, 2024 (In millions)		
	As Previously Reported ⁽¹⁾	Adjustments	As Adjusted
Total assets ⁽²⁾	\$ 81,611	\$ (2,886)	\$ 78,725
Total liabilities ⁽²⁾	\$ 61,194	\$ (2,886)	\$ 58,308

⁽¹⁾ As reported in our 2024 Form 10-K filed with the SEC on February 4, 2025.

⁽²⁾ Financial statement lines impacted within total assets and total liabilities were “prepaid expenses and other current assets” and “accrued expenses and other current liabilities”, respectively.

There are other new accounting pronouncements issued by the FASB that we have adopted or will adopt, as applicable. We do not believe any of these new accounting pronouncements have had, or will have, a material impact on our condensed consolidated financial statements or disclosures.

NOTE 2—REVENUE

We enable our customers to send and receive payments. We earn revenue primarily by completing payment transactions for our customers on our payments platform and from other value added services. Our revenues are classified into two categories: transaction revenues and revenues from other value added services.

We record a contract asset when we have a conditional right to consideration for services we have already transferred to our customer. These contract assets are included in other assets in our condensed consolidated balance sheets and were \$203 million and \$207 million as of September 30, 2025 and December 31, 2024, respectively.

DISAGGREGATION OF REVENUE

We believe that the nature, amount, timing, and uncertainty of our revenue and cash flows and how they are affected by economic factors are most appropriately depicted through our primary geographical markets and types of revenue categories (transaction revenues and revenues from other value added services). Revenues recorded within these categories are earned from similar products and services for which the nature of associated fees and the related revenue recognition models are substantially similar.

[Table of Contents](#)

PayPal Holdings, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

The following table presents our revenue disaggregated by primary geographical market and category:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In millions)			
Primary geographical markets				
U.S.	\$ 4,753	\$ 4,518	\$ 13,925	\$ 13,535
Other countries ⁽¹⁾	3,664	3,329	10,571	9,896
Total net revenues ⁽²⁾	<u>\$ 8,417</u>	<u>\$ 7,847</u>	<u>\$ 24,496</u>	<u>\$ 23,431</u>
Revenue category				
Transaction revenues	\$ 7,522	\$ 7,067	\$ 21,979	\$ 21,254
Revenues from other value added services	895	780	2,517	2,177
Total net revenues ⁽²⁾	<u>\$ 8,417</u>	<u>\$ 7,847</u>	<u>\$ 24,496</u>	<u>\$ 23,431</u>

⁽¹⁾ No single country included in the other countries category generated more than 10% of total net revenues.

⁽²⁾ Total net revenues include \$542 million and \$515 million for the three months ended September 30, 2025 and 2024, respectively, and \$1.6 billion and \$1.5 billion for the nine months ended September 30, 2025 and 2024, respectively, which do not represent revenues recognized in the scope of Accounting Standards Codification Topic 606, *Revenue from contracts with customers*. Such revenues relate to interest and fees earned on loans and interest receivable, including loans and interest receivable, held for sale, hedging gains or losses, and interest earned and gains or losses on certain assets underlying customer balances.

Net revenues are attributed to the country in which the party paying our fee is located.

NOTE 3—NET INCOME (LOSS) PER SHARE

Basic net income (loss) per share is computed by dividing net income (loss) for the period by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is computed by dividing net income (loss) for the period by the weighted average number of shares of common stock and potentially dilutive common stock outstanding for the period. The dilutive effect of outstanding equity incentive awards is reflected in diluted net income (loss) per share by application of the treasury stock method. The calculation of diluted net income (loss) per share excludes all anti-dilutive common shares. During periods when we report net loss, diluted net loss per share is the same as basic net loss per share because the effects of potentially dilutive items would decrease the net loss per share.

The following table sets forth the computation of basic and diluted net income (loss) per share for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In millions, except per share amounts)			
Numerator:				
Net income (loss)	\$ 1,248	\$ 1,010	\$ 3,796	\$ 3,026
Denominator:				
Weighted average shares of common stock - basic	950	1,015	968	1,040
Dilutive effect of equity incentive awards	10	9	10	8
Weighted average shares of common stock - diluted	<u>960</u>	<u>1,024</u>	<u>978</u>	<u>1,048</u>
Net income (loss) per share:				
Basic	\$ 1.31	\$ 1.00	\$ 3.92	\$ 2.91
Diluted	\$ 1.30	\$ 0.99	\$ 3.88	\$ 2.89
Common stock equivalents excluded from net income (loss) per diluted share because their effect would have been anti-dilutive or potentially dilutive	12	8	9	12

PayPal Holdings, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

NOTE 4—BUSINESS COMBINATIONS AND DIVESTITURES

In the second quarter of 2025, we completed an acquisition with a total purchase price of \$19 million, consisting of cash consideration, which was accounted for as a business combination. There were no acquisitions accounted for as business combinations in the nine months ended September 30, 2024.

There were no divestitures completed in the nine months ended September 30, 2025 and 2024.

NOTE 5—GOODWILL AND INTANGIBLE ASSETS

GOODWILL

The following table presents goodwill balances and adjustments to those balances during the nine months ended September 30, 2025:

	December 31, 2024	Goodwill Acquired	Adjustments	September 30, 2025
	(In millions)			
Total goodwill	\$ 10,837	\$ 7	\$ 97	\$ 10,941

The adjustments to goodwill during the nine months ended September 30, 2025 pertained to foreign currency translation adjustments.

INTANGIBLE ASSETS

The components of identifiable intangible assets were as follows:

	September 30, 2025			December 31, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(In millions)					
Intangible assets⁽¹⁾:						
Customer lists and user base	\$ 880	\$ (708)	\$ 172	\$ 854	\$ (601)	\$ 253
Marketing related	63	(50)	13	60	(38)	22
Developed technologies	9	(1)	8	—	—	—
All other	187	(154)	33	182	(131)	51
Intangible assets, net	<u>\$ 1,139</u>	<u>\$ (913)</u>	<u>\$ 226</u>	<u>\$ 1,096</u>	<u>\$ (770)</u>	<u>\$ 326</u>

⁽¹⁾Excludes intangible assets which have been fully amortized, but are still in use.

Amortization expense for intangible assets was \$47 million and \$51 million for the three months ended September 30, 2025 and 2024, respectively. Amortization expense for intangible assets was \$142 million and \$159 million for the nine months ended September 30, 2025 and 2024, respectively.

Expected future intangible asset amortization as of September 30, 2025 was as follows (in millions):

Fiscal years:

Remaining 2025	\$ 27
2026	95
2027	59
2028	45
Total	\$ 226

PayPal Holdings, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

NOTE 6—LEASES

PayPal enters into various leases, which are primarily real estate operating leases. We use these properties for executive and administrative offices, customer services and operations centers, product development offices, and data centers. PayPal also enters into computer equipment finance leases.

While a majority of our lease agreements do not contain an explicit interest rate, certain of our lease agreements are subject to changes based on the Consumer Price Index or another referenced index. In the event of changes to the relevant index, lease liabilities are not remeasured and instead are treated as variable lease payments and recognized in the period in which the obligation for those payments is incurred.

The short-term lease exemption has been adopted for all leases with a duration of less than 12 months.

PayPal's lease portfolio includes a small number of subleases. A sublease situation can arise when currently leased real estate space is available and is surplus to operational requirements.

The components of lease expense were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025		2024	
	(In millions)			
Operating lease expense	\$ 41	\$ 41	\$ 122	\$ 117
Finance lease expense - amortization of right-of-use ("ROU") lease assets	4	3	12	4
Sublease income	(2)	(3)	(6)	(9)
Total lease expense, net	\$ 43	\$ 41	\$ 128	\$ 112

Supplemental cash flow information related to leases during the three and nine months ended September 30, 2025 and 2024 was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025		2024	
	(In millions)			
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	\$ 47	\$ 42	\$ 135	\$ 127
Financing cash flows from finance leases	\$ —	\$ 40	\$ 6	\$ 60
ROU lease assets obtained in exchange for new operating lease liabilities	\$ 52	\$ 59	\$ 57	\$ 336
ROU lease assets obtained in exchange for new finance lease liabilities	\$ —	\$ 27	\$ —	\$ 82

Supplemental balance sheet information related to leases was as follows:

	September 30, 2025		December 31, 2024	
	(In millions, except weighted-average figures)			
	Operating leases	Finance leases	Operating leases	Finance leases
ROU lease assets	\$ 566	\$ 60	\$ 599	\$ 73
Current lease liabilities	144	5	135	5
Long-term lease liabilities	575	12	629	18
Total lease liabilities	\$ 719	\$ 17	\$ 764	\$ 23
Weighted-average remaining lease term	5.5 years	3.6 years	5.9 years	4.4 years
Weighted-average discount rate	4%	5%	4%	5%

[Table of Contents](#)

PayPal Holdings, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

Future minimum lease payments for our leases as of September 30, 2025 were as follows:

Fiscal years:	Operating leases		Finance leases
	(In millions)		
Remaining 2025	\$	33	\$ 2
2026		181	6
2027		167	6
2028		113	4
2029		96	—
Thereafter		231	—
Total	\$	821	\$ 18
Less: present value discount		(102)	(1)
Lease liability	\$	719	\$ 17

Operating lease amounts include minimum lease payments under our non-cancelable operating leases primarily for office and data center facilities. Finance lease amounts include minimum lease payments under our non-cancelable finance leases primarily for computer equipment. The amounts presented are consistent with contractual terms and are not expected to differ significantly from actual results under our existing leases.

NOTE 7—OTHER FINANCIAL STATEMENT DETAILS

ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table summarizes the changes in accumulated balances of other comprehensive income (loss) for the three months ended September 30, 2025:

	Unrealized Gains (Losses) on Cash Flow Hedges	Unrealized Gains (Losses) on Available-for-sale Debt Securities	Foreign Currency Translation Adjustment ("CTA")	Net Investment Hedges CTA Gains (Losses)	Estimated Tax (Expense) Benefit	Total
	(In millions)					
Beginning balance	\$ (277)	\$ (6)	\$ (715)	\$ 313	\$ (54)	\$ (739)
Other comprehensive income (loss) before reclassifications	29	17	(49)	—	(8)	(11)
Less: Amount of net gains (losses) reclassified from accumulated other comprehensive income (loss) ("AOCI")	(49)	(1)	—	—	—	(50)
Net current period other comprehensive income (loss)	78	18	(49)	—	(8)	39
Ending balance	\$ (199)	\$ 12	\$ (764)	\$ 313	\$ (62)	\$ (700)



PayPal Holdings, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

The following table summarizes the changes in accumulated balances of other comprehensive income (loss) for the three months ended September 30, 2024:

	Unrealized Gains (Losses) on Cash Flow Hedges	Unrealized Gains (Losses) on Available-for-sale Debt Securities	Foreign CTA	Net Investment Hedges CTA Gains (Losses)	Estimated Tax (Expense) Benefit	Total
(In millions)						
Beginning balance	\$ 43	\$ (36)	\$ (999)	\$ 390	\$ (91)	\$ (693)
Other comprehensive income (loss) before reclassifications	(160)	60	275	(149)	28	54
Less: Amount of net gains (losses) reclassified from AOCI	(12)	—	—	—	—	(12)
Net current period other comprehensive income (loss)	(148)	60	275	(149)	28	66
Ending balance	<u>\$ (105)</u>	<u>\$ 24</u>	<u>\$ (724)</u>	<u>\$ 241</u>	<u>\$ (63)</u>	<u>\$ (627)</u>

The following table summarizes the changes in accumulated balances of other comprehensive income (loss) for the nine months ended September 30, 2025:

	Unrealized Gains (Losses) on Cash Flow Hedges	Unrealized Gains (Losses) on Available-for-sale Debt Securities	Foreign CTA	Net Investment Hedges CTA Gains (Losses)	Estimated Tax (Expense) Benefit	Total
(In millions)						
Beginning balance	\$ 147	\$ 14	\$ (949)	\$ 313	\$ (75)	\$ (550)
Other comprehensive income (loss) before reclassifications	(430)	(1)	185	—	13	(233)
Less: Amount of net gains (losses) reclassified from AOCI	(84)	1	—	—	—	(83)
Net current period other comprehensive income (loss)	(346)	(2)	185	—	13	(150)
Ending balance	<u>\$ (199)</u>	<u>\$ 12</u>	<u>\$ (764)</u>	<u>\$ 313</u>	<u>\$ (62)</u>	<u>\$ (700)</u>

The following table summarizes the changes in accumulated balances of other comprehensive income (loss) for the nine months ended September 30, 2024:

	Unrealized Gains (Losses) on Cash Flow Hedges	Unrealized Gains (Losses) on Available-for-sale Debt Securities	Foreign CTA	Net Investment Hedges CTA Gains (Losses)	Estimated Tax (Expense) Benefit	Total
(In millions)						
Beginning balance	\$ (56)	\$ (134)	\$ (731)	\$ 191	\$ (16)	\$ (746)
Other comprehensive income (loss) before reclassifications	(39)	117	7	50	(47)	88
Less: Amount of net gains (losses) reclassified from AOCI	10	(41)	—	—	—	(31)
Net current period other comprehensive income (loss)	(49)	158	7	50	(47)	119
Ending balance	<u>\$ (105)</u>	<u>\$ 24</u>	<u>\$ (724)</u>	<u>\$ 241</u>	<u>\$ (63)</u>	<u>\$ (627)</u>

[Table of Contents](#)

PayPal Holdings, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

The following table provides details about reclassifications from AOCI for the periods presented below:

Details about AOCI Components	Amount of Gains (Losses) Reclassified from AOCI				Affected Line Item in the Statements of Income (Loss)	
	Three Months Ended September 30,		Nine Months Ended September 30,			
	2025	2024	2025	2024		
(In millions)						
Net gains (losses) on cash flow hedges—foreign exchange contracts	\$ (49)	\$ (12)	\$ (84)	\$ 10	Net revenues	
Net gains (losses) on investments	(1)	—	—	(41)	Net revenues	
Net gains (losses) on investments	—	—	1	—	Other income (expense), net	
	(50)	(12)	(83)	(31)	Income before income taxes	
	—	—	—	—	Income tax expense	
Total reclassifications for the period	<u>\$ (50)</u>	<u>\$ (12)</u>	<u>\$ (83)</u>	<u>\$ (31)</u>	Net income (loss)	

OTHER INCOME (EXPENSE), NET

The following table reconciles the components of other income (expense), net for the periods presented below:

	Three Months Ended September 30,		Nine Months Ended September 30,		
	2025	2024	2025	2024	
	(In millions)				
Interest income	\$ 119	\$ 183	\$ 399	\$ 514	
Interest expense	(113)	(106)	(330)	(285)	
Net gains (losses) on strategic investments	10	(171)	69	(226)	
Other	(3)	14	(27)	32	
Other income (expense), net	<u>\$ 13</u>	<u>\$ (80)</u>	<u>\$ 111</u>	<u>\$ 35</u>	



[Table of Contents](#)

PayPal Holdings, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

NOTE 8—CASH AND CASH EQUIVALENTS, FUNDS RECEIVABLE AND CUSTOMER ACCOUNTS, AND INVESTMENTS

The following table summarizes the assets underlying our cash and cash equivalents, funds receivable and customer accounts, short-term investments, and long-term investments as of September 30, 2025 and December 31, 2024:

	September 30, 2025	December 31, 2024
	(In millions)	
Cash and cash equivalents ⁽¹⁾	\$ 8,995	\$ 6,662
Funds receivable and customer accounts:		
Cash and cash equivalents ⁽²⁾	\$ 14,858	\$ 15,828
Time deposits	75	15
Available-for-sale debt securities	15,118	14,551
Funds receivable	8,617	7,277
Total funds receivable and customer accounts	\$ 38,668	\$ 37,671
Short-term investments:		
Time deposits	\$ 97	\$ 107
Available-for-sale debt securities	1,663	4,154
Restricted cash	—	1
Total short-term investments	\$ 1,760	\$ 4,262
Long-term investments:		
Time deposits	\$ 7	\$ 22
Available-for-sale debt securities	1,997	3,002
Strategic investments	1,597	1,559
Total long-term investments	\$ 3,601	\$ 4,583

⁽¹⁾ Includes \$525 million and nil of available-for-sale debt securities with original maturities of three months or less as of September 30, 2025 and December 31, 2024, respectively.

⁽²⁾ Includes \$220 million and \$149 million of available-for-sale debt securities with original maturities of three months or less as of September 30, 2025 and December 31, 2024, respectively.

[Table of Contents](#)

PayPal Holdings, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

As of September 30, 2025 and December 31, 2024, the estimated fair value of our available-for-sale debt securities included within cash and cash equivalents, funds receivable and customer accounts, short-term investments, and long-term investments was as follows:

	September 30, 2025 ⁽¹⁾				
	Gross Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	
	(In millions)				
Cash and cash equivalents:					
U.S. government and agency securities	\$ 525	\$ —	—	\$ 525	
Funds receivable and customer accounts:					
U.S. government and agency securities	3,743	1	(1)	3,743	
Foreign government and agency securities	82	—	—	82	
Corporate debt securities	2,437	5	(1)	2,441	
Mortgage-backed and asset-backed securities	4,470	6	(2)	4,474	
Municipal securities	137	—	—	137	
Commercial paper	3,719	1	—	3,720	
Short-term investments:					
U.S. government and agency securities	30	—	—	30	
Foreign government and agency securities	120	—	—	120	
Corporate debt securities	1,013	1	(1)	1,013	
Mortgage-backed and asset-backed securities	499	1	—	500	
Long-term investments:					
U.S. government and agency securities	245	—	—	245	
Foreign government and agency securities	50	—	—	50	
Corporate debt securities	797	2	(1)	798	
Mortgage-backed and asset-backed securities	903	1	—	904	
Total available-for-sale debt securities ⁽²⁾	<u>\$ 18,770</u>	<u>\$ 18</u>	<u>\$ (6)</u>	<u>\$ 18,782</u>	

⁽¹⁾ “—” Denotes gross unrealized gain or unrealized loss of less than \$1 million in a given position.

⁽²⁾ Excludes foreign currency denominated available-for-sale debt securities accounted for under the fair value option. Refer to “Note 9—Fair Value Measurement of Assets and Liabilities.”

[Table of Contents](#)

PayPal Holdings, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

	December 31, 2024 ⁽¹⁾				
	Gross Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	
(In millions)					
Funds receivable and customer accounts:					
U.S. government and agency securities	\$ 5,709	\$ 4	(2)	\$ 5,711	
Foreign government and agency securities	77	—	—	77	
Corporate debt securities	405	—	—	405	
Mortgage-backed and asset-backed securities	4,039	13	(5)	4,047	
Municipal securities	503	1	—	504	
Commercial paper	3,391	1	—	3,392	
Short-term investments:					
U.S. government and agency securities	188	—	(2)	186	
Foreign government and agency securities	84	—	—	84	
Corporate debt securities	1,751	—	(2)	1,749	
Mortgage-backed and asset-backed securities	848	5	—	853	
Commercial paper	1,281	1	—	1,282	
Long-term investments:					
U.S. government and agency securities	235	—	—	235	
Foreign government and agency securities	124	—	(1)	123	
Corporate debt securities	1,601	3	(2)	1,602	
Mortgage-backed and asset-backed securities	1,042	1	(1)	1,042	
Total available-for-sale debt securities ⁽²⁾	<u>\$ 21,278</u>	<u>\$ 29</u>	<u>\$ (15)</u>	<u>\$ 21,292</u>	

⁽¹⁾ “—” Denotes gross unrealized gain or unrealized loss of less than \$1 million in a given position.

⁽²⁾ Excludes foreign currency denominated available-for-sale debt securities accounted for under the fair value option. Refer to “Note 9—Fair Value Measurement of Assets and Liabilities.”

Gross amortized cost and estimated fair value balances exclude accrued interest receivable on available-for-sale debt securities, which totaled \$121 million and \$140 million at September 30, 2025 and December 31, 2024, respectively, and were included in other current assets on our condensed consolidated balance sheets.

PayPal Holdings, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

As of September 30, 2025 and December 31, 2024, the gross unrealized losses and estimated fair value of our available-for-sale debt securities included within cash and cash equivalents, funds receivable and customer accounts, short-term investments, and long-term investments for which an allowance for credit losses was not deemed necessary in the current period, aggregated by the length of time those individual securities have been in a continuous loss position, was as follows:

	September 30, 2025 ⁽¹⁾						Total	
	Less than 12 months		12 months or longer				Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses		
(In millions)								
Cash and cash equivalents:								
U.S. government and agency securities	\$ 400	\$ —	\$ —	\$ —	\$ 400	\$ —		
Funds receivable and customer accounts:								
U.S. government and agency securities	1,697	(1)	—	—	—	1,697	(1)	
Foreign government and agency securities	57	—	—	—	—	57	—	
Corporate debt securities	409	(1)	—	—	—	409	(1)	
Mortgage-backed and asset-backed securities	1,619	(2)	100	—	—	1,719	(2)	
Commercial paper	325	—	—	—	—	325	—	
Short-term investments:								
Foreign government and agency securities	—	—	20	—	—	20	—	
Corporate debt securities	206	(1)	—	—	—	206	(1)	
Mortgage-backed and asset-backed securities	247	—	2	—	—	249	—	
Long-term investments:								
U.S. government and agency securities	245	—	—	—	—	245	—	
Foreign government and agency securities	25	—	—	—	—	25	—	
Corporate debt securities	90	(1)	10	—	—	100	(1)	
Mortgage-backed and asset-backed securities	399	—	—	—	—	399	—	
Total available-for-sale debt securities	<u>\$ 5,719</u>	<u>\$ (6)</u>	<u>\$ 132</u>	<u>\$ —</u>	<u>\$ 5,851</u>	<u>\$ (6)</u>		

⁽¹⁾“—” Denotes gross unrealized loss or fair value of less than \$1 million in a given position.

PayPal Holdings, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

	December 31, 2024 ⁽¹⁾									
	Less than 12 months		12 months or longer		Total					
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses				
(In millions)										
Funds receivable and customer accounts:										
U.S. government and agency securities	\$ 1,314	\$ (1)	\$ 517	\$ (1)	\$ 1,831	\$ (2)				
Foreign government and agency securities	57	—	—	—	57	—				
Corporate debt securities	105	—	50	—	155	—				
Mortgage-backed and asset-backed securities	1,673	(5)	2	—	1,675	(5)				
Municipal securities	29	—	36	—	65	—				
Commercial paper	275	—	—	—	275	—				
Short-term investments:										
U.S. government and agency securities	—	—	186	(2)	186	(2)				
Corporate debt securities	618	(2)	90	—	708	(2)				
Mortgage-backed and asset-backed securities	250	—	18	—	268	—				
Commercial paper	218	—	—	—	218	—				
Long-term investments:										
U.S. government and agency securities	50	—	—	—	50	—				
Foreign government and agency securities	90	—	34	(1)	124	(1)				
Corporate debt securities	347	(1)	9	(1)	356	(2)				
Mortgage-backed and asset-backed securities	610	(1)	—	—	610	(1)				
Total available-for-sale debt securities	<u>\$ 5,636</u>	<u>\$ (10)</u>	<u>\$ 942</u>	<u>\$ (5)</u>	<u>\$ 6,578</u>	<u>\$ (15)</u>				

⁽¹⁾ “—” Denotes gross unrealized loss or fair value of less than \$1 million in a given position.

Unrealized losses have not been recognized into income as we neither intend to sell, nor anticipate that it is more likely than not that we will be required to sell, the securities before recovery of their amortized cost basis. The decline in fair value was due primarily to changes in market interest rates, rather than credit losses. We will continue to monitor the performance of the investment portfolio and assess whether impairment due to expected credit losses has occurred.

The table below presents cash inflows related to available-for-sale debt securities:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025		2024	
	(In millions)			
Proceeds from sales and maturities of available-for-sale debt securities	\$ 7,380	\$ 7,170	\$ 19,921	\$ 27,407

During the three and nine months ended September 30, 2025 and the three months ended September 30, 2024, we incurred gross realized gains and losses which were de minimis. During the nine months ended September 30, 2024, we incurred gross realized losses of \$43 million and gains which were de minimis. Gross realized gains and losses were determined using the specific identification method.

Our available-for-sale debt securities included within cash and cash equivalents, funds receivable and customer accounts, short-term investments, and long-term investments classified by date of contractual maturity were as follows:

	September 30, 2025	
	Amortized Cost	Fair Value
	(In millions)	
One year or less	\$ 9,386	\$ 9,388
After one year through five years	3,949	3,956
After five years through ten years	2,471	2,473
After ten years	2,964	2,965
Total	<u>\$ 18,770</u>	<u>\$ 18,782</u>

PayPal Holdings, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

Actual maturities may differ from contractual maturities as certain securities may be prepaid.

Supplemental cash flow information related to investments

Non-cash investing transactions that were not reflected in the condensed consolidated statement of cash flows for the nine months ended September 30, 2025 and 2024 include the purchase of investments of \$127 million and \$75 million, respectively, that have not yet settled.

STRATEGIC INVESTMENTS

Our strategic investments include marketable equity securities, which are publicly traded, and non-marketable equity securities, which are primarily investments in privately held companies. Our marketable equity securities have readily determinable fair values and are recorded as long-term investments on our condensed consolidated balance sheets at fair value with changes in fair value recorded in other income (expense), net on our condensed consolidated statements of income (loss). Marketable equity securities totaled \$15 million and \$23 million as of September 30, 2025 and December 31, 2024, respectively.

Our non-marketable equity securities are recorded as long-term investments on our condensed consolidated balance sheets. The carrying value of our non-marketable equity securities totaled \$1.6 billion and \$1.5 billion as of September 30, 2025 and December 31, 2024, respectively. As of September 30, 2025 and December 31, 2024, we had non-marketable equity securities of \$213 million and \$200 million, respectively, for which we have the ability to exercise significant influence, but not control, over the investee. We account for these equity securities using the equity method of accounting. The remaining non-marketable equity securities do not have a readily determinable fair value and we measure these equity investments at cost minus impairment, if any, and adjust for changes resulting from observable price changes in orderly transactions for an identical or similar investment in the same issuer (the “Measurement Alternative”). All gains and losses on these investments, realized and unrealized, and our share of earnings or losses from investments accounted for using the equity method are recognized in other income (expense), net on our condensed consolidated statements of income (loss).

Measurement Alternative adjustments

The adjustments to the carrying value of our non-marketable equity securities accounted for under the Measurement Alternative in the three and nine months ended September 30, 2025 and 2024 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Carrying amount, beginning of period	\$ 1,359	\$ 1,635	\$ 1,336	\$ 1,631
Adjustments related to non-marketable equity securities:			(In millions)	
Net additions (reductions) ⁽¹⁾	6	20	(48)	85
Gross unrealized gains	15	2	98	5
Gross unrealized losses and impairments	(11)	(175)	(17)	(239)
Carrying amount, end of period	<u>\$ 1,369</u>	<u>\$ 1,482</u>	<u>\$ 1,369</u>	<u>\$ 1,482</u>

⁽¹⁾Net additions (reductions) include purchases, reductions due to sales of securities, and reclassifications when the Measurement Alternative is subsequently elected or no longer applies.

The following table summarizes the cumulative gross unrealized gains and cumulative gross unrealized losses and impairment related to non-marketable equity securities accounted for under the Measurement Alternative held at September 30, 2025 and December 31, 2024, respectively:

	September 30, 2025	December 31, 2024
	(In millions)	
Cumulative gross unrealized gains	\$ 990	\$ 1,187
Cumulative gross unrealized losses and impairments	\$ (457)	\$ (562)

PayPal Holdings, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

Unrealized gains (losses) on strategic investments, excluding those accounted for using the equity method

The following table summarizes the net unrealized gains (losses) on marketable and non-marketable equity securities, excluding those accounted for using the equity method, held at September 30, 2025 and 2024, respectively:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In millions)			
Net unrealized gains (losses)	\$ 4	\$ (171)	\$ 72	\$ (242)

[Table of Contents](#)

PayPal Holdings, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

NOTE 9—FAIR VALUE MEASUREMENT OF ASSETS AND LIABILITIES

FINANCIAL ASSETS AND LIABILITIES MEASURED AND RECORDED AT FAIR VALUE ON A RECURRING BASIS

The following tables summarize our financial assets and liabilities measured at fair value on a recurring basis as of September 30, 2025 and December 31, 2024:

	September 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
	(In millions)		
Assets:			
Cash and cash equivalents ⁽¹⁾ :			
U.S. government and agency securities	\$ 525	\$ —	\$ 525
Money market fund	4	4	—
Total cash and cash equivalents	529	4	525
Short-term investments ^{(2),(5)} :			
U.S. government and agency securities	30	—	30
Foreign government and agency securities	120	—	120
Corporate debt securities	1,013	—	1,013
Mortgage-backed and asset-backed securities	500	—	500
Total short-term investments	1,663	—	1,663
Funds receivable and customer accounts ⁽³⁾ :			
U.S. government and agency securities	3,743	—	3,743
Foreign government and agency securities	475	—	475
Corporate debt securities	2,754	—	2,754
Mortgage-backed and asset-backed securities	4,474	—	4,474
Municipal securities	137	—	137
Commercial paper	3,755	—	3,755
Total funds receivable and customer accounts	15,338	—	15,338
Derivatives ⁽⁴⁾			
	48	—	48
Long-term investments ^{(2),(5)} :			
U.S. government and agency securities	245	—	245
Foreign government and agency securities	50	—	50
Corporate debt securities	798	—	798
Mortgage-backed and asset-backed securities	904	—	904
Marketable equity securities	15	15	—
Total long-term investments	2,012	15	1,997
Total financial assets	\$ 19,590	\$ 19	\$ 19,571
Liabilities:			
Derivatives ⁽⁴⁾	\$ 229	\$ —	\$ 229
Total financial liabilities	\$ 229	\$ —	\$ 229

⁽¹⁾ Excludes cash and cash equivalents of \$8.5 billion not measured and recorded at fair value.

⁽²⁾ Excludes time deposits of \$104 million not measured and recorded at fair value.

⁽³⁾ Excludes cash, time deposits, and funds receivable of \$23.3 billion underlying funds receivable and customer accounts not measured and recorded at fair value.

⁽⁴⁾ Derivative assets and liabilities are included within “prepaid expenses and other current assets” and “other assets” and “accrued expenses and other current liabilities” and “other long-term liabilities,” respectively, on our condensed consolidated balance sheets.

⁽⁵⁾ Excludes non-marketable equity securities of \$1.6 billion measured using the Measurement Alternative or equity method accounting.

[Table of Contents](#)

PayPal Holdings, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

	December 31, 2024		Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)			
	(In millions)							
Assets:								
Cash and cash equivalents ⁽¹⁾	\$	14	\$	14	\$	—		
Money market fund								
Short-term investments ⁽²⁾ :								
U.S. government and agency securities		186		—		186		
Foreign government and agency securities		84		—		84		
Corporate debt securities		1,749		—		1,749		
Mortgage-backed and asset-backed securities		853		—		853		
Commercial paper		1,282		—		1,282		
Total short-term investments		4,154		—		4,154		
Funds receivable and customer accounts ⁽³⁾ :								
U.S. government and agency securities		5,711		—		5,711		
Foreign government and agency securities		379		—		379		
Corporate debt securities		667		—		667		
Mortgage-backed and asset-backed securities		4,047		—		4,047		
Municipal securities		504		—		504		
Commercial paper		3,392		—		3,392		
Total funds receivable and customer accounts		14,700		—		14,700		
Derivatives ⁽⁴⁾		243		—		243		
Long-term investments ^{(2), (5)} :								
U.S. government and agency securities		235		—		235		
Foreign government and agency securities		123		—		123		
Corporate debt securities		1,602		—		1,602		
Mortgage-backed and asset-backed securities		1,042		—		1,042		
Marketable equity securities		23		23		—		
Total long-term investments		3,025		23		3,002		
Total financial assets	\$	22,136	\$	37	\$	22,099		
Liabilities:								
Derivatives ⁽⁴⁾	\$	37	\$	—	\$	37		
Total financial liabilities	\$	37	\$	—	\$	37		

⁽¹⁾ Excludes cash and cash equivalents of \$6.6 billion not measured and recorded at fair value.

⁽²⁾ Excludes restricted cash of \$1 million and time deposits of \$129 million not measured and recorded at fair value.

⁽³⁾ Excludes cash, time deposits, and funds receivable of \$23.0 billion underlying funds receivable and customer accounts not measured and recorded at fair value.

⁽⁴⁾ Derivative assets and liabilities are included within “prepaid expenses and other current assets” and “other assets” and “accrued expenses and other current liabilities” and “other long-term liabilities,” respectively, on our condensed consolidated balance sheets.

⁽⁵⁾ Excludes non-marketable equity securities of \$1.5 billion measured using the Measurement Alternative or equity method accounting.

Our financial assets classified within Level 1 are valued using quoted prices for identical assets in active markets. All other financial assets and liabilities are valued using quoted prices for identical instruments in less active markets, readily available pricing sources for comparable instruments, or models using market observable inputs (Level 2).

A majority of our derivative instruments are valued using pricing models that take into account the contractual terms as well as multiple observable inputs where applicable, such as currency rates, interest rate yield curves, option volatility, and equity prices (Level 2).

[Table of Contents](#)

PayPal Holdings, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

As of September 30, 2025 and December 31, 2024, we did not have any assets or liabilities requiring measurement at fair value on a recurring basis with significant unobservable inputs that would require a high level of judgment to determine fair value (Level 3).

We elect to account for available-for-sale debt securities denominated in currencies other than the functional currency of our subsidiaries under the fair value option. Election of the fair value option allows us to recognize any gains and losses from fair value changes on such investments in other income (expense), net on the condensed consolidated statements of income (loss) to significantly reduce the accounting asymmetry that would otherwise arise when recognizing the corresponding foreign exchange gains and losses relating to customer liabilities. The following table summarizes the estimated fair value and amortized cost of our available-for-sale debt securities under the fair value option as of September 30, 2025 and December 31, 2024:

	September 30, 2025		December 31, 2024	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In millions)	(In millions)	(In millions)	(In millions)
Funds receivable and customer accounts	\$ 741	\$ 741	\$ 566	\$ 564

The following table summarizes the gains (losses) from fair value changes recognized in other income (expense), net related to the available-for-sale debt securities under the fair value option for the three and nine months ended September 30, 2025 and 2024:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In millions)	(In millions)	(In millions)	(In millions)
Funds receivable and customer accounts	\$ (7)	\$ 23	\$ 85	\$ 8

ASSETS MEASURED AND RECORDED AT FAIR VALUE ON A NON-RECURRING BASIS

The following tables summarize our assets held as of September 30, 2025 and December 31, 2024 for which a non-recurring fair value measurement was recorded during the nine months ended September 30, 2025 and the year ended December 31, 2024, respectively:

	September 30, 2025	Significant Other Observable Inputs (Level 2)		Significant Other Unobservable Inputs (Level 3)	
		(In millions)	(In millions)	(In millions)	(In millions)
Loans and interest receivable, held for sale	\$ 1,404	\$ 1,396	\$ 8		
Non-marketable equity securities measured using the Measurement Alternative ⁽¹⁾	242	236	6		
Total	\$ 1,646	\$ 1,632	\$ 14		

⁽¹⁾ Excludes non-marketable equity securities of \$1.1 billion accounted for under the Measurement Alternative for which no observable price changes occurred during the nine months ended September 30, 2025.

	December 31, 2024	Significant Other Observable Inputs (Level 2)		Significant Other Unobservable Inputs (Level 3)	
		(In millions)	(In millions)	(In millions)	(In millions)
Loans and interest receivable, held for sale	\$ 541	\$ 541	\$ —		
Non-marketable equity securities measured using the Measurement Alternative ⁽¹⁾	476	131	345		
Total	\$ 1,017	\$ 672	\$ 345		

⁽¹⁾ Excludes non-marketable equity securities of \$860 million accounted for under the Measurement Alternative for which no observable price changes occurred during the year ended December 31, 2024.

PayPal Holdings, Inc.**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
(Unaudited)

We measure loans and interest receivable, held for sale that are comparable to loans receivable sold to third-party investors using observable inputs, such as the most recent executed prices. These loans and interest receivable, held for sale are classified within Level 2 in the fair value hierarchy. Certain loans and interest receivable, held for sale are valued using significant unobservable inputs, such as adjustments to recently executed prices. These loans and interest receivable, held for sale are classified within Level 3 in the fair value hierarchy. Refer to "Note 11—Loans and Interest Receivable" for additional information on loans and interest receivable, held for sale.

We measure the non-marketable equity securities accounted for under the Measurement Alternative at cost minus impairment, if any, adjusted for observable price changes in orderly transactions for an identical or similar investment in the same issuer. Non-marketable equity securities that have been remeasured during the period based on observable price changes are classified within Level 2 in the fair value hierarchy because we estimate the fair value based on valuation methods which only include significant inputs that are observable, such as the observable transaction price at the transaction date. The fair value of non-marketable equity securities are classified within Level 3 when we estimate fair value using significant unobservable inputs, such as when we remeasure due to impairment and use discount rates, forecasted cash flows, and market data of comparable companies, among others.

FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AND RECORDED AT FAIR VALUE

Our financial instruments, including cash and certain cash equivalents, restricted cash, time deposits, reverse repurchase agreements, loans and interest receivable, net, certain customer accounts, notes receivable, and long-term debt related to borrowings on our credit facilities are carried at amortized cost, which approximates their fair value. Our term debt (including current portion) had a carrying value of approximately \$10.8 billion and fair value of approximately \$10.4 billion as of September 30, 2025. Our term debt (including current portion) had a carrying value of approximately \$10.5 billion and fair value of approximately \$9.8 billion as of December 31, 2024. If these financial instruments were measured at fair value in the financial statements, cash and certain cash equivalents would be classified as Level 1; restricted cash, time deposits, reverse repurchase agreements, certain customer accounts, and term debt (including current portion) would be classified as Level 2; and the remaining financial instruments would be classified as Level 3 in the fair value hierarchy.

NOTE 10—DERIVATIVE INSTRUMENTS***SUMMARY OF DERIVATIVE INSTRUMENTS***

Our primary objective in holding derivatives is to reduce the volatility of earnings and cash flows associated with changes in foreign exchange rates. Our derivatives expose us to credit risk to the extent that our counterparties may be unable to meet the terms of the arrangement. We seek to mitigate such risk by limiting our counterparties to, and by spreading the risk across, major financial institutions and by entering into collateral security arrangements. In addition, the potential risk of loss with any one counterparty resulting from this type of credit risk is monitored on an ongoing basis. We do not use any derivative instruments for trading or speculative purposes.

Cash flow hedges

We have significant international revenues and expenses denominated in foreign currencies, which subjects us to foreign exchange risk. We have a foreign currency exposure management program in which we designate certain foreign exchange contracts, generally with maturities of 12 months or less, to reduce the volatility of cash flows primarily related to forecasted revenues and expenses denominated in certain foreign currencies. The objective of these foreign exchange contracts is to help mitigate the risk that the U.S. dollar-equivalent cash flows are adversely affected by changes in the applicable U.S. dollar/foreign currency exchange rate. These derivative instruments are designated as cash flow hedges and accordingly, the derivative's gain or loss is initially reported as a component of AOCI and subsequently reclassified into revenue or the applicable expense line item in the condensed consolidated statements of income (loss) in the same period the forecasted transaction affects earnings. We evaluate the effectiveness of our foreign exchange contracts on a quarterly basis by comparing the critical terms of the derivative instruments with the critical terms of the forecasted cash flows of the hedged item; if the critical terms are the same, we conclude the hedge will be perfectly effective. We do not exclude any component of the changes in fair value of the derivative instruments from the assessment of hedge effectiveness. We report cash flows arising from derivative instruments consistent with the classification of cash flows from the underlying items that these derivatives are hedging. Accordingly, the cash flows associated with derivatives designated as cash flow hedges are classified in cash flows from operating activities on our condensed consolidated statements of cash flows.

PayPal Holdings, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

As of September 30, 2025, we estimated that \$199 million of net derivative losses related to our cash flow hedges included in AOCI are expected to be reclassified into earnings within the next 12 months. During the three and nine months ended September 30, 2025 and 2024, we did not discontinue any cash flow hedges because it was probable that the original forecasted transaction would not occur and as such, did not reclassify any gains or losses to earnings prior to the occurrence of the hedged transaction. If we elect to discontinue our cash flow hedges and it is probable that the original forecasted transaction will occur, we continue to report the derivative's gain or loss in AOCI until the forecasted transaction affects earnings, at which point we also reclassify it into earnings. Gains and losses on derivatives held after we discontinue our cash flow hedges and on derivative instruments that are not designated as cash flow hedges are recorded in the same financial statement line to which the derivative relates.

Net investment hedges

Prior to 2025, we used foreign exchange contracts to reduce the foreign exchange risk related to our investment in certain foreign subsidiaries. These derivatives were designated as net investment hedges and accordingly, the gains and losses on the portion of the derivatives included in the assessment of hedge effectiveness were recorded in AOCI as part of foreign currency translation. We excluded forward points from the assessment of hedge effectiveness and recognized them in other income (expense), net on a straight-line basis over the life of the hedge. The accumulated gains and losses associated with these instruments will remain in AOCI until the foreign subsidiaries are sold or substantially liquidated, at which point they will be reclassified into earnings. The cash flows associated with derivatives designated as a net investment hedge are classified in cash flows from investing activities on our condensed consolidated statements of cash flows.

We have not reclassified any gains or losses related to net investment hedges from AOCI into earnings for any of the periods presented.

Foreign exchange contracts not designated as hedging instruments

We have a foreign currency exposure management program in which we use foreign exchange contracts to offset the foreign exchange risk of our assets and liabilities denominated in currencies other than the functional currency of our subsidiaries. These contracts are not designated as hedging instruments and reduce, but do not entirely eliminate, the impact of foreign exchange rate movements on our assets and liabilities. The gains and losses due to remeasurement of certain foreign currency denominated monetary assets and liabilities are recorded in other income (expense), net, which are offset by the gains and losses on these foreign exchange contracts. The cash flows associated with our non-designated derivatives used to hedge foreign currency denominated monetary assets and liabilities are classified in cash flows from operating activities on our condensed consolidated statements of cash flows.

FAIR VALUE OF DERIVATIVE CONTRACTS

The fair value of our outstanding derivative instruments as of September 30, 2025 and December 31, 2024 was as follows:

	Balance Sheet Location	September 30, 2025		December 31, 2024		
		(In millions)				
Derivative Assets:						
Foreign exchange contracts designated as hedging instruments	Other current assets	\$	10	\$	157	
Foreign exchange contracts not designated as hedging instruments	Other current assets		38		86	
Total derivative assets		\$	48	\$	243	
Derivative Liabilities:						
Foreign exchange contracts designated as hedging instruments	Other current liabilities	\$	209	\$	10	
Foreign exchange contracts not designated as hedging instruments	Other current liabilities		20		27	
Total derivative liabilities		\$	229	\$	37	

PayPal Holdings, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

EFFECT OF DERIVATIVE CONTRACTS ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following tables provide the location in the condensed consolidated statements of income (loss) and amount of recognized gains or losses related to our derivative instruments:

	Three Months Ended September 30,			
	2025		2024	
	(In millions)			
	Net revenues	Other income (expense), net	Net revenues	Other income (expense), net
Total amounts presented in the condensed consolidated statements of income (loss) in which the effects of cash flow hedges and net investment hedges are recorded	\$ 8,417	\$ 13	\$ 7,847	\$ (80)
Gains (losses) on derivatives in cash flow hedging relationship:				
Amount of net gains (losses) on foreign exchange contracts reclassified from AOCI	(49)	—	(12)	—
Gains (losses) on derivatives in net investment hedging relationship:				
Amount of net gains (losses) on foreign exchange contracts excluded from the assessment of effectiveness	—	—	—	20
Gains (losses) on derivatives not designated as hedging instruments:				
Amount of net gains (losses) on foreign exchange contracts	—	62	—	(177)
Total net gains (losses)	<u>\$ (49)</u>	<u>\$ 62</u>	<u>\$ (12)</u>	<u>\$ (157)</u>
Nine Months Ended September 30,				
	2025		2024	
	(In millions)			
	Net revenues	Other income (expense), net	Net revenues	Other income (expense), net
Total amounts presented in the condensed consolidated statements of income (loss) in which the effects of cash flow hedges and net investment hedges are recorded	\$ 24,496	\$ 111	\$ 23,431	\$ 35
Gains (losses) on derivatives in cash flow hedging relationship:				
Amount of net gains (losses) on foreign exchange contracts reclassified from AOCI	(84)	—	10	—
Gains (losses) on derivatives in net investment hedging relationship:				
Amount of net gains (losses) on foreign exchange contracts excluded from the assessment of effectiveness	—	—	—	61
Gains (losses) on derivatives not designated as hedging instruments:				
Amount of net gains (losses) on foreign exchange contracts	—	(173)	—	(172)
Total net gains (losses)	<u>\$ (84)</u>	<u>\$ (173)</u>	<u>\$ 10</u>	<u>\$ (111)</u>

PayPal Holdings, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

The following table provides the amount of pre-tax unrealized gains or losses included in the assessment of hedge effectiveness related to our derivative instruments designated as hedging instruments that are recognized in other comprehensive income (loss):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In millions)			
Unrealized net gains (losses) on foreign exchange contracts designated as cash flow hedges	\$ 29	\$ (160)	\$ (430)	\$ (39)
Unrealized net gains (losses) on foreign exchange contracts designated as net investment hedges	—	(149)	—	50
Total unrealized net gains (losses) recognized from derivative contracts designated as hedging instruments in the condensed consolidated statements of comprehensive income (loss)	\$ 29	\$ (309)	\$ (430)	\$ 11

NOTIONAL AMOUNTS OF DERIVATIVE CONTRACTS

Derivative transactions are measured in terms of the notional amount; however, this amount is not recorded on the balance sheet and is not, when viewed in isolation, a meaningful measure of the risk profile of the derivative instruments. The notional amount is generally not exchanged, but is used only as the underlying basis on which the value of foreign currency exchange payments under these contracts is determined. The following table provides the notional amounts of our outstanding derivative instruments:

	September 30, 2025	December 31, 2024
	(In millions)	
Foreign exchange contracts designated as hedging instruments	\$ 6,122	\$ 3,942
Foreign exchange contracts not designated as hedging instruments	11,735	13,317
Total	\$ 17,857	\$ 17,259

MASTER NETTING AGREEMENTS - RIGHTS OF SET-OFF

Under master netting agreements with certain counterparties to our derivative contracts, repurchase agreements, and reverse repurchase agreements, subject to applicable requirements, we are allowed to net settle transactions of the same type with a single net amount payable by one party to the other. PayPal has not elected to offset for balance sheet presentation and we present the derivative assets, derivative liabilities, repurchase agreements and reverse repurchase agreements on a gross basis on our condensed consolidated balance sheets.

We have entered into collateral security arrangements with certain counterparties that provide for collateral to be received or posted when the net fair value of certain financial instruments fluctuates from contractually established thresholds. Receivables related to cash collateral posted and payables related to cash collateral received are recognized in other current assets and other current liabilities, respectively, on our condensed consolidated balance sheets.

The following tables present the derivative assets, derivative liabilities, and reverse repurchase agreements not offset on the condensed consolidated balance sheets but available for offset in the event of default. The tables also present the cash and non-cash collateral received or pledged relating to these positions. The amount of collateral presented is limited to the amount presented on our condensed consolidated balance sheets; therefore, instances of over-collateralization are excluded from the table below.

[Table of Contents](#)

PayPal Holdings, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

	Amounts Not Offset on the Condensed Consolidated Balance Sheet						
	Amounts Presented on the Condensed Consolidated Balance Sheet		Financial Instruments ⁽¹⁾		Collateral Received ⁽²⁾		Net Amounts
			(In millions)				
As of September 30, 2025							
Derivative assets ⁽³⁾	\$ 48	\$ 26	\$ 6	\$ 16			
Reverse repurchase agreements ⁽⁴⁾	—	—	—	—			
Total assets	\$ 48	\$ 26	\$ 6	\$ 16			
As of December 31, 2024							
Derivative assets ⁽³⁾	\$ 243	\$ 23	\$ 169	\$ 51			
Reverse repurchase agreements ⁽⁴⁾	87	—	87	—			
Total assets	\$ 330	\$ 23	\$ 256	\$ 51			

	Amounts Not Offset on the Condensed Consolidated Balance Sheet						
	Amounts Presented on the Condensed Consolidated Balance Sheet		Financial Instruments ⁽¹⁾		Collateral Pledged ⁽²⁾		Net Amounts
			(In millions)				
As of September 30, 2025							
Derivative liabilities ⁽³⁾	\$ 229	\$ 26	\$ 195	\$ 8			
As of December 31, 2024							
Derivative liabilities ⁽³⁾	\$ 37	\$ 23	\$ 7	\$ 7			

⁽¹⁾ For derivative positions, this includes any derivative fair value that could be offset in the event of counterparty default. For reverse repurchase positions, this includes any receivable that could be offset in the event of counterparty default.

⁽²⁾ Includes cash and the fair value of securities exchanged with the counterparty. For reverse repurchase agreements, these securities are not included in the condensed consolidated balance sheet unless the counterparty defaults.

⁽³⁾ We received cash collateral from derivative counterparties totaling \$7 million and \$162 million as of September 30, 2025 and December 31, 2024, respectively, and securities from derivative counterparties with a fair value of \$35 million and \$30 million as of September 30, 2025 and December 31, 2024, respectively. We posted \$214 million and \$7 million of cash collateral as of September 30, 2025 and December 31, 2024, respectively, and securities to derivative counterparties with a fair value of \$50 million and nil as of September 30, 2025 and December 31, 2024, respectively.

⁽⁴⁾ PayPal is permitted by contract to sell or repledge collateral relating to its reverse repurchase agreements. The fair value of this collateral was nil and \$96 million as of September 30, 2025 and December 31, 2024, respectively. As of September 30, 2025 and December 31, 2024, we have not sold or repledged collateral relating to reverse repurchase agreements.

NOTE 11—LOANS AND INTEREST RECEIVABLE

We classify our loans and interest receivable based on management intent. When PayPal has the intent to sell the loans to third-party investors they are classified as loans and interest receivable, held for sale on our condensed consolidated balance sheets and are recorded at the lower of cost or fair value, determined on an aggregate basis, with valuation changes and any associated charge-offs recorded in restructuring and other on our condensed consolidated statements of income (loss). In connection with the sale of certain portfolios to third-party investors and the reclassification and measurement of those portfolios as held for sale, we reverse the previously recorded allowances for credit losses associated with those loans and interest receivable balances. We receive a market-based service fee for servicing the loans sold.

When PayPal has the intent and ability to hold the loans for the foreseeable future they are classified as loans and interest receivable, net on our condensed consolidated balance sheets and are reported at their outstanding balances, net of any participation interests sold, unamortized deferred origination fees and costs, and allowance for credit losses.

PayPal Holdings, Inc.**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
(Unaudited)**LOANS AND INTEREST RECEIVABLE, HELD FOR SALE**

As of September 30, 2025 and December 31, 2024, loans and interest receivable, held for sale was \$1.4 billion and \$541 million, respectively, and include both loans reclassified to held for sale and loans originated as held for sale. During the nine months ended September 30, 2025 we reclassified approximately \$574 million of loans and interest receivable, net to loans and interest receivable, held for sale. During the nine months ended September 30, 2025, we derecognized loans with an unpaid balance of \$18.3 billion and had net proceeds of \$18.2 billion from loans and interest receivable sold. During the nine months ended September 30, 2024, we derecognized loans with an unpaid balance of \$14.8 billion and had net proceeds of \$14.7 billion, from loans and interest receivable sold.

LOANS AND INTEREST RECEIVABLE, NET***Consumer receivables***

We offer revolving and installment credit products as a funding option for consumers in certain checkout transactions on our payments platform. Our revolving credit product consists of PayPal Credit in the United Kingdom (“U.K.”), which is made available to consumers as a funding source in their PayPal wallet once they are approved for credit. Additionally, we offer installment credit products at the time of checkout in various markets, including the U.S., several markets across Europe, Australia, and Japan. We offer non interest-bearing installment credit products in these markets as well as interest-bearing installment credit products in the U.S. and Germany. We purchase receivables related to interest-bearing installment loans extended to U.S. consumers by an independent chartered financial institution (“partner institution”) and are responsible for the servicing functions related to that portfolio. During the nine months ended September 30, 2025 and 2024, we purchased approximately \$934 million and \$390 million in consumer receivables, respectively. As of September 30, 2025 and December 31, 2024, the outstanding balance of consumer receivables, which consisted of revolving and installment loans and interest receivable, was \$5.2 billion and \$5.4 billion, respectively, net of the participation interest sold to the partner institution of \$28 million and \$23 million, respectively.

We closely monitor the credit quality of our consumer receivables to evaluate and manage our related exposure to credit risk. Credit risk management begins with initial underwriting and continues through the full repayment of a loan. To assess a consumer who requests a loan, we use, among other indicators, internally developed risk models using detailed information from external sources, such as credit bureaus where available, and internal data, including the consumer’s prior repayment history with our credit products where available. We use delinquency status and trends to assist in making (or, for interest-bearing installment loans in the U.S., to assist the partner institution in making) new and ongoing credit decisions, to adjust our models, to plan our collection practices and strategies, and in determining our allowance for consumer loans and interest receivable.

PayPal Holdings, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

Consumer receivables delinquency and allowance

The following tables present the delinquency status and gross charge-offs of consumer loans and interest receivable by year of origination. The amounts are based on the number of days past the billing date for revolving loans or contractual repayment date for installment loans. The “current” category represents balances that are within 29 days of the billing date or contractual repayment date, as applicable.

	Revolving Loans Amortized Cost Basis	September 30, 2025 (In millions, except percentages)							Percent	
		Installment Loans Amortized Cost Basis								
		2025	2024	2023	2022	2021	Total			
Consumer loans and interest receivable:										
Current	\$ 2,611	\$ 1,701	\$ 495	\$ 171	\$ 6	\$ —	\$ 4,984	96.3%		
30 - 59 Days	28	28	6	2	—	—	64	1.2%		
60 - 89 Days	19	20	7	3	—	—	49	1.0%		
90 - 179 Days	38	29	8	3	—	—	78	1.5%		
Total	<u>\$ 2,696</u>	<u>\$ 1,778</u>	<u>\$ 516</u>	<u>\$ 179</u>	<u>\$ 6</u>	<u>\$ —</u>	<u>\$ 5,175</u>	<u>100%</u>		
Gross charge-offs for the nine months ended September 30, 2025	\$ 103	\$ 18	\$ 96	\$ 10	\$ 1	\$ —	\$ 228			

	Revolving Loans Amortized Cost Basis	December 31, 2024 (In millions, except percentages)							Percent	
		Installment Loans Amortized Cost Basis								
		2024	2023	2022	2021	2020	Total			
Consumer loans and interest receivable:										
Current	\$ 2,404	\$ 2,427	\$ 353	\$ 43	\$ —	\$ —	\$ 5,227	96.6%		
30 - 59 Days	25	28	4	—	—	—	57	1.1%		
60 - 89 Days	16	19	4	1	—	—	40	0.7%		
90 - 179 Days	38	40	9	2	—	—	89	1.6%		
Total	<u>\$ 2,483</u>	<u>\$ 2,514</u>	<u>\$ 370</u>	<u>\$ 46</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 5,413</u>	<u>100%</u>		
Gross charge-offs for the year ended December 31, 2024	\$ 138	\$ 39	\$ 133	\$ 14	\$ —	\$ —	\$ 324			

PayPal Holdings, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

The following table summarizes the activity in the allowance for consumer loans and interest receivable for the nine months ended September 30, 2025 and 2024:

	September 30, 2025			September 30, 2024		
	Consumer Loans Receivable	Interest Receivable	Total Allowance ⁽¹⁾	Consumer Loans Receivable	Interest Receivable	Total Allowance
	(In millions)					
Beginning balance	\$ 341	\$ 7	\$ 348	\$ 357	\$ 23	\$ 380
Changes in allowance due to reclassification of loans and interest receivable to or from held for sale	(23)	—	(23)	—	—	—
Provisions	181	10	191	175	5	180
Charge-offs	(215)	(13)	(228)	(230)	(18)	(248)
Recoveries	46	—	46	35	—	35
Other ⁽²⁾	18	—	18	9	1	10
Ending balance	\$ 348	\$ 4	\$ 352	\$ 346	\$ 11	\$ 357

⁽¹⁾ Beginning balances, provisions and charge-offs include amounts related to loans and interest receivable prior to their reclassification to loan and interest receivable, held for sale during the period.

⁽²⁾ Includes amounts related to foreign currency remeasurement.

The allowance for credit losses at September 30, 2025 for our consumer receivable portfolio remained consistent with the allowance for credit losses at December 31, 2024. In the second quarter of 2025, we updated our expected credit loss model for our revolving loans in the U.K. to reflect the utilization of average weekly earnings as a macroeconomic factor and no longer consider household disposable income and retail e-commerce sales. Additionally, we updated our expected credit loss model for certain portfolios to utilize multiple economic scenarios rather than the single scenario previously utilized. These changes did not have a material impact on our allowance for credit losses in the period.

Merchant receivables

We offer access to merchant finance products for certain small and medium-sized businesses through our PayPal Working Capital (“PPWC”) and PayPal Business Loan (“PPBL”) products, which we collectively refer to as our merchant finance offerings. We purchase receivables related to credit extended to U.S. merchants by a partner institution and are responsible for the servicing functions related to that portfolio. During the nine months ended September 30, 2025 and 2024, we purchased approximately \$1.6 billion and \$1.2 billion in merchant receivables, respectively. As of September 30, 2025 and December 31, 2024, the total outstanding balance in our pool of merchant loans, advances, and interest and fees receivable was \$1.7 billion and \$1.5 billion, net of the participation interest sold to the partner institution of \$62 million and \$53 million, respectively.

Through our PPWC product, merchants can borrow a certain percentage of their annual payment volume processed by PayPal and are charged a fixed fee for the loan or advance based on the overall credit assessment of the merchant. Loans and advances are repaid through a fixed percentage of the merchant’s future payment volume that PayPal processes. Through our PPBL product, we provide merchants access to short-term business financing for a fixed fee based on an evaluation of the applying business as well as the business owner. PPBL repayments are collected through periodic payments until the balance has been satisfied.

The interest or fee is fixed at the time the loan or advance is extended and is recognized as deferred revenue in accrued expenses and other current liabilities on our condensed consolidated balance sheets. The fixed interest or fee is amortized into revenues from other value added services based on the amount repaid over the repayment period. We estimate the repayment period for PPWC based on the merchant’s payment processing history with PayPal. For PPWC, there is a general requirement that at least 10% of the original amount of the loan or advance plus the fixed fee must be repaid every 90 days. We calculate the repayment rate of the merchant’s future payment volume so that repayment of the loan or advance and fixed fee is expected to generally occur within 9 to 12 months from the date of the loan or advance. On a monthly basis, we recalculate the repayment period based on the repayment activity on the receivable. As such, actual repayment periods are dependent on actual merchant payment processing volumes. For PPBL, we receive fixed periodic payments over the contractual term of the loan, which generally ranges from 3 to 12 months.

[Table of Contents](#)

PayPal Holdings, Inc.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

We actively monitor receivables with repayment periods greater than the original expected or contractual repayment period, as well as the credit quality of our merchant loans and advances that we extend or purchase, so that we can evaluate, quantify, and manage our credit risk exposure. To assess a merchant seeking a loan or advance, we use, among other indicators, risk models developed internally which utilize information obtained from multiple internal and external data sources to predict the likelihood of timely and satisfactory repayment by the merchant of the loan or advance amount and the related interest or fee. Primary drivers of the models include the merchant's annual payment volume, payment processing history with PayPal, prior repayment history with PayPal's credit products where available, information sourced from consumer and business credit bureau reports, and other information obtained during the application process. We use delinquency status and trends to assist in making (or, in the U.S., to assist the partner institution in making) ongoing credit decisions, to adjust our internal models, to plan our collection strategies, and in determining our allowance for these loans, advances, and interest and fees receivable.

Merchant receivables delinquency and allowance

The following tables present the delinquency status and gross charge-offs of merchant loans, advances, and interest and fees receivable by year of origination. The amounts are based on the number of days past the expected or contractual repayment date for amounts outstanding. The "current" category represents balances that are within 29 days of the expected repayment date or contractual repayment date, as applicable.

September 30, 2025 (In millions, except percentages)												
	2025	2024	2023	2022	2021	Prior	Total	Percent				
Merchant loans, advances, and interest and fees receivable:												
Current	\$ 1,425	\$ 125	\$ 7	\$ 5	\$ 1	\$ 3	\$ 1,566	90.2%				
30 - 59 Days	43	27	3	1	—	—	74	4.3%				
60 - 89 Days	19	13	1	1	—	—	34	2.0%				
90 - 179 Days	23	25	3	1	—	—	52	3.0%				
180+ Days	1	6	2	1	—	—	10	0.5%				
Total	\$ 1,511	\$ 196	\$ 16	\$ 9	\$ 1	\$ 3	\$ 1,736	100.0%				
Gross charge-offs for the nine months ended September 30, 2025	\$ 6	\$ 69	\$ 17	\$ 3	\$ —	\$ 2	\$ 97					
December 31, 2024 (In millions, except percentages)												
	2024	2023	2022	2021	2020	Prior	Total	Percent				
Merchant loans, advances, and interest and fees receivable:												
Current	\$ 1,274	\$ 28	\$ 13	\$ 1	\$ 8	\$ 4	\$ 1,328	90.4%				
30 - 59 Days	55	10	3	—	—	1	69	4.7%				
60 - 89 Days	23	6	2	—	—	—	31	2.1%				
90 - 179 Days	21	11	4	—	—	—	36	2.4%				
180+ Days	1	4	1	—	—	—	6	0.4%				
Total	\$ 1,374	\$ 59	\$ 23	\$ 1	\$ 8	\$ 5	\$ 1,470	100%				
Gross charge-offs for the year ended December 31, 2024	\$ 10	\$ 96	\$ 42	\$ —	\$ 8	\$ —	\$ 156					

[Table of Contents](#)

PayPal Holdings, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

The following table summarizes the activity in the allowance for merchant loans, advances, and interest and fees receivable for the nine months ended September 30, 2025 and 2024:

	September 30, 2025			September 30, 2024		
	Merchant Loans and Advances	Interest and Fees Receivable	Total Allowance	Merchant Loans and Advances	Interest and Fees Receivable	Total Allowance
	(In millions)					
Beginning balance	\$ 107	\$ 6	\$ 113	\$ 148	\$ 12	\$ 160
Provisions	114	13	127	50	—	50
Charge-offs	(90)	(7)	(97)	(120)	(7)	(127)
Recoveries	17	—	17	21	—	21
Other ⁽¹⁾	3	—	3	—	—	—
Ending balance	\$ 151	\$ 12	\$ 163	\$ 99	\$ 5	\$ 104

⁽¹⁾ Includes amounts related to foreign currency remeasurement.

The allowance for credit losses at September 30, 2025 for our merchant receivable portfolio was \$163 million, an increase from \$113 million at December 31, 2024. The increase in allowance for credit losses was related to a decline in credit quality of merchant loans outstanding primarily from modifications in acceptable risk parameters in 2024, which included broadened eligibility. In the second quarter of 2025, we updated our expected credit loss model for all portfolios to utilize multiple economic scenarios rather than the single scenario previously utilized. These changes did not have a material impact on our allowance for credit losses in the period.

NOTE 12—DEBT

NOTES

In March 2025, we issued fixed and floating rate notes with varying maturity dates for an aggregate principal amount of \$1.5 billion, consisting of \$450 million aggregate principal amount of floating rate notes due 2028 (the “2028 Floating Rate Notes”), \$450 million aggregate principal amount of 4.450% notes due 2028 (the “2028 Notes”) and \$600 million aggregate principal amount of 5.100% notes due 2035 (the “2035 Notes”). Interest on the 2028 Floating Rate Notes is payable on March 6, June 6, September 6 and December 6 of each year, beginning on June 6, 2025. The 2028 Floating Rate Notes bear interest at a floating rate equal to the compounded secured overnight financing rate, reset quarterly, plus 0.670% per annum. Interest on the 2028 Notes is payable on March 6 and September 6 of each year, beginning on September 6, 2025. Interest on the 2035 Notes is payable on April 1 and October 1 of each year, beginning on October 1, 2025.

In May 2024, June 2023, May 2022, May 2020, and September 2019, we issued fixed rate notes with varying maturity dates for an aggregate principal amount of \$1.3 billion, ¥90 billion (approximately \$606 million as of September 30, 2025), \$3.0 billion, \$4.0 billion and \$5.0 billion, respectively.

The notes issued from the March 2025, May 2024, June 2023, May 2022, May 2020, and September 2019 debt issuances are senior unsecured obligations and are collectively referred to as the “Notes.” Except for the June 2023 debt issuance and 2028 Floating Rate Notes, we may redeem the Notes in whole at any time or in part from time to time, prior to maturity, at their redemption prices. Upon the occurrence of both a change of control of the Company and a downgrade of the Notes below an investment grade rating, we will be required to offer to repurchase each series of Notes at a price equal to 101% of the then outstanding principal amounts, plus accrued and unpaid interest. The Notes are subject to covenants, including limitations on our ability to create liens on our assets, enter into sale and leaseback transactions, and merge or consolidate with another entity, in each case subject to certain exceptions, limitations, and qualifications. Proceeds from the issuance of these Notes may be used for general corporate purposes, which may include funding the repayment or redemption of outstanding debt, share repurchases, ongoing operations, capital expenditures, and possible acquisitions of businesses, assets, or strategic investments.

[Table of Contents](#)

PayPal Holdings, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

As of September 30, 2025 and December 31, 2024, we had an outstanding aggregate principal amount of \$10.9 billion and \$10.6 billion, respectively, related to the Notes. The following table summarizes the Notes outstanding:

	Maturities	Effective Interest Rate	September 30, 2025	December 31, 2024
			(in millions)	
September 2019 debt issuance:				
Fixed-rate 2.650% notes	10/1/2026	2.78%	\$ 1,250	\$ 1,250
Fixed-rate 2.850% notes	10/1/2029	2.96%	1,500	1,500
May 2020 debt issuance:				
Fixed-rate 1.650% notes	6/1/2025	1.78%	—	1,000
Fixed-rate 2.300% notes	6/1/2030	2.39%	1,000	1,000
Fixed-rate 3.250% notes	6/1/2050	3.33%	1,000	1,000
May 2022 debt issuance:				
Fixed-rate 3.900% notes	6/1/2027	4.06%	500	500
Fixed-rate 4.400% notes	6/1/2032	4.53%	1,000	1,000
Fixed-rate 5.050% notes	6/1/2052	5.14%	1,000	1,000
Fixed-rate 5.250% notes	6/1/2062	5.34%	500	500
June 2023 debt issuance⁽¹⁾:				
¥30 billion fixed-rate 0.813% notes	6/9/2025	0.89%	—	191
¥23 billion fixed-rate 0.972% notes	6/9/2026	1.06%	155	147
¥37 billion fixed-rate 1.240% notes	6/9/2028	1.31%	249	236
May 2024 debt issuance:				
Fixed-rate 5.150% notes	6/1/2034	5.35%	850	850
Fixed-rate 5.500% notes	6/1/2054	5.66%	400	400
March 2025 debt issuance:				
Floating-rate notes	3/6/2028	5.22%	450	—
Fixed-rate 4.450% notes	3/6/2028	4.66%	450	—
Fixed-rate 5.100% notes	4/1/2035	5.20%	600	—
Total term debt			<u>\$ 10,904</u>	<u>\$ 10,574</u>
Unamortized premium (discount) and issuance costs, net			(79)	(78)
Less: current portion of term debt ⁽²⁾			<u>(155)</u>	<u>(1,191)</u>
Total carrying amount of term debt			<u>\$ 10,670</u>	<u>\$ 9,305</u>

⁽¹⁾ Principal amounts represent the U.S. dollar equivalent as of September 30, 2025 and December 31, 2024, respectively.

⁽²⁾ The current portion of term debt is included within “accrued expenses and other current liabilities” on our condensed consolidated balance sheets.

The effective interest rates for the Notes include interest on the Notes, amortization of debt issuance costs, and amortization of the debt discount. The interest expense recorded for the Notes, including amortization of the debt discount and debt issuance costs, was \$107 million and \$315 million for the three and nine months ended September 30, 2025, respectively. The interest expense recorded for the Notes, including amortization of the debt discount and debt issuance costs, was \$100 million and \$274 million for the three and nine months ended September 30, 2024, respectively.

PayPal Holdings, Inc.**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
(Unaudited)**CREDIT FACILITIES****Paidy credit agreement**

In February 2022, we entered into a credit agreement (the “Paidy Credit Agreement”) with Paidy as co-borrower, which provided for an unsecured revolving credit facility of ¥60.0 billion, which was modified in September 2022 to increase the borrowing capacity by ¥30.0 billion for a total borrowing capacity of ¥90.0 billion (approximately \$606 million as of September 30, 2025). As of September 30, 2025 and December 31, 2024, ¥90.0 billion (approximately \$606 million) and ¥90.0 billion (approximately \$574 million) was drawn down under the Paidy Credit Agreement, respectively, which was recorded in long-term debt on our condensed consolidated balance sheets. At September 30, 2025, no borrowing capacity was available for the purposes permitted by the Paidy Credit Agreement. During the three and nine months ended September 30, 2025 and 2024, the total interest expense and fees we recorded related to the Paidy Credit Agreement were de minimis.

FUTURE PRINCIPAL PAYMENTS

As of September 30, 2025, the future principal payments associated with our term debt were as follows (in millions):

2026	\$	1,405
2027		500
2028		1,149
2029		1,500
Thereafter		6,350
Total	\$	10,904

Other than as provided above, there were no significant changes to the information disclosed in our 2024 Form 10-K.

NOTE 13—COMMITMENTS AND CONTINGENCIES**LITIGATION AND REGULATORY MATTERS****Overview**

We are involved in legal and regulatory proceedings on an ongoing basis. Certain of these proceedings are in early stages and may seek an indeterminate amount of damages or penalties or may require us to change or adopt certain business practices. If we believe that a loss arising from such matters is probable and can be reasonably estimated, we accrue the estimated liability in our financial statements at that time. If only a range of estimated losses can be determined, we accrue an amount within the range that, in our judgment, reflects the most likely outcome; if none of the estimates within that range is a better estimate than any other amount, we accrue the low end of the range. For those proceedings in which an unfavorable outcome is reasonably possible but not probable, we have disclosed an estimate of the reasonably possible loss or range of losses or we have concluded that an estimate of the reasonably possible loss or range of losses arising directly from the proceeding (i.e., monetary damages or amounts paid in judgment or settlement) are not material. If we cannot estimate the probable or reasonably possible loss or range of losses arising from a legal proceeding, we have disclosed that fact. In assessing the materiality of a legal proceeding, we evaluate, among other factors, the amount of monetary damages claimed, as well as the potential impact of non-monetary remedies sought by plaintiffs (e.g., injunctive relief) that may require us to change our business practices in a manner that could have a material adverse impact on our business. With respect to the matters disclosed in this Note 13, we are unable to estimate the possible loss or range of losses that could potentially result from the application of such non-monetary remedies.

PayPal Holdings, Inc.**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
(Unaudited)

Amounts accrued for legal and regulatory proceedings for which we believe a loss is probable and reasonably estimable were not material as of September 30, 2025. Except as otherwise noted for the proceedings described in this Note 13, we have concluded, based on currently available information, that reasonably possible losses arising directly from the proceedings (i.e., monetary damages or amounts paid in judgment or settlement) in excess of our recorded accruals are also not material. Determining legal reserves or possible losses from such matters involves judgment and may not reflect the full range of uncertainties and unpredictable outcomes. We may be exposed to losses in excess of the amount recorded, and such amounts could be material. If any of our estimates and assumptions change or prove to have been incorrect, it could have a material adverse effect on our business, financial position, results of operations, or cash flows.

Regulatory proceedings

In February 2022, we received a Civil Investigative Demand (“CID”) from the Federal Trade Commission (“FTC”) related to PayPal’s practices relating to commercial customers that submit charges on behalf of other merchants or sellers, and related activities. In August 2025, we received an additional CID investigating whether deceptive schemes and other unlawful activities by merchants using PayPal’s platform were facilitated or furthered by the Company’s onboarding, due diligence, and other practices. The CIDs request the production of documents and answers to written questions, as well as other information. We are cooperating with the FTC in connection with these CIDs.

In January 2023, we received notice of an administrative proceeding and a related request for information from the German Federal Cartel Office (“FCO”) related to terms in PayPal (Europe) S.à.r.l. et Cie, S.C.A.’s contractual terms with merchants in Germany prohibiting surcharging and requiring parity presentation of PayPal relative to other payment methods. We are cooperating with the FCO in connection with this proceeding.

We have received CIDs from the Consumer Financial Protection Bureau (“CFPB”) related to investigation and error-resolution obligations under Regulation E, the presentment of transactions to linked bank accounts, and related matters. The CIDs request the production of documents and answers to written questions. We are cooperating with the CFPB in connection with these CIDs.

In August 2024, we received a CID from the CFPB related to PayPal Credit. The CID also relates to backup payment options in a digital wallet to pay for goods or services. The CID requests the production of documents and answers to written questions. We are cooperating with the CFPB in connection with this CID.

Legal proceedings

On October 4, 2022, a putative securities class action captioned *Defined Benefit Plan of the Mid-Jersey Trucking Industry and Teamsters Local 701 Pension and Annuity Fund v. PayPal Holdings, Inc., et al.*, Case No. 22-cv-5864, was filed in the U.S. District Court for the District of New Jersey. On January 11, 2023, the Court appointed Caisse de dépôt et placement du Québec as lead plaintiff and renamed the action *In re PayPal Holdings, Inc. Securities Litigation* (“PPH Securities Action”). On March 13, 2023, the lead plaintiff filed an amended and consolidated complaint. The PPH Securities Action asserts claims relating to our public statements with respect to net new active accounts (“NNA”) results and guidance, and the detection of illegitimately created accounts. The PPH Securities Action purports to be brought on behalf of purchasers of the Company’s stock between February 3, 2021 and February 1, 2022 (the “Class Period”), and asserts claims for alleged violations of Section 10(b) of the Exchange Act against the Company, as well as its former Chief Executive Officer, former Chief Strategy, Growth and Data Officer, and former Chief Financial Officer (collectively, the “Individual Defendants,” and together with the Company, “Defendants”), and for alleged violations of Sections 20(a) and 20A of the Exchange Act against the Individual Defendants. The complaint alleges that certain public statements made by Defendants during the Class Period were rendered materially false and misleading (which, allegedly, caused the Company’s stock to trade at artificially inflated prices) by the Defendants’ failure to disclose that, among other things, the Company’s incentive campaigns were susceptible to fraud and led to the creation of illegitimate accounts, which allegedly affected the Company’s NNA results and guidance. The PPH Securities Action seeks unspecified compensatory damages on behalf of the putative class members. Defendants filed a motion to dismiss the PPH Securities Action. On January 29, 2025, the Court dismissed all of the claims without prejudice. On March 17, 2025, the lead plaintiff filed an amended complaint. Defendants have filed a motion to dismiss the amended complaint.

PayPal Holdings, Inc.**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
(Unaudited)

On November 2, 2022, a putative shareholder derivative action captioned *Shah v. Daniel Schulman, et al.*, Case No. 22-cv-1445, was filed in the U.S. District Court for the District of Delaware (the “Shah Action”), purportedly on behalf of the Company. On April 4, 2023, a putative shareholder derivative action captioned *Nelson v. Daniel Schulman, et al.*, Case No. 23-cv-01913, was filed in the U.S. District Court for the District of New Jersey (the “Nelson Action”) purportedly on behalf of the Company. On January 31, 2025, a putative shareholder derivative action captioned *Spathias v. Daniel Schulman, et al.*, Case No. 25-cv-1007, was filed in the U.S. District Court for the Northern District of California (the “Spathias Action,” and collectively, the “Derivative Actions”). The Derivative Actions are based on the same alleged facts and circumstances as the PPH Securities Action, and name certain of our officers, including our former Chief Executive Officer and former Chief Financial Officer, and members of our Board of Directors, as defendants. The Derivative Actions allege claims for breach of fiduciary duty, aiding and abetting breach of fiduciary duty, unjust enrichment, waste of corporate assets, gross mismanagement and violations of the Exchange Act, and seek to recover damages on behalf of the Company. The Derivative Actions have been stayed pending further developments in the PPH Securities Action.

On December 20, 2022, a civil lawsuit captioned *State of Hawai‘i, by its Office of Consumer Protection, v. PayPal, Inc., and PayPal Holdings, Inc.*, Case No. 1CCV-22-0001610, was filed in the Circuit Court of the First Circuit of the State of Hawai‘i (the “Hawai‘i Action”). The Hawai‘i Action asserts claims for unfair and deceptive acts and practices under Hawai‘i Revised Statutes Sections 480-2(a) and 481A-3(a). Plaintiff seeks injunctive relief as well as unspecified penalties and other monetary relief. On July 14, 2023, the court denied Defendants’ motion to dismiss the complaint. We expect to reach a final settlement in this matter in the fourth quarter of 2025.

General matters

Other third parties have from time to time claimed, and others may claim in the future, that we have infringed their intellectual property rights. We are subject to patent disputes and expect that we will increasingly be subject to additional patent infringement claims involving various aspects of our business as our products and services continue to expand in scope and complexity. Such claims may be brought directly or indirectly against our companies and/or against our customers (who may be entitled to contractual indemnification under their contracts with us), and we are subject to increased exposure to such claims as a result of our acquisitions, particularly in cases where we are introducing new products or services in connection with such acquisitions. We have in the past been forced to litigate such claims, and we believe that additional lawsuits alleging such claims will be filed against us. Intellectual property claims, whether meritorious or not, are time-consuming and costly to defend and resolve, could require expensive changes in our methods of doing business, or could require us to enter into costly royalty or licensing agreements on unfavorable terms or make substantial payments to settle claims or to satisfy damages awarded by courts.

From time to time, we are involved in other disputes or regulatory inquiries that arise in the ordinary course of business, including suits by our consumers (individually or as class actions), merchants or regulators alleging, among other things, improper disclosure of our prices, rules, or policies, that our practices, prices, rules, policies, or user, product, business or merchant agreements violate applicable law, or that we have acted unfairly or not acted in conformity with such prices, rules, policies, or agreements. In addition to these types of disputes and regulatory inquiries, our operations are also subject to regulatory and legal review and challenges that may reflect the increasing global regulatory focus to which the payments industry is subject and, when taken together with other regulatory and legislative action, such actions could result in the imposition of costly new compliance burdens on our business and customers and may lead to increased costs and decreased transaction volume and revenue. Further, the number and significance of these disputes and inquiries are increasing as our business has grown and expanded in scale and scope, including the number of active accounts and payments transactions on our platform, the range and increasing complexity of the products and services that we offer, and our geographical operations. Any claims or regulatory actions against us, whether meritorious or not, could be time consuming, result in costly litigation, settlement payments, damage awards (including statutory damages for certain causes of action in certain jurisdictions), fines, penalties, injunctive relief, or increased costs of doing business through adverse judgment or settlement, require us to change our products, services, or business practices in expensive ways, require significant amounts of management time, result in the diversion of significant operational resources, or otherwise harm our business.

PayPal Holdings, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

INDEMNIFICATION PROVISIONS

Our agreements with eBay governing our separation from eBay provide for specific indemnity and liability obligations for both eBay and us. Disputes between eBay and us have arisen and others may arise in the future, and an adverse outcome in such matters could materially and adversely impact our business, results of operations, and financial condition. In addition, the indemnity rights we have against eBay under the agreements may not be sufficient to protect us, and our indemnity obligations to eBay may be significant.

In the ordinary course of business, we include indemnification provisions in certain of our agreements with parties with whom we have commercial relationships. Under these contracts, we generally indemnify, hold harmless, and agree to reimburse the indemnified party for losses suffered or incurred by the indemnified party in connection with claims by any third party with respect to our domain names, trademarks, logos, and other branding elements to the extent that such marks are related to the subject agreement. These indemnification provisions generally include indemnity for other types of third-party claims, which may be related to intellectual property rights, confidentiality, willful misconduct, data privacy obligations, and certain breach of contract claims, among others. These indemnification provisions generally also include indemnity to our payments processors in the event of card association fines against the processor arising out of conduct by us or our customers. It is not possible to determine the maximum potential loss under these indemnification provisions due to our limited history of prior indemnification claims and the unique facts and circumstances involved in each particular situation.

PayPal has participated in the U.S. Government's Paycheck Protection Program administered by the U.S. Small Business Administration. Loans made under this program were funded by an independent chartered financial institution that we partnered with. We received a fee for providing services in connection with these loans and retained operational and audit risk related to those activities. We have agreed, under certain circumstances, to indemnify the chartered financial institution and its assignee of a portion of these loans in connection with the services provided for loans made under this program.

As part of agreements to sell certain loans receivable portfolios, in certain circumstances such as breaches in loan warranties, we may be required to indemnify the third-party investors that purchased the loans or repurchase the loans. The estimate of the maximum potential amount of future payments we may be required to make is equal to the current outstanding balances of the loans sold; however, the maximum potential amount of the indemnification is not, in our view, representative of the expected future exposure. As of September 30, 2025 and December 31, 2024, the current outstanding balances of the loans sold was \$3.4 billion and \$2.9 billion, respectively. The term of the indemnification obligations align to the maturities of the loans sold.

To date, no significant costs have been incurred, either individually or collectively, in connection with our indemnification provisions.

OFF-BALANCE SHEET ARRANGEMENTS

As of September 30, 2025 and December 31, 2024, we had no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our consolidated financial condition, results of operations, liquidity, capital expenditures, or capital resources.

PROTECTION PROGRAMS

In addition to the protections afforded by applicable law, we provide consumers and merchants with protection programs for certain purchase transactions completed on our payments platform. Our protection programs help protect both consumers and merchants from financial loss resulting from, among other things, counterparty non-performance. These programs are designed to promote confidence on the part of both consumers, who will be reimbursed in certain circumstances, such as not receiving their purchased item in the condition significantly as described, as well as merchants, who will receive payment in certain circumstances, such as establishing proof of shipment or delivery of an item to the customer. These protection programs are considered assurance-type warranties under applicable accounting standards for which we estimate associated costs within the allowance for transaction losses. Our protection programs may result in negative customer balances when there are insufficient funds in a customer's PayPal account to cover charges applied for merchant-related chargebacks within the scope of our protection programs. Negative customer balances can also occur from bank returns and reversals due to insufficient funding sources. The allowance for negative customer balances represents our estimate of current expected credit losses on negative customer balances.

PayPal Holdings, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

At September 30, 2025 and December 31, 2024, the allowance for transaction losses was \$85 million and \$86 million, respectively. The allowance for negative customer balances was \$334 million and \$256 million at September 30, 2025 and December 31, 2024, respectively. The following table shows changes in the allowance for transaction losses and negative customer balances related to our protection programs for the three and nine months ended September 30, 2025 and 2024:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
(in millions)				
Beginning balance	\$ 352	\$ 270	\$ 342	\$ 282
Provision ⁽¹⁾	397	264	1,058	783
Realized losses and charge-offs	(371)	(281)	(1,090)	(876)
Recoveries ⁽²⁾	41	53	109	117
Ending balance	\$ 419	\$ 306	\$ 419	\$ 306

⁽¹⁾ Changes in estimates for the prior period provision related to the allowance for transaction losses are not material and are aggregated with current period provision.

⁽²⁾ Recoveries are only relevant for the allowance for negative customer balances.

NOTE 14—STOCK REPURCHASE PROGRAMS

During the nine months ended September 30, 2025, we repurchased approximately 63 million shares of our common stock for approximately \$4.5 billion at an average cost of \$71.78, excluding excise tax. These shares were purchased in the open market under our stock repurchase program authorized in June 2022. As of September 30, 2025, a total of approximately \$355 million and \$15.0 billion remained available for future repurchases of our common stock under our June 2022 and February 2025 stock repurchase programs, respectively.

For the nine months ended September 30, 2025 and 2024, we recorded \$38 million and \$40 million in excise tax within treasury stock on our condensed consolidated balance sheets. The payable associated with the excise tax is a non-cash financing activity which is not reflected on the condensed consolidated statement of cash flows until settlement.

NOTE 15—STOCK-BASED PLANS

In June 2025, our stockholders approved the authorization of an additional 15 million shares to the Amended and Restated PayPal Holdings, Inc. 2015 Equity Incentive Award Plan.

STOCK-BASED COMPENSATION EXPENSE

Stock-based compensation expense is measured based on the estimated fair value of shares at the time of grant and recognized over the award's vesting period.

The following table summarizes the impact of stock-based compensation expense on our results of operations for the three and nine months ended September 30, 2025 and 2024:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
(In millions)				
Customer support and operations	\$ 52	\$ 50	\$ 156	\$ 173
Sales and marketing	32	30	99	108
Technology and development	124	111	371	366
General and administrative	70	81	225	257
Restructuring and other	—	28	—	88
Total stock-based compensation expense	\$ 278	\$ 300	\$ 851	\$ 992
Capitalized as part of internal use software and website development costs	\$ 33	\$ 32	\$ 101	\$ 77

PayPal Holdings, Inc.**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
(Unaudited)**NOTE 16—INCOME TAXES**

Our effective tax rate for both the three and nine months ended September 30, 2025 was 19%. Our effective tax rate for both the three and nine months ended September 30, 2024 was 23%. The difference between our effective tax rate and the U.S. federal statutory rate of 21% in the periods presented was primarily the result of foreign income taxed at different rates, tax expense related to stock-based compensation, and other discrete tax adjustments.

The Organization for Economic Co-operation and Development (“OECD”) has published model rules, which include the implementation of a global minimum tax rate of 15%, commonly referred to as Pillar Two. Certain countries in which we do business have enacted legislation that became effective as of January 1, 2025. Our effective tax rate for the three and nine months ended September 30, 2025 includes the impact of Pillar Two minimum taxes in these jurisdictions.

On July 4, 2025, the One Big Beautiful Bill Act (the “Act”) was enacted into law in the U.S., with certain provisions of the Act effective in 2025 and other provisions becoming effective in 2026 and beyond. The provisions of the Act effective in 2025 were not material and have been reflected in our results, as applicable.

Gross unrecognized tax benefits were approximately \$2.5 billion and \$2.3 billion as of September 30, 2025 and December 31, 2024, respectively. Due to various factors, including uncertainties of the judicial, administrative, and regulatory processes in certain jurisdictions, the timing of the resolution of these unrecognized tax benefits is highly uncertain. It is reasonably possible that within the next twelve months, we may receive additional tax adjustments by various tax authorities or possibly reach resolution of audits in one or more jurisdictions. These adjustments or settlements could result in changes to our unrecognized tax benefits related to positions on prior year tax filings. Given the number of years remaining subject to examination and the number of matters being examined, we are unable to estimate the full range of possible adjustments to the balance of gross unrecognized tax benefits.

NOTE 17—RESTRUCTURING AND OTHER**RESTRUCTURING**

The restructuring charges associated with the following plans were recorded in “restructuring and other” on our condensed consolidated statements of income. Accrued restructuring liabilities were included in “accrued expenses and other current liabilities” on our condensed consolidated balance sheets.

Q2 2025 Plan

During the second quarter of 2025, management undertook a large-scale initiative (the “Q2 2025 Plan”) to reengineer our existing technology infrastructure to improve scalability, reduce network latency, decrease operational costs, and optimize our workforce. The Q2 2025 Plan is a transformative unified program designed to streamline operations and includes exiting certain data centers to migrate to more efficient cloud based solutions. The plan is expected to be executed over a period of 18 to 42 months with the workforce component to be substantially completed in 2027 and the technology infrastructure component to be substantially completed in 2028. The associated restructuring charges for the three and nine months ended September 30, 2025 were de minimis and \$96 million, respectively, and included employee severance and benefits costs.

In connection with this restructuring, we expect to incur employee severance and benefits costs of approximately \$90 million to \$100 million, asset impairment and accelerated depreciation charges of approximately \$40 million to \$60 million, and other restructuring costs of approximately \$110 million to \$140 million over the term of the Q2 2025 Plan. Other restructuring costs relate to process re-engineering and one-time migration to cloud solutions and consist of contractor costs, consulting fees, and prepaid software and maintenance costs without future economic benefit. The timing of activities and cost estimates continue to be developed and are subject to change.

Table of Contents

PayPal Holdings, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

The following table summarizes the restructuring reserve activity during the nine months ended September 30, 2025:

	Employee Severance and Benefits Costs <small>(In millions)</small>
Accrued liability as of January 1, 2025	\$ —
Charges	96
Payments	(15)
Accrued liability as of September 30, 2025	<u><u>\$ 81</u></u>

Q1 2025 Plan

During the first quarter of 2025, management initiated a workforce reduction to ensure compliance with a new regulation impacting operations in an international market. The associated restructuring charges during the nine months ended September 30, 2025 were \$36 million and included employee severance and benefits costs, which was completed in the third quarter of 2025.

The following table summarizes the restructuring reserve activity during the nine months ended September 30, 2025:

	Employee Severance and Benefits Costs <small>(In millions)</small>
Accrued liability as of January 1, 2025	\$ —
Charges	36
Payments	(36)
Accrued liability as of September 30, 2025	<u><u>\$ —</u></u>

Q1 2024 Plan

During the first quarter of 2024, management initiated a global workforce reduction intended to streamline operations, focus resources on core strategic priorities, and improve our cost structure. The associated restructuring charges during the three and nine months ended September 30, 2024 were \$36 million and \$294 million, respectively, and included employee severance and benefits costs and stock-based compensation expense, which were substantially completed in the fourth quarter of 2024.

OTHER

During the three and nine months ended September 30, 2025, approximately \$70 million and \$122 million, respectively, of losses were recorded in restructuring and other, which included net loss on sale of loans and interest receivable previously held for sale and fair value adjustments to measure loans and interest receivable, held for sale, at the lower of cost or fair value. During the three and nine months ended September 30, 2024, approximately \$28 million and \$92 million, respectively, of losses were recorded in restructuring and other, which included net loss on sale of loans and interest receivable previously held for sale and fair value adjustments to measure loans and interest receivable, held for sale, at the lower of cost or fair value.

PayPal Holdings, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

NOTE 18—SEGMENT INFORMATION

Our chief operating decision maker (“CODM”), our Chief Executive Officer, manages the business and evaluates operating performance based on consolidated net income. Our CODM uses consolidated net income to monitor budget versus actual results. We operate as one segment and have one reportable segment that constitutes consolidated results.

The following table sets forth our segment information for revenue, segment profit (loss), and significant expenses:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In millions)			
Net revenues	\$ 8,417	\$ 7,847	\$ 24,496	\$ 23,431
Less (add):				
Transaction expense	4,063	3,841	11,735	11,700
Transaction losses	397	264	1,058	783
Credit losses	86	88	272	225
Customer support and operations ⁽¹⁾	447	427	1,258	1,317
Sales and marketing ⁽¹⁾	521	508	1,592	1,375
Technology and development ⁽¹⁾	801	746	2,299	2,206
General and administrative ⁽¹⁾	513	519	1,477	1,553
Restructuring and other	69	63	251	388
Other income (expense), net	(13)	80	(111)	(35)
Income tax expense	285	301	869	893
Segment net income (loss)	<u>\$ 1,248</u>	<u>\$ 1,010</u>	<u>\$ 3,796</u>	<u>\$ 3,026</u>

⁽¹⁾ Includes depreciation and amortization expense. For the three and nine months ended September 30, 2025, total depreciation and amortization expense was \$245 million and \$729 million, respectively. For the three and nine months ended September 30, 2024, total depreciation and amortization expense was \$255 million and \$783 million, respectively.

There are no reconciling items or adjustments between segment net revenues, net income, total assets and consolidated net revenues, net income, and total assets. For disclosure of geographical information, please refer to “Note 2—Revenue”.

NOTE 19—SUBSEQUENT EVENTS

On October 27, 2025, the Company’s Board of Directors declared a cash dividend of \$0.14 per share on our common stock, totaling approximately \$130 million. The dividend will be payable on December 10, 2025, to stockholders of record of our common stock as of the close of business on November 19, 2025.



ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements that involve expectations, plans, or intentions (such as those relating to future business, future results of operations or financial condition, new or planned features or services, mergers or acquisitions, or management strategies). These forward-looking statements can be identified by words such as "may," "will," "would," "should," "could," "expect," "anticipate," "believe," "estimate," "intend," "continue," "strategy," "future," "opportunity," "plan," "project," "forecast," and other similar expressions. These forward-looking statements involve risks and uncertainties that could cause our actual results and financial condition to differ materially from those expressed or implied in our forward-looking statements. Such risks and uncertainties include, among others, those discussed in Part I, Item 1A, Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2024 (the "2024 Form 10-K"), as supplemented in the risk factors set forth below in Part II, Item 1A, Risk Factors, of this Form 10-Q, as well as in our unaudited condensed consolidated financial statements, related notes, and the other information appearing in this report and our other filings with the Securities and Exchange Commission. We do not intend, and undertake no obligation except as required by law, to update any of our forward-looking statements after the date of this report to reflect actual results, new information, or future events or circumstances. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. You should read the following "Management's Discussion and Analysis of Financial Condition and Results of Operations" in conjunction with the unaudited condensed consolidated financial statements and the related notes that appear in this report. Unless otherwise expressly stated or the context otherwise requires, references to "we," "our," "us," "the Company," and "PayPal" refer to PayPal Holdings, Inc. and its consolidated subsidiaries.

BUSINESS ENVIRONMENT

THE COMPANY

At PayPal, our mission is to revolutionize commerce globally. Our products are designed to enable digital payments and simplify commerce experiences for consumers and merchants to make selling, shopping, and sending and receiving money simple, personalized, and secure, online or offline, including mobile. Our two-sided platform serves millions of consumers and merchants worldwide.

Regulatory environment

We operate globally and in a rapidly evolving regulatory environment characterized by a heightened focus by regulators globally on all aspects of the payments industry, including anti-money laundering, countering terrorist financing, privacy, cybersecurity, and consumer protection. The laws and regulations applicable to us, including those enacted prior to the advent of digital payments, continue to evolve through legislative and regulatory action and judicial interpretation. New or changing laws and regulations, including changes to their interpretation and implementation, as well as increased penalties and enforcement actions related to non-compliance, could have a material adverse impact on our business, results of operations, and financial condition. We monitor these areas closely and are focused on designing compliant solutions for our customers.

Cybersecurity and information security

Cybersecurity and information security risks for global payments and technology companies like us have increased significantly in recent years. Although we have developed systems and processes designed to protect the data we manage, prevent data loss and other security incidents, and enable us to effectively respond to known and potential risks, and expect to continue to expend significant resources to bolster these protections, we have experienced and expect to continue to experience cybersecurity incidents and remain subject to these risks. There can be no assurance that our security measures will provide sufficient protection or security to prevent breaches or attacks. For additional information regarding our cybersecurity and information security risks, see Part I, Item 1A, Risk Factors in our 2024 Form 10-K, as supplemented and, to the extent inconsistent, superseded below (if applicable) in Part II, Item 1A, Risk Factors of this Form 10-Q.

MACROECONOMIC ENVIRONMENT

A deterioration in macroeconomic conditions resulting from uncertainties and effects from tariffs, higher inflation rates, international conflicts, and higher interest rates could continue to increase the risk of lower consumer spending, merchant and consumer bankruptcy, insolvency, business failure, higher credit losses, foreign exchange fluctuations, or other business interruption, which may adversely impact our business. We are unable to reasonably estimate the total potential impact on our financial results that may ultimately result from such changes in the macroeconomic environment.

OVERVIEW OF RESULTS OF OPERATIONS

The following table provides a summary of our condensed consolidated financial results for the three and nine months ended September 30, 2025 and 2024:

	Three Months Ended September 30,		Percent Increase/(Decrease)	Nine Months Ended September 30,		Percent Increase/(Decrease)
	2025	2024		2025	2024	
(In millions, except percentages and per share data)						
Net revenues	\$ 8,417	\$ 7,847	7 %	\$ 24,496	\$ 23,431	5 %
Operating expenses	6,897	6,456	7 %	19,942	19,547	2 %
Operating income	1,520	1,391	9 %	4,554	3,884	17 %
Operating margin	18 %	18 %	**	19 %	17 %	**
Other income (expense), net	13	(80)	116 %	111	35	217 %
Income tax expense	285	301	(5)%	869	893	(3)%
Effective tax rate	19 %	23 %	**	19 %	23 %	**
Net income (loss)	\$ 1,248	\$ 1,010	24 %	\$ 3,796	\$ 3,026	25 %
Net income (loss) per diluted share	\$ 1.30	\$ 0.99	32 %	\$ 3.88	\$ 2.89	34 %
Net cash provided by operating activities	\$ 1,974	\$ 1,614	22 %	\$ 4,032	\$ 5,056	(20)%

All amounts in tables are rounded to the nearest million, except as otherwise noted. As a result, certain amounts may not recalculate using the rounded amounts provided.

** Not meaningful.

THREE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

Net revenues increased \$570 million, or 7%, in the three months ended September 30, 2025 compared to the same period of the prior year driven primarily by growth in total payment volume (“TPV”) of 8% and an increase in interest and fee revenue earned on our loans receivable portfolio.

Total operating expenses increased \$441 million, or 7%, in the three months ended September 30, 2025 compared to the same period of the prior year due primarily to an increase in transaction expense and transaction and credit losses.

Operating income increased \$129 million, or 9%, in the three months ended September 30, 2025 compared to the same period of the prior year due to the increase in net revenues partially offset by the increase in operating expenses. Our operating margin remained consistent at 18% for both the three months ended September 30, 2025 and 2024 reflecting the positive impact of a lower transaction expense growth rate offset by a higher transaction and credit losses growth rate.

Net income increased \$238 million, or 24%, in the three months ended September 30, 2025 compared to the same period of the prior year due to the previously discussed increase in operating income of \$129 million and an increase in other income (expense), net of \$93 million.

NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

Net revenues increased \$1.1 billion, or 5%, in the nine months ended September 30, 2025 compared to the same period of the prior year driven primarily by growth in TPV of 6% and an increase in interest and fee revenue earned on our loans receivable portfolio.

Total operating expenses increased \$395 million, or 2%, in the nine months ended September 30, 2025 compared to the same period of the prior year due primarily to an increase in transaction and credit losses and sales and marketing expense partially offset by a decline in restructuring and other expenses.

Operating income increased \$670 million, or 17%, in the nine months ended September 30, 2025 compared to the same period of the prior year due to the increase in net revenues partially offset by the increase in operating expenses. Our operating margin was 19% and 17% in the nine months ended September 30, 2025 and 2024, respectively, reflecting the positive impact of a lower transaction expense growth rate.

Net income increased \$770 million, or 25%, in the nine months ended September 30, 2025 compared to the same period of the prior year due to the previously discussed increase in operating income of \$670 million and an increase of \$76 million in other income (expense), net.

IMPACT OF FOREIGN EXCHANGE RATES

We have significant international operations that are denominated in foreign currencies, primarily the British pound, Euro, Australian dollar, and Canadian dollar, subjecting us to foreign exchange risk which may adversely impact our financial results. The strengthening or weakening of the United States ("U.S.") dollar versus foreign currencies in which we conduct our international operations impacts the translation of our net revenues and expenses generated in these foreign currencies into the U.S. dollar. We generated approximately 44% and 43% of our net revenues from customers domiciled outside of the U.S. in the three and nine months ended September 30, 2025, respectively. We generated approximately 42% of our net revenues from customers domiciled outside of the U.S. in both the three and nine months ended September 30, 2024. Because we generate substantial net revenues internationally, we are subject to the risks of doing business outside of the U.S. See Part I, Item 1A, Risk Factors in our 2024 Form 10-K, as supplemented and, to the extent inconsistent, superseded (if applicable) below in Part II, Item 1A, Risk Factors of this Form 10-Q.

We calculate the year-over-year impact of foreign exchange rate movements on our business using prior period foreign exchange rates applied to current period transactional currency amounts. While changes in foreign exchange rates affect our reported results, we have a foreign currency exposure management program in which we use foreign exchange contracts, designated as cash flow hedges, intended to reduce the impact on earnings from foreign exchange rate movements. Gains and losses from these foreign exchange contracts are recognized as a component of transaction revenues or operating expenses (as applicable) in the same period the forecasted transactions impact earnings.

In the three and nine months ended September 30, 2025, year-over-year foreign exchange rate movements relative to the U.S. dollar had the following impact on our reported results:

	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2025
	(In millions)	(In millions)
Favorable impact to net revenues (exclusive of hedging impact)	\$ 134	\$ 141
Hedging impact	(49)	(84)
Favorable impact to net revenues	<u>85</u>	<u>57</u>
Unfavorable impact to operating expenses	(69)	(67)
Net favorable (unfavorable) impact to operating income	<u>\$ 16</u>	<u>\$ (10)</u>

While we enter into foreign exchange contracts to help reduce the impact on earnings from foreign exchange rate movements, it is impossible to eliminate the total effects of this exposure.

Prior to 2025, we used foreign exchange contracts, designated as net investment hedges, to reduce the foreign exchange risk related to our investment in certain foreign subsidiaries. Gains and losses associated with these instruments will remain in accumulated other comprehensive income (loss) until the underlying foreign subsidiaries are sold or substantially liquidated.

Given that we also have foreign exchange risk on our assets and liabilities denominated in currencies other than the functional currency of our subsidiaries, we have an additional balance sheet foreign currency exposure management program in which we use foreign exchange contracts to help offset the impact of foreign exchange rate movements on our assets and liabilities. The foreign exchange gains and losses on our assets and liabilities are recorded in other income (expense), net, and are offset by the gains and losses on the foreign exchange contracts. These foreign exchange contracts reduce, but do not entirely eliminate, the impact of foreign exchange rate movements on our assets and liabilities.

Additionally, in connection with transactions occurring in multiple currencies on our payments platform, we generally set our foreign exchange rates daily and may face financial exposure if we incorrectly set our foreign exchange rates or as a result of fluctuations in foreign exchange rates between the times that we set our foreign exchange rates and when transactions occur. While we have processes in place to mitigate these risks, it is impossible to eliminate the total effects of any possible exposure associated with setting foreign exchange rates on our payments platform.

KEY METRICS AND FINANCIAL RESULTS

KEY METRICS

TPV, number of payment transactions, active accounts, and number of payment transactions per active account are key non-financial performance metrics (“key metrics”) that management uses to measure the scale of our platform and the relevance of our products and services to our customers, and are defined as follows:

- *TPV* is the value of payments, net of payment reversals, successfully completed on our payments platform or enabled by PayPal via a partner payment solution, not including gateway-exclusive transactions.
- *Number of payment transactions* is the total number of payments, net of payment reversals, successfully completed on our payments platform or enabled by PayPal via a partner payment solution, not including gateway-exclusive transactions.
- An *active account* is an account registered directly with PayPal or a platform access partner that has completed a transaction on our platform, not including gateway-exclusive transactions, within the past 12 months. A platform access partner is a third party whose customers are provided access to PayPal’s platform or services through such third-party’s login credentials, including individuals and entities that utilize Hyperwallet’s payout capabilities. A user may register on our platform to access different products and may register more than one account to access a product. Accordingly, a user may have more than one active account. The number of active accounts provides management with additional perspective on the overall scale of our platform, but may not have a direct relationship to our operating results.
- *Number of payment transactions per active account* reflects the total number of payment transactions within the previous 12-month period, divided by active accounts at the end of the period. The number of payment transactions per active account provides management with insight into the average number of times an account engages in payments activity on our payments platform in a given period. The number of times a consumer account or a merchant account transacts on our platform may vary significantly from the average number of payment transactions per active account.

As our transaction revenue growth is typically correlated with TPV growth and the number of payment transactions completed on our payments platform, management uses these metrics to gain insights into the scale and strength of our payments platform, the engagement level of our customers, and underlying activity and trends which may be indicators of current and future performance. We present these key metrics to enhance investors’ evaluation of the performance of our business and operating results.

Our key metrics are calculated using internal company data based on the activity we measure on our payments platform and compiled from multiple systems, including systems that are internally developed or acquired through business combinations. While the measurement of our key metrics is based on what we believe to be reasonable methodologies and estimates, there are inherent challenges and limitations in measuring our key metrics globally at scale. The methodologies used to calculate our key metrics require significant judgment. We regularly review our processes for calculating these key metrics, and from time to time we may make adjustments to improve the accuracy or relevance of our metrics. For example, we continuously apply models, processes, and practices designed to detect and prevent fraudulent account creation on our platforms, and work to improve and enhance those capabilities. When we detect a significant volume of illegitimate activity, we generally remove the activity identified from our key metrics. Although such adjustments may impact key metrics reported in prior periods, we generally do not update previously reported key metrics to reflect these subsequent adjustments unless the retrospective impact of process improvements or enhancements is determined by management to be material.

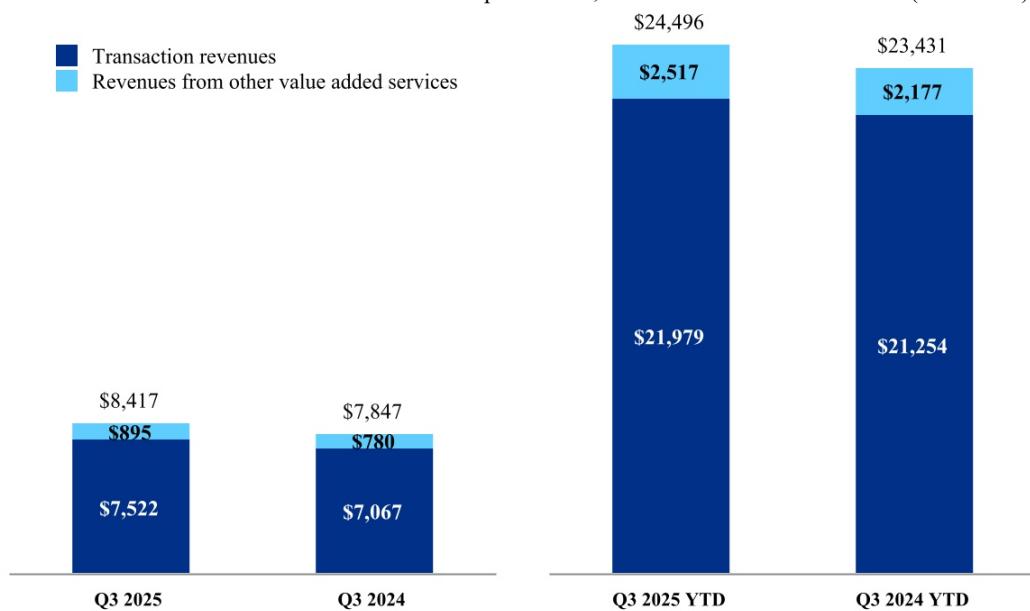
NET REVENUES

Our revenues are classified into the following two categories:

- **Transaction revenues:** Net transaction fees charged to merchants and consumers on a transaction basis based on the TPV completed on our payments platform. Growth in TPV is directly impacted by the number of payment transactions that we enable on our payments platform. We generate additional revenue from merchants and consumers: on transactions where we perform currency conversion, when we enable cross-border transactions (i.e., transactions where the merchant and consumer are in different countries), to facilitate the instant transfer of funds for our customers from their PayPal or Venmo account to their bank account or debit card, to facilitate the purchase and sale of cryptocurrencies, as contractual compensation from sellers that violate our contractual terms (for example, through fraud or counterfeiting), and other miscellaneous fees.
- **Revenues from other value added services:** Net revenues derived primarily from revenue earned through partnerships, referral fees, subscription fees, gateway fees, and other services we provide to our consumers and merchants. We also earn revenues from interest and fees earned on our portfolio of loans receivable, and interest earned on certain assets underlying customer balances.

Net revenue analysis

The components of our net revenues for the three and nine months ended September 30, 2025 and 2024 were as follows (in millions):



Transaction revenues

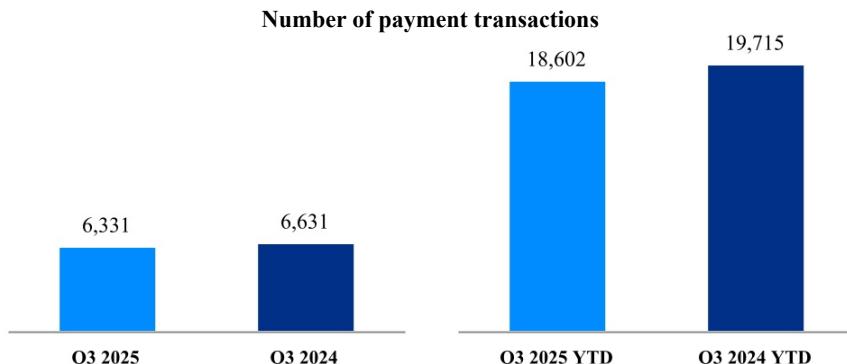
Transaction revenues increased \$455 million, or 6%, and \$725 million, or 3%, in the three and nine months ended September 30, 2025 compared to the same periods of the prior year. The increase in the three months ended September 30, 2025 was driven primarily by an increase of approximately \$390 million in revenue from PayPal and Venmo products and services, which was largely driven by growth in TPV and number of payment transactions, and an increase in revenue from Braintree products and services of approximately \$115 million predominantly attributable to growth in TPV despite a decline in the number of payment transactions over the same period. The increase in the nine months ended September 30, 2025 was primarily attributable to an increase of approximately \$1.0 billion in revenue from PayPal and Venmo products and services, which was largely driven by growth in TPV and number of payment transactions, partially offset by a decline in revenue from Braintree products and services of approximately \$140 million resulting from a reduction in number of payment transactions. The increase in TPV for Braintree products and services despite a decline in the number of payment transactions is due to our strategic shift as we focus on profitable growth. Transaction revenues in the three and nine months ended September 30, 2025 were also impacted by an unfavorable impact from hedging activities.

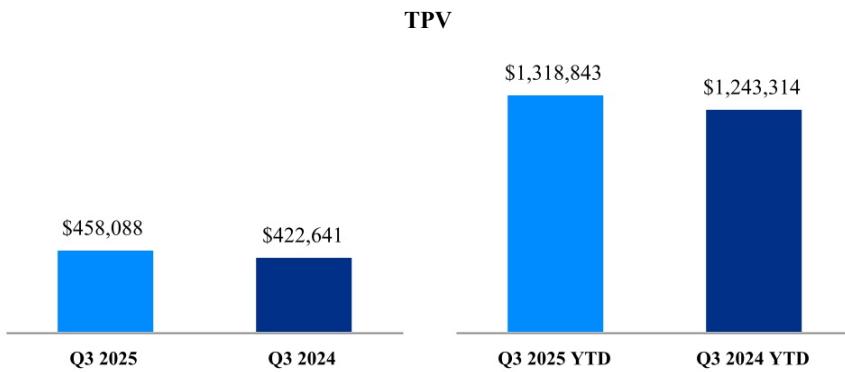
As a result of our stronger focus on profitable growth and ongoing negotiations with merchants, we experienced lower volume and transaction revenue from our Braintree offerings in the first half of 2025. As noted above, in the third quarter of 2025, revenue and TPV from Braintree offerings grew year-over-year. In the fourth quarter of 2025, we expect volume from our Braintree offerings to continue to grow.

The graphs below present the respective key metrics (in millions) for the three and nine months ended September 30, 2025 and 2024:



*Reflects active accounts at the end of the applicable period.





The following table provides a summary of related metrics:

	Three Months Ended September 30,		Percent Increase/(Decrease)	Nine Months Ended September 30,		Percent Increase/(Decrease)
	2025	2024		2025	2024	
Number of payment transactions per active account	57.6	61.4	(6)%	57.6	61.4	(6)%
Percent of cross-border TPV ⁽¹⁾	12 %	12 %	**	12 %	12 %	**

⁽¹⁾ Cross-border TPV occurs primarily between two PayPal accounts in different countries and includes transactions initiated through our Xoom product.

** Not meaningful.

We had active accounts of 438 million and 432 million as of September 30, 2025 and 2024, respectively, an increase of 1%. Our total number of payment transactions was 6.3 billion and 6.6 billion for the three months ended September 30, 2025 and 2024, respectively, a decrease of 5%. Our total number of payment transactions was 18.6 billion for the nine months ended September 30, 2025, compared to 19.7 billion in the nine months ended September 30, 2024, a decrease of 6%. TPV was \$458 billion and \$423 billion for the three months ended September 30, 2025 and 2024, respectively, an increase of 8%. TPV was \$1.3 trillion for the nine months ended September 30, 2025 compared to \$1.2 trillion in the nine months ended September 30, 2024, an increase of 6%.

Transaction revenues growth was lower than the growth in TPV in the three and nine months ended September 30, 2025 compared to the same periods in the prior year due primarily to changes in product mix and unfavorable impact from foreign exchange hedging activities.

Revenues from other value added services

Revenues from other value added services increased \$115 million, or 15%, and \$340 million, or 16%, in the three and nine months ended September 30, 2025 compared to the same periods in the prior year due primarily to an increase of approximately \$65 million and \$220 million, respectively, in interest and fee revenue earned from our loans receivable portfolios as well as an increase of approximately \$50 million and \$100 million, respectively, from revenue earned from an independent chartered financial institution (“partner institution”). Revenue from the partner institution is earned primarily through revenue share associated with our U.S. revolving consumer credit product and PayPal and Venmo branded credit cards.

OPERATING EXPENSES

The following table summarizes our operating expenses and related metrics we use to assess the trends in each:

	Three Months Ended September 30,		Percent Increase/(Decrease)	Nine Months Ended September 30,		Percent Increase/(Decrease)
	2025	2024		2025	2024	
(In millions, except percentages)						
Transaction expense	\$ 4,063	\$ 3,841	6 %	\$ 11,735	\$ 11,700	— %
Transaction and credit losses	483	352	37 %	1,330	1,008	32 %
Customer support and operations	447	427	5 %	1,258	1,317	(4)%
Sales and marketing	521	508	3 %	1,592	1,375	16 %
Technology and development	801	746	7 %	2,299	2,206	4 %
General and administrative	513	519	(1)%	1,477	1,553	(5)%
Restructuring and other	69	63	10 %	251	388	(35)%
Total operating expenses	<u>\$ 6,897</u>	<u>\$ 6,456</u>	7 %	<u>\$ 19,942</u>	<u>\$ 19,547</u>	2 %
Transaction expense rate ⁽¹⁾	0.89 %	0.91 %	**	0.89 %	0.94 %	**
Transaction and credit loss rate ⁽²⁾	0.11 %	0.08 %	**	0.10 %	0.08 %	**

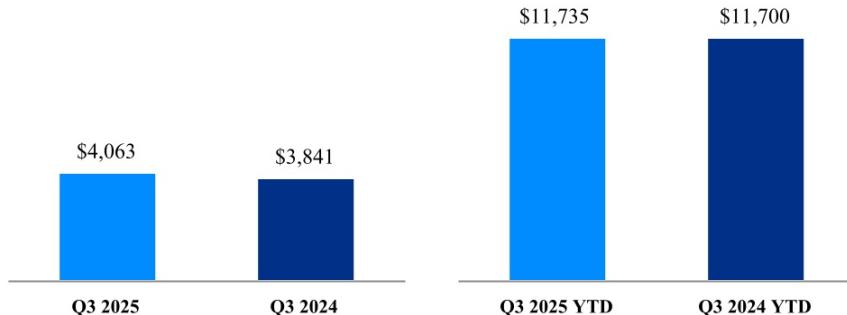
⁽¹⁾ Transaction expense rate is calculated by dividing transaction expense by TPV.

⁽²⁾ Transaction and credit loss rate is calculated by dividing transaction and credit losses by TPV.

** Not meaningful.

Transaction expense

Transaction expense for the three and nine months ended September 30, 2025 and 2024 was as follows (in millions):

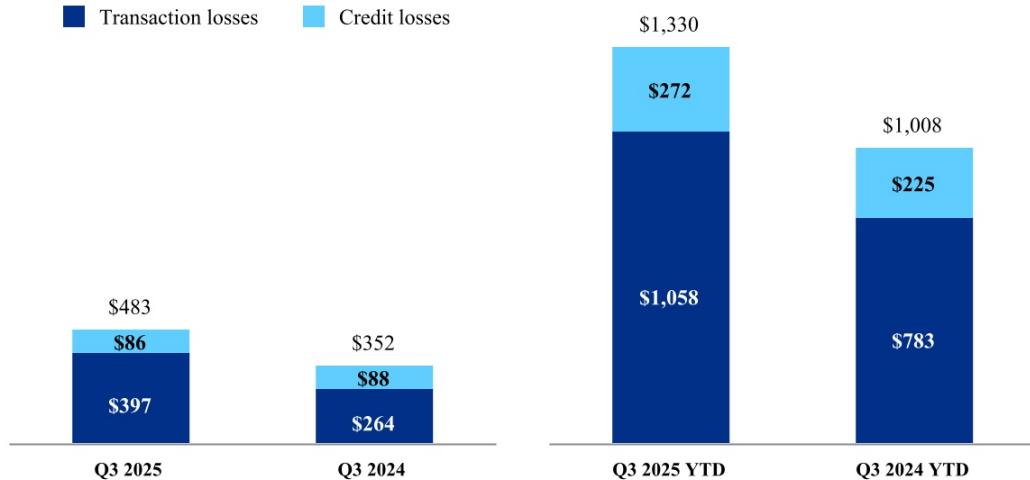


Transaction expense increased \$222 million, or 6%, and stayed relatively consistent, in the three and nine months ended September 30, 2025 compared to the same periods of the prior year. The increase in transaction expense for the three and nine months ended September 30, 2025 was primarily attributable to the increase in TPV of 8% and 6%, respectively, partially offset by favorable changes in merchant mix to lower cost merchants within our Braintree products and services. The decline in transaction expense rate for the three and nine months ended September 30, 2025 compared to the same periods of the prior year was primarily attributable to a lower proportion of TPV from Braintree products and services and changes in merchant mix.

Our transaction expense rate is impacted by changes in product mix, merchant mix, regional mix, funding mix, and fees paid to payment processors and other financial institutions. The cost of funding a transaction with a credit or debit card is generally higher than the cost of funding a transaction from a bank or through internal sources such as a PayPal or Venmo account balance or our consumer credit products. The cost of funding a transaction is also impacted by the geographic region or country in which a transaction occurs, as we generally pay lower rates for transactions funded with credit or debit cards outside the U.S. For the three months ended September 30, 2025 and 2024, approximately 38% and 37%, respectively, of TPV was generated outside of the U.S. For the nine months ended September 30, 2025 and 2024, approximately 37% and 36%, respectively, of TPV was generated outside of the U.S.

Transaction and credit losses

The components of our transaction and credit losses for the three and nine months ended September 30, 2025 and 2024 were as follows (in millions):



Transaction and credit losses increased \$131 million, or 37%, and \$322 million, or 32%, in the three and nine months ended September 30, 2025 compared to the same periods of the prior year.

Transaction losses increased \$133 million, or 50%, and \$275 million, or 35%, in the three and nine months ended September 30, 2025 compared to the same periods of the prior year. Transaction loss rate (transaction losses divided by TPV) was 0.09% and 0.08% for the three and nine months ended September 30, 2025, respectively, compared to 0.06% for both the three and nine months ended September 30, 2024. The increase in transaction losses and the associated transaction loss rate in the three and nine months ended September 30, 2025 compared to the same periods of the prior year was primarily due to an increase in losses driven by fraud incidents from our PayPal products and services.

Credit losses decreased \$2 million and increased \$47 million in the three and nine months ended September 30, 2025, respectively, compared to the same periods of the prior year. The components of credit losses for the three and nine months ended September 30, 2025 and 2024 were as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025 ⁽³⁾	2024	2025 ⁽³⁾	2024
Net charge-offs ⁽¹⁾	\$ 90	\$ 81	\$ 243	\$ 295
Reserve build (release) ⁽²⁾	(4)	7	29	(70)
Credit losses	\$ 86	\$ 88	\$ 272	\$ 225

⁽¹⁾ Net charge-offs includes principal charge-offs partially offset by recoveries for consumer and merchant receivables.

⁽²⁾ Reserve build (release) represents change in allowance for principal receivables excluding foreign currency remeasurement.

⁽³⁾ Includes the reversal of allowance associated with reclassification of certain loans receivable to held for sale.

Credit losses in the three and nine months ended September 30, 2025 were primarily attributable to loan originations during the period, partially offset by the reclassification of certain loans to held for sale. Credit losses in the three and nine months ended September 30, 2024 were attributable to loan originations during the period partially offset by improvement in the credit quality of loans outstanding.

[Consumer loan portfolio](#)

We have entered into forward flow arrangements with third-party investors to sell certain loans receivable portfolios. As of September 30, 2025 and 2024, loans and interest receivable, held for sale was \$1.4 billion and \$471 million, respectively. In third quarter of 2025, we reclassified \$574 million of U.S. consumer short-term, non-interest bearing installment loans to held for sale.

The consumer loans and interest receivable balance as of September 30, 2025 and 2024 was \$5.2 billion and \$5.1 billion, respectively, net of participation interest sold, representing an increase of 1%. The increase was driven primarily by growth of our installment credit products in the U.S. and Japan of approximately \$225 million and \$190 million, respectively, and an increase in our revolving credit product in the United Kingdom (“U.K.”) of approximately \$160 million. The consumer loans and interest receivable balance was also impacted by the reclassification of our U.S. short-term, non-interest bearing installment loans to held for sale in the third quarter of 2025.

The following table provides information regarding the credit quality of our consumer loans and interest receivable balance:

	September 30,	
	2025	2024
Percent of consumer loans and interest receivable current	96.3 %	95.9 %
Percent of consumer loans and interest receivable > 90 days outstanding ⁽¹⁾	1.5 %	1.7 %
Net charge-off rate ⁽²⁾	4.5 %	4.6 %

⁽¹⁾ Represents percentage of balances which are 90 days past the billing date or contractual repayment date, as applicable.

⁽²⁾ Net charge-off rate is the annualized ratio of net credit losses during the three months ended September 30, 2025 and 2024, excluding fraud losses, on consumer loans as a percentage of the average daily amount of consumer loans and interest receivable balance during the same period.

In response to changing portfolio performance and macroeconomic environment, we continue to monitor risk and evaluate and modify our acceptable risk parameters. Modifications to the acceptable risk parameters did not have a material impact on our consumer loans for the three and nine months ended September 30, 2025.

[Merchant loan portfolio](#)

We offer access to merchant finance products for certain small and medium-sized businesses, which we refer to as our merchant finance offerings. Total merchant loans, advances, and interest and fees receivable outstanding, net of participation interest sold, as of September 30, 2025 and 2024 was \$1.7 billion and \$1.4 billion, respectively, reflecting an increase of 28%. The increase was due primarily to growth in our PayPal Business Loans product in the U.S. of approximately \$250 million and growth in our PayPal Working Capital product portfolio, primarily from Germany, the U.S., and the U.K., of approximately \$130 million.

The following table provides information regarding the credit quality of our merchant loans, advances, and interest and fees receivable balance:

	September 30,	
	2025	2024
Percent of merchant loans, advances, and interest and fees receivable current	90.2 %	91.3 %
Percent of merchant loans, advances, and interest and fees receivable > 90 days outstanding ⁽¹⁾	3.5 %	2.8 %
Net charge-off rate ⁽²⁾	7.3 %	8.3 %

⁽¹⁾ Represents percentage of balances which are 90 days past the original expected or contractual repayment period, as applicable.

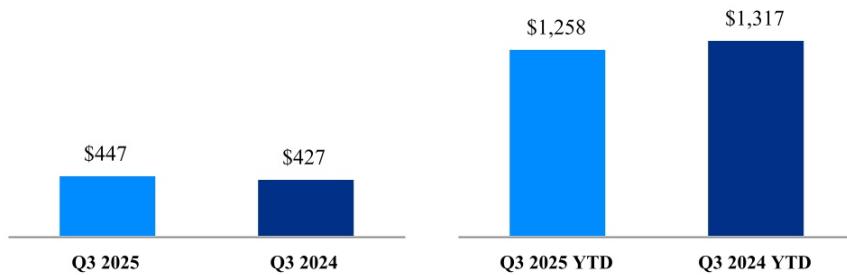
⁽²⁾ Net charge-off rate is the annualized ratio of net credit losses during the three months ended September 30, 2025 and 2024, excluding fraud losses, on merchant loans and advances as a percentage of the average daily amount of merchant loans, advances, and interest and fees receivable balance during the same period.

In response to changing portfolio performance and macroeconomic environment, we continue to monitor risk and evaluate and modify our acceptable risk parameters. Modifications to the acceptable risk parameters did not have a material impact on our merchant loans for the three and nine months ended September 30, 2025.

For additional information, see “Note 11—Loans and Interest Receivable” in the notes to the condensed consolidated financial statements in Part I, Item 1 of this Form 10-Q.

Customer support and operations

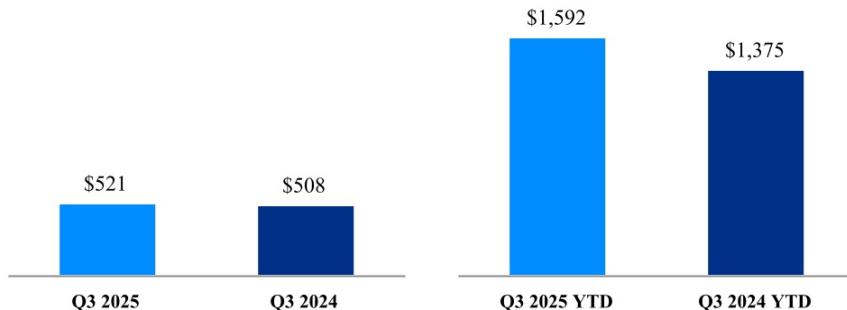
Customer support and operations expenses for the three and nine months ended September 30, 2025 and 2024 were as follows (in millions):



Customer support and operations expenses increased \$20 million, or 5%, and decreased \$59 million, or 4%, in the three and nine months ended September 30, 2025 compared to the same periods of the prior year. The increase in the three months ended September 30, 2025 was due primarily to an increase in other operating charges, partially offset by a decline in employee-related costs and software expenses. The decrease in the nine months ended September 30, 2025 was primarily attributable to a decline in employee-related costs and software expenses, partially offset by an increase in other operating charges.

Sales and marketing

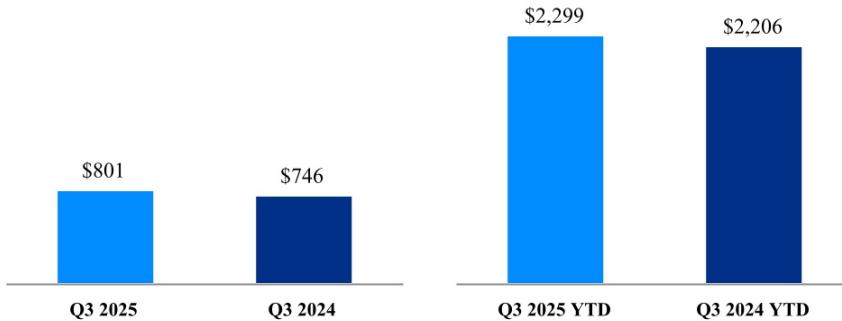
Sales and marketing expenses for the three and nine months ended September 30, 2025 and 2024 were as follows (in millions):



Sales and marketing expenses increased \$13 million, or 3%, and \$217 million, or 16%, in the three and nine months ended September 30, 2025 compared to the same periods of the prior year. The increase in the three months ended September 30, 2025 was due primarily to higher spend on marketing and brand advertising, including our Venmo Everything advertising campaign, partially offset by lower costs associated with Honey rewards programs. The increase in the nine months ended September 30, 2025 was primarily due to higher spend of approximately \$265 million on marketing and brand advertising, including our PayPal Everywhere and Venmo Everything advertising campaigns, partially offset by lower employee-related costs and lower costs associated with Honey rewards programs.

Technology and development

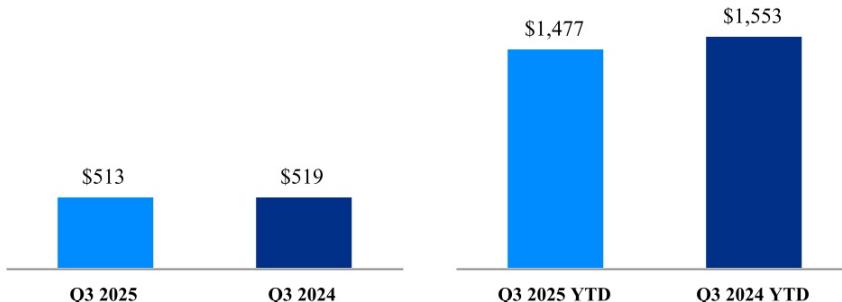
Technology and development expenses for the three and nine months ended September 30, 2025 and 2024 were as follows (in millions):



Technology and development expenses increased \$55 million, or 7%, and \$93 million, or 4%, in the three and nine months ended September 30, 2025 compared to the same periods of the prior year due primarily to increases in contractor and consultant costs, costs from cloud computing services utilized in delivering our products and services, and software maintenance costs. Technology and development expenses in the nine months ended September 30, 2025 were also impacted by an increase in employee-related costs, partially offset by a decline in depreciation and amortization expense.

General and administrative

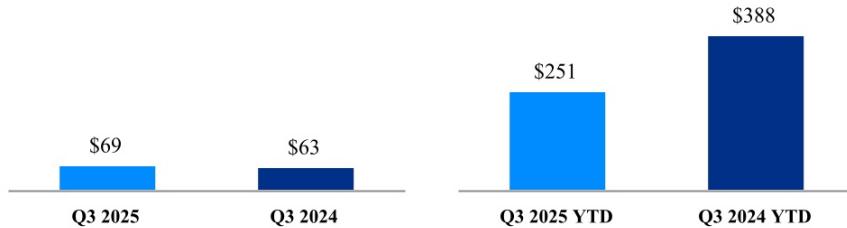
General and administrative expenses for the three and nine months ended September 30, 2025 and 2024 were as follows (in millions):



General and administrative expenses decreased \$6 million, or 1%, and \$76 million, or 5%, in the three and nine months ended September 30, 2025 compared to the same periods of the prior year. The decrease in the three months ended September 30, 2025 was due primarily to a decline in employee-related costs, partially offset by an increase in indirect tax expense. The decrease in the nine months ended September 30, 2025 was primarily attributable to declines in employee-related costs, indirect tax expense, and contingency reserve compared to the prior period, partially offset by increases in professional services expense and costs associated with enterprise software services.

Restructuring and other

Restructuring and other for the three and nine months ended September 30, 2025 and 2024 were as follows (in millions):



Restructuring and other increased \$6 million and decreased \$137 million in the three and nine months ended September 30, 2025, respectively, compared to the same periods of the prior year.

During the second quarter of 2025, management undertook a large-scale initiative (the “Q2 2025 Plan”) to reengineer our existing technology infrastructure to improve scalability, reduce network latency, decrease operational costs, and optimize our workforce. The Q2 2025 Plan is a transformative unified program designed to streamline operations and includes exiting certain data centers to migrate to more efficient cloud-based solutions. The plan is expected to be executed over a period of 18 to 42 months with the workforce component to be substantially completed in 2027 and the technology infrastructure component to be substantially completed in 2028. The associated restructuring charges during the three and nine months ended September 30, 2025 were de minimis and \$96 million and included employee severance and benefits costs.

In connection with this restructuring, we expect to incur employee severance and benefits costs of approximately \$90 million to \$100 million, asset impairment and accelerated depreciation charges of approximately \$40 million to \$60 million, and other restructuring costs of approximately \$110 million to \$140 million over the term of the Q2 2025 Plan. Other restructuring costs relate to process re-engineering and one-time migration to cloud solutions and consist of contractor costs, consulting fees, and prepaid software and maintenance costs without future economic benefit. We expect annualized cost savings of approximately \$280 million associated with the impacted workforce, including stock-based compensation, and operational costs for our technology infrastructure. We expect that we will begin to realize these cost savings upon the completion of the components of the Q2 2025 Plan, and also expect to reinvest a portion of the reduction in annual costs to drive business priorities. The timing of activities, cost, and savings estimates continue to be developed and are subject to change.

During the first quarter of 2025, management initiated a workforce reduction to ensure compliance with a new regulation impacting operations in an international market. The associated restructuring charges during the nine months ended September 30, 2025 were \$36 million and included employee severance and benefits costs, which were completed in the third quarter of 2025. We do not anticipate cost savings in conjunction with this reduction.

For information on the associated restructuring liabilities, see “Note 17—Restructuring and Other” in the notes to the condensed consolidated financial statements in Part I, Item 1 of this Form 10-Q.

During the first quarter of 2024, management initiated a global workforce reduction intended to streamline operations, focus resources on core strategic priorities, and improve our cost structure. The associated restructuring charges during the three and nine months ended September 30, 2024 were \$36 million and \$294 million, respectively, and included employee severance and benefits costs and stock-based compensation expense, which were substantially completed in the fourth quarter of 2024.

During the three and nine months ended September 30, 2025, approximately \$70 million and \$122 million, respectively, of losses were recorded in restructuring and other, which included net loss on sale of loans and interest receivable previously held for sale and fair value adjustments to measure loans and interest receivable, held for sale, at the lower of cost or fair value. During the three and nine months ended September 30, 2024, approximately \$28 million and \$92 million, respectively, of losses were recorded in restructuring and other, which included net loss on sale of loans and interest receivable previously held for sale and fair value adjustments to measure loans and interest receivable, held for sale, at the lower of cost or fair value.

Other income (expense), net

Other income (expense), net increased \$93 million and \$76 million in the three and nine months ended September 30, 2025 compared to the same periods of the prior year due primarily to net gains on strategic investments in the current periods compared to net losses and impairments in the prior periods, which contributed increases of approximately \$180 million and \$295 million, respectively, partially offset by declines in interest income of approximately \$65 million and \$115 million, respectively, resulting from lower average cash and investment balances year-over-year and lower interest rates. The nine months ended September 30, 2025 was also unfavorably impacted by foreign exchange losses in the current period compared to foreign exchange gains in the prior period and an increase in interest expense due to incremental expense from the March 2025 and May 2024 debt issuances.

Income tax expense

Our effective income tax rate was 19% and 23% for the three months ended September 30, 2025 and 2024, respectively. The decrease in our effective tax rate for the three months ended September 30, 2025 compared to the same period of the prior year was due primarily to the impact of foreign income taxed at different rates, partially offset by discrete tax adjustments.

Our effective income tax rate was 19% and 23% for the nine months ended September 30, 2025 and 2024, respectively. The decrease in our effective income tax rate for the nine months ended September 30, 2025 compared to the same period of the prior year was due primarily to discrete tax adjustments including tax effects of stock-based compensation, partially offset by the impact of foreign income taxed at different rates.

LIQUIDITY AND CAPITAL RESOURCES

We require liquidity and access to capital to fund our global operations, including our customer protection programs, credit products, capital expenditures, investments in our business, potential acquisitions and strategic investments, stock repurchases and dividend payments, working capital, and other cash needs. We believe that our existing cash, cash equivalents, and investments, cash expected to be generated from operations, and our expected access to capital markets, together with potential external funding through third-party sources, will be sufficient to meet our cash requirements within the next 12 months and beyond.

SOURCES OF LIQUIDITY

Cash, cash equivalents, and investments

The following table summarizes our cash, cash equivalents, and investments as of September 30, 2025 and December 31, 2024:

	September 30, 2025	December 31, 2024
	(In millions)	(In millions)
Cash, cash equivalents, and investments ^{(1),(2)}	\$ 12,759	\$ 13,947

⁽¹⁾ Excludes assets related to funds receivable and customer accounts of \$38.7 billion and \$37.7 billion at September 30, 2025 and December 31, 2024, respectively.

⁽²⁾ Excludes total restricted cash of nil and \$1 million at September 30, 2025 and December 31, 2024, respectively, and strategic investments of \$1.6 billion at both September 30, 2025 and December 31, 2024.

Cash, cash equivalents, and investments held by our foreign subsidiaries were \$7.1 billion and \$8.5 billion at September 30, 2025 and December 31, 2024, or 56% and 61% of our total cash, cash equivalents, and investments as of those respective dates. At December 31, 2024, all of our cash, cash equivalents, and investments held by foreign subsidiaries were subject to U.S. taxation under Subpart F, Global Intangible Low Taxed Income or the one-time transition tax under the Tax Cuts and Jobs Act of 2017. Subsequent repatriations to the U.S. will not be taxable from a U.S. federal tax perspective except for any tax on foreign exchange gains and losses; however, they may be subject to state income or foreign withholding tax.

A significant aspect of our global cash management activities involves meeting our customers' requirements to access their cash while simultaneously meeting our regulatory financial ratio commitments in various jurisdictions. Our global cash balances are required not only to provide operational liquidity to our businesses, but also to support our global regulatory requirements across our regulated subsidiaries. Accordingly, not all of our cash is available for general corporate purposes.

Cash flows

The following table summarizes our condensed consolidated statements of cash flows:

	Nine Months Ended September 30,	
	2025	2024
	(In millions)	
Net cash provided by (used in):		
Operating activities	\$ 4,032	\$ 5,056
Investing activities	1,095	(768)
Financing activities	(4,009)	(4,691)
Effect of exchange rates on cash, cash equivalents, and restricted cash	245	103
Net change in cash, cash equivalents, and restricted cash	<u>\$ 1,363</u>	<u>\$ (300)</u>

Operating activities

Net cash provided by operating activities declined \$1.0 billion in the nine months ended September 30, 2025 compared to the same period of the prior year due primarily to changes in working capital of approximately \$920 million driven primarily by a decline in current liabilities and an increase in actual cash transaction losses incurred during the period, an increase of approximately \$870 million in originations of loans and interest receivable held for sale, net of sales and repayments, and an impact of approximately \$300 million from net gains on strategic investments, partially offset by an increase of approximately \$320 million in transaction and credit losses, and a decrease of \$210 million in the accretion of discounts on investments, net of amortization premiums.

In both the nine months ended September 30, 2025 and 2024, cash paid for income taxes, net was \$1.0 billion.

Investing activities

Net cash provided by investing activities increased \$1.9 billion in the nine months ended September 30, 2025 compared to the same period of the prior year due primarily to an increase of approximately \$2.7 billion in maturities and sales, net of purchases of investments, and an increase of approximately \$700 million in principal repayments of loans receivable, net of purchases and originations, partially offset by changes related to funds receivable of approximately \$1.4 billion.

Financing activities

Net cash used in financing activities decreased \$682 million in the nine months ended September 30, 2025 compared to the same period of the prior year due primarily to cash inflows of approximately \$1.4 billion from changes related to funds payable and amounts due to customers partially offset by a decline of approximately \$850 million in borrowings under financing arrangements, net of repayments.

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

Foreign currency exchange rates had a positive impact of \$245 million and \$103 million on cash, cash equivalents, and restricted cash for the nine months ended September 30, 2025 and 2024, respectively. The positive impact on cash, cash equivalents, and restricted cash in the nine months ended September 30, 2025 was due primarily to favorable fluctuations in the exchange rate of the U.S. dollar to the British pound and, to a lesser extent, the Euro and Australian dollar. The positive impact on cash, cash equivalents, and restricted cash in the nine months ended September 30, 2024 was due primarily to the favorable impact of fluctuations in the exchange rate of the U.S. dollar to the British pound.

Available credit and debt

In March 2025, we issued fixed rate and floating rate notes with varying maturity dates for an aggregate principal amount of \$1.5 billion. Proceeds from the issuance of these Notes may be used for general corporate purposes, which may include funding the repayment or redemption of outstanding debt, share repurchases, ongoing operations, capital expenditures, and possible acquisitions of businesses, assets, or strategic investments. As of September 30, 2025, we had an aggregate principal amount of \$10.9 billion in debt outstanding with varying maturity dates.

Other than as described above, there were no significant changes to the available credit and debt disclosed in our 2024 Form 10-K. For additional information, see “Note 12—Debt” in the notes to the condensed consolidated financial statements in Part I, Item 1 of this Form 10-Q.

Depending on market conditions, we may from time to time issue debt, including in private or public offerings, to fund our operating activities, finance acquisitions, make strategic investments, repurchase shares under our stock repurchase program, or reduce our cost of capital.

Credit ratings

As of September 30, 2025, we continue to be rated investment grade by Standard and Poor’s Financial Services, LLC, Fitch Ratings, Inc., and Moody’s Investors Services, Inc. We expect that these credit rating agencies will continue to monitor our performance, including our capital structure and results of operations. Our goal is to be rated investment grade, but as circumstances change, there are factors that could result in our credit ratings being downgraded or put on a watch list for possible downgrading. If that were to occur, it could increase our borrowing rates, including the interest rate on borrowings under our credit agreements.

CURRENT AND FUTURE CASH REQUIREMENTS

Our material cash requirements include funds to support current and potential: operating activities, credit products, customer protection programs, stock repurchases, dividend payments, strategic investments, acquisitions, other commitments, capital expenditures, and other future obligations.

Credit products

Growth in our portfolio of loans receivable increases our liquidity needs and any inability to meet those liquidity needs could adversely affect our business. We continue to evaluate partnerships and third-party sources of funding for our credit products.

The Luxembourg Commission de Surveillance du Secteur Financier (the “CSSF”) has agreed that PayPal’s management may designate up to 50% of European customer balances held in our Luxembourg banking subsidiary to fund European, U.K., and U.S. credit activities. As of September 30, 2025 and December 31, 2024, the cumulative amount approved by PayPal to be designated to fund credit activities was \$2.0 billion as of those respective dates and represented approximately 26% of European customer balances made available for our corporate use as of those respective dates, as determined by applying financial regulations maintained by the CSSF. We may periodically seek to change the designation of amounts of European customer balances for our credit activities, as we deem necessary, based on utilization of the approved funds and anticipated credit funding requirements. Under certain exceptional circumstances, corporate liquidity could be called upon to meet our obligations related to our European customer balances.

We have entered into forward flow arrangements with third-party investors to sell certain loans receivable portfolios. In the third quarter of 2025, we entered into an arrangement with a third-party which has a duration of two years and up to \$7.0 billion of loans receivable sales over the term. During the nine months ended September 30, 2025 and 2024, we had net proceeds of \$18.2 billion and \$14.7 billion, respectively, from loans and interest receivable sold. See “Note 11—Loans and Interest Receivable” in the notes to the condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q for additional information.

While our objective is to expand the availability of our credit products with capital from external sources, there can be no assurance that we will be successful in achieving that goal.

Customer protection programs

The risk of losses from our customer protection programs are specific to individual consumers, merchants, and transactions, and may also be impacted by regional variations in, and changes or modifications to, the programs, including as a result of changes in regulatory requirements. For the periods presented in these condensed consolidated financial statements included in this report, our transaction loss rate ranged between 0.06% and 0.09% of TPV. Historical loss rates may not be indicative of future results.

Capital return program

Stock repurchases

During the nine months ended September 30, 2025, we repurchased approximately \$4.5 billion of our common stock in the open market under our stock repurchase program authorized in June 2022. As of September 30, 2025, a total of approximately \$355 million and \$15.0 billion remained available for future repurchases of our common stock under our June 2022 and February 2025 stock repurchase programs, respectively.

Implementation of dividend program

On October 28, 2025, we announced that our Board of Directors approved the initiation of a quarterly cash dividend program and declared a cash dividend of \$0.14 per share on our common stock, totaling approximately \$130 million. The dividend will be payable on December 10, 2025, to stockholders of record of our common stock as of the close of business on November 19, 2025. Dividend payments in future quarters will be subject to and contingent upon market conditions and approval by our Board of Directors in its sole discretion.

Other considerations

Our liquidity, access to capital, and borrowing costs could be adversely impacted by declines in our credit rating, our financial performance, and global credit market conditions, as well as a broad range of other factors. In addition, our liquidity, access to capital, and borrowing costs could also be negatively impacted by the outcome of any of the legal or regulatory proceedings to which we are a party. See Part I, Item 1A, Risk Factors of our 2024 Form 10-K, as supplemented and, to the extent inconsistent, superseded below in Part II, Item 1A, Risk Factors of this Form 10-Q, as well as “Note 13—Commitments and Contingencies” in the notes to the condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q for additional discussion of these and other risks that our business faces.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the potential for economic losses to be incurred on market risk sensitive instruments arising from adverse changes in market factors such as interest rates, foreign exchange rates, and equity investment risk. Management establishes and oversees the implementation of policies governing our investing, funding, and foreign exchange derivative activities intended to mitigate market risks. We monitor risk exposures on an ongoing basis.

INTEREST RATE RISK

We are exposed to interest rate risk relating to our investment portfolio, from interest-rate sensitive assets underlying the customer balances we hold on our condensed consolidated balance sheets as customer accounts, and a portion of our debt.

As of September 30, 2025 and December 31, 2024, approximately 70% and 48%, respectively, of our total cash, cash equivalents, and investment portfolio (excluding restricted cash and strategic investments) was held in cash and cash equivalents. The remaining portfolio and assets underlying the customer balances that we hold on our condensed consolidated balance sheets as customer accounts are maintained in interest and non-interest bearing bank deposits, time deposits, and available-for-sale debt securities. We seek to preserve principal while holding eligible liquid assets, as defined by applicable regulatory requirements and commercial law in certain jurisdictions where we operate, equal to at least 100% of the aggregate amount of all customer balances. We do not pay interest on amounts due to customers.

Interest rate movements affect the interest income we earn on cash and cash equivalents, time deposits, and available-for-sale debt securities and the fair value of those securities. A hypothetical 100 basis points increase in interest rates would have resulted in a decrease in the fair value of our cash equivalents and available-for-sale debt securities investment by approximately \$139 million and \$101 million at September 30, 2025 and December 31, 2024, respectively. Changes in the fair value of our available-for-sale debt securities resulting from such interest rate changes are reported as a component of accumulated other comprehensive income ("AOCI") and are realized only if we sell the securities prior to their scheduled maturities or the declines in fair values are due to expected credit losses.

As of September 30, 2025 and December 31, 2024, we had an aggregate principal amount of \$10.5 billion and \$10.6 billion, respectively, in fixed rate debt with varying maturity dates. Since these notes bear interest at fixed rates, they do not result in any financial statement risk associated with changes in interest rates. However, the fair value of these notes fluctuates when interest rates change, increasing in periods of declining interest rates and declining in periods of increasing interest rates. As of September 30, 2025, we had an aggregate principal amount of \$450 million in floating rate debt with a maturity date of March 6, 2028. A hypothetical 100 basis points increase in market interest rates would not have resulted in a material impact to interest expense recorded in the three and nine months ended September 30, 2025.

As of September 30, 2025 and December 31, 2024, we also had revolving credit facilities of approximately \$5.6 billion available to us. We are obligated to pay interest on borrowings under these facilities as well as other customary fees, including an upfront fee and an unused commitment fee based on our debt rating. Borrowings under these facilities, if any, bear interest at floating rates. As a result, we are exposed to the risk related to fluctuations in interest rates to the extent of our borrowings. As of September 30, 2025 and December 31, 2024, ¥90.0 billion (approximately \$606 million) and ¥90.0 billion (approximately \$574 million), respectively, was outstanding under these facilities. A 100 basis points hypothetical adverse change in applicable market interest rates would not have resulted in a material impact to interest expense recorded in the three and nine months ended September 30, 2025. For additional information, see "Note 12—Debt" in the notes to the condensed consolidated financial statements in Part I, Item 1 of this Form 10-Q.

Interest rates may also adversely impact our customers' spending levels and ability and willingness to pay outstanding amounts owed to us. Higher interest rates often lead to larger payment obligations by customers of our credit products to us, or to lenders under mortgage, credit card, and other consumer and merchant loans, which may reduce our customers' ability to remain current on their obligations to us and therefore lead to increased delinquencies, charge-offs, and allowances for loans and interest receivable, which could have an adverse effect on our net income (loss).

FOREIGN EXCHANGE RISK

We have significant operations internationally that are denominated in foreign currencies, primarily the British pound, Euro, Australian dollar, and Canadian dollar, which subject us to foreign exchange risk and may adversely impact our financial results. We transact in various foreign currencies and have significant international revenues and expenses. In addition, we charge our international subsidiaries for their use of intellectual property and technology and for certain corporate services. Our cash flows, results of operations, and certain of our intercompany balances that are exposed to foreign exchange rate fluctuations may differ materially from expectations, and we may record significant gains or losses due to foreign currency fluctuations and related hedging activities. We are generally a net receiver of foreign currencies and therefore benefit from a weakening of the United States (“U.S.”) dollar and are adversely affected by a strengthening of the U.S. dollar, relative to foreign currencies. We considered the historical trends in foreign exchange rates and determined that it was reasonably possible that changes in exchange rates of 10% for all currencies could be experienced in the near term.

We have a foreign currency exposure management program designed to identify material foreign currency exposures, manage these exposures, and reduce the potential effects of currency fluctuations on our consolidated cash flows and results of operations through the execution of foreign exchange contracts. These foreign exchange contracts are accounted for as derivative instruments; for additional details related to our foreign exchange contracts, please see “Note 10—Derivative Instruments” in the notes to the condensed consolidated financial statements in Part I, Item 1 of this Form 10-Q.

We use foreign exchange contracts to protect our forecasted U.S. dollar-equivalent earnings and our investment in foreign subsidiaries from adverse changes in foreign exchange rates. These hedging contracts reduce, but do not entirely eliminate, the impact of adverse foreign exchange rate movements. We designate these contracts as cash flow hedges of forecasted revenues and expenses denominated in certain foreign currencies and net investment hedges for accounting purposes. The derivative’s gain or loss is initially reported as a component of AOCI. Cash flow hedges are subsequently reclassified into revenue or expense in the same period the forecasted transaction affects earnings. The accumulated gains and losses associated with net investment hedges will remain in AOCI until the foreign subsidiaries are sold or substantially liquidated, at which point they will be reclassified into earnings.

If the U.S. dollar weakened by a hypothetical 10% at September 30, 2025 and December 31, 2024, the amount recorded in AOCI related to our foreign exchange contracts, before taxes, would have been approximately \$462 million and \$380 million lower, respectively, before considering the offsetting impact of the underlying hedged item.

We have an additional balance sheet foreign exchange management program in which we use foreign exchange contracts to help offset the foreign exchange risk on our assets and liabilities denominated in currencies other than the functional currency of our subsidiaries. These contracts are not designated as hedging instruments and reduce, but do not entirely eliminate, the impact of currency exchange rate movements on our assets and liabilities. The foreign exchange gains and losses on our assets and liabilities are recorded in other income (expense), net, and are offset by the gains and losses on the foreign exchange contracts.

Adverse changes in exchange rates of a hypothetical 10% for all foreign currencies would have resulted in a negative impact on income before income taxes of approximately \$490 million and \$470 million at September 30, 2025 and December 31, 2024, respectively, without considering the offsetting effect of foreign exchange contracts. Foreign exchange contracts in place as of September 30, 2025 would have positively impacted income before income taxes by approximately \$472 million, resulting in a net negative impact of approximately \$18 million. Foreign exchange contracts in place as of December 31, 2024 would have positively impacted income before income taxes by approximately \$445 million, resulting in a net negative impact of approximately \$25 million. These reasonably possible adverse changes in exchange rates of 10% were applied to monetary assets, monetary liabilities, and available-for-sale debt securities denominated in currencies other than the functional currencies of our subsidiaries at the balance sheet dates to compute the adverse impact these changes would have had on our income before income taxes in the near term.

EQUITY INVESTMENT RISK

Our strategic investments are subject to a variety of market-related risks that could substantially reduce or increase the carrying value of the portfolio. As of both September 30, 2025 and December 31, 2024, our strategic investments totaled \$1.6 billion and represented approximately 11% and 10% of our total cash, cash equivalents, and short-term and long-term investment portfolio at those respective dates. Our strategic investments include marketable equity securities, which are publicly traded, and non-marketable equity securities, which are primarily investments in privately held companies. We are required to record all adjustments to the value of these strategic investments through our condensed consolidated statements of income (loss). As such, we expect volatility to our net income (loss) in future periods due to changes in observable prices and impairment related to our non-marketable equity securities accounted for under the Measurement Alternative. These changes could be material based on market conditions. Additionally, the financial success of our investments in privately held companies is typically dependent on a liquidity event, such as a public offering, acquisition, private sale, or other favorable market event providing the ability to realize appreciation in the value of the investment. A hypothetical adverse change of 10% in the carrying value of our strategic investments as of September 30, 2025, which could be experienced in the near term, would have resulted in a decrease of approximately \$160 million to the carrying value of the portfolio. We review our non-marketable equity securities accounted for under the Measurement Alternative for impairment when events and circumstances indicate a decline in fair value of such assets below carrying value. Our analysis includes a review of recent operating results and trends, recent purchases and sales of securities, and other publicly available data, for which we assess factors such as the investees' financial condition and business outlook, industry performance, regulatory, economic, or technological environment, and other relevant events and factors affecting the investees.

ITEM 4: CONTROLS AND PROCEDURES

(a) *Evaluation of disclosure controls and procedures.* Based on the evaluation of our disclosure controls and procedures (as defined in the Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act), our principal executive officer and our principal financial officer have concluded that as of September 30, 2025, the end of the period covered by this report, our disclosure controls and procedures were effective.

(b) *Changes in internal controls over financial reporting.* There were no changes in our internal controls over financial reporting as defined in the Exchange Act Rule 13a-15(f) that occurred during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS

The information set forth under “Note 13—Commitments and Contingencies—Litigation and Regulatory Matters” in the notes to the condensed consolidated financial statements in Part I, Item 1 of this Form 10-Q is incorporated herein by reference.

ITEM 1A: RISK FACTORS

We are subject to various risks and uncertainties, which could materially affect our business, results of operations, financial condition, future results, and the trading price of our common stock. You should read carefully the following information together with the information appearing in Part I, Item 1A, Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2024 as filed with the United States (“U.S.”) Securities and Exchange Commission (“SEC”) on February 4, 2025 (“2024 Form 10-K”) as updated by the information appearing in Part II, Item 1A, Risk Factors in our subsequent Quarterly Reports on Form 10-Q as filed with the SEC (“Forms 10-Q”). The following information supplements and, to the extent inconsistent, supersedes some of the information appearing in the Risk Factors section of our 2024 Form 10-K and Forms 10-Q. These risk factors, as well as our condensed consolidated financial statements and notes thereto and the other information appearing in this report, should be reviewed carefully for important information regarding risks that affect us.

Business interruptions or systems failures may impair the availability of our websites, applications, products or services, or otherwise harm our business.

Our systems and operations and those of our service providers and partners have experienced from time to time, and may experience in the future, business interruptions or degradation of service because of distributed denial-of-service and other cyberattacks, insider threats, hardware and software defects or malfunctions, human error, earthquakes, hurricanes, floods, fires, and other natural disasters, public health crises (including pandemics), power losses, disruptions in telecommunications services, fraud, military or political conflicts, terrorist attacks, computer viruses or other malware, or other events. The frequency and intensity of weather events related to climate change are increasing, which could increase the likelihood and severity of such disasters as well as related damage and business interruption. Our corporate headquarters are located in the San Francisco Bay Area, a seismically active region in California. A catastrophic event that could lead to a disruption or failure of our systems or operations could result in significant losses and require substantial recovery time and significant expenditures to resume or maintain operations. Further, some of our systems, including those of companies that we have acquired, are not fully redundant and any failure of these acquired systems, including due to a catastrophic event, may lead to operational outages or delays. While we engage in disaster recovery planning and testing intended to mitigate risks from outages or delays, our planning and testing may not be effective or sufficient for all possible outcomes or events. As a provider of payments solutions, we are also subject to heightened scrutiny by regulators that may require specific business continuity, resiliency and disaster recovery plans, and rigorous testing of such plans, which may be costly and time-consuming to implement, and may divert our resources from other business priorities. Any of the foregoing risks could have a material adverse impact on our business, financial condition, and results of operations.

We have experienced, and expect to continue to experience, system failures, cyberattacks, unplanned outages, and other events or conditions from time to time that have and may interrupt the availability, or reduce or adversely affect the speed or functionality, of our products and services. While we continue to undertake system upgrades and re-platforming efforts designed to improve the availability, reliability, resiliency, and speed of our payments platform, these efforts are costly and time-consuming, involve significant technical complexity and risk, may divert our resources from new features and products, and may ultimately not be effective. A prolonged interruption of, or reduction in, the availability, speed, or functionality of our products and services could materially harm our business and financial condition. For example, in August 2025, PayPal experienced a temporary service disruption triggered by a coding error in a system update, which primarily impacted a limited number of customers and partners in Germany. In connection with this disruption, we experienced some fraudulent transaction activity for a limited time period. While our review of the incident is ongoing, we have incurred transaction losses and other expenses as a result, including claims under our protection programs, and we may be subject to increased regulatory scrutiny, fines, penalties and litigation. Frequent or persistent interruptions in or disruptions to our services could permanently harm our relationship with our customers and partners and our reputation. If any system failure or similar event results in damage to our customers or their business partners, they could seek significant compensation or contractual penalties from us for their losses. These claims, even if unsuccessful, would likely be time-consuming and costly for us to address.

We also rely on facilities, components, applications, software, and services supplied by third parties, including data center facilities and cloud data storage and processing services. From time to time, we have experienced interruptions in the provision of such facilities and services provided by these third parties. If these third parties experience operational interference or disruptions (including a cybersecurity incident), fail to perform their obligations, or breach their agreements with us, our operations could be disrupted or negatively affected, which could result in customer dissatisfaction, regulatory scrutiny, and damage to our reputation and brands, and materially and adversely affect our business. While we maintain insurance policies intended to help offset the financial impact we may experience from these risks, our coverage may be insufficient to compensate us for all losses caused by interruptions in our service due to systems failures and similar events.

In addition, any failure to successfully implement new information systems and technologies or improvements or upgrades to existing information systems and technologies in a timely manner could lead to regulatory scrutiny, significant fines and penalties, and mandatory and costly changes to our business, adversely impact our business, internal controls, results of operations, and financial condition, and ultimately could cause us to lose existing licenses that we need to operate or prevent or delay us from obtaining additional licenses that may be required for our business.

Our business is subject to extensive government regulation and oversight. Our failure to comply with extensive, complex, overlapping, and frequently changing rules, regulations, and legal interpretations could materially harm our business.

Our business is subject to complex and changing laws, rules, regulations, policies, licensing schemes, and legal interpretations in the markets in which we offer services directly or through partners, including, but not limited to, those governing: banking, credit, deposit taking, cross-border and domestic money transmission, prepaid access, foreign currency exchange, privacy, data protection, data governance, cybersecurity, banking secrecy, digital payments, cryptocurrency, payment services (including payment processing and settlement services), lending, fraud detection, consumer protection, antitrust and competition, economic and trade sanctions, anti-money laundering, and counter-terrorist financing.

Regulators and legislators globally have been establishing, evolving, and increasing their regulatory authority, oversight, and enforcement, and it can be difficult to predict how these may be applied to our business and the way we conduct our operations. As we introduce new products and services and expand into new markets, including through acquisitions, we expect to become subject to additional regulations, restrictions, and licensing requirements. As we expand and localize our international activities, we expect that our obligations in the markets in which we operate will continue to increase. In addition, because we facilitate sales of goods and provide services to customers worldwide, one or more jurisdictions may claim that we or our customers are required to comply with their laws or other types of regulation, which may impose different, more specific, and/or conflicting obligations on us, as well as broader liability.

We may not be able to respond quickly or effectively to regulatory, legislative, and other developments, any failure or perceived failure to comply with existing or new laws, regulations, or orders of any government authority (including changes to or expansion of their interpretation) may result in audits, inquiries, investigations, whistleblower complaints, and adverse media coverage; subject us to significant fines, penalties, monetary damages, injunctive relief, criminal and civil lawsuits, forfeiture of significant assets, and enforcement actions in one or more jurisdictions; result in additional compliance and licensure requirements; cause us to temporarily or permanently lose existing licenses or prevent or delay us from obtaining additional licenses that may be required for our business; increase regulatory scrutiny of our business; divert management's time and attention from our business; restrict our operations; lead to increased friction for customers; force us to make changes to our business practices, products, or operations; require us to engage in remediation activities; or delay planned transactions, product launches, or improvements. Any of the foregoing could, individually or in the aggregate, harm our reputation, damage our brands and business, and adversely affect our results of operations and financial condition. The complexity of U.S. federal and state and international regulatory and enforcement regimes, coupled with the global scope of our operations and the evolving global regulatory environment, could result in a single event prompting a large number of overlapping investigations and legal and regulatory proceedings by multiple government authorities in different jurisdictions. While we have implemented policies and procedures designed to help ensure compliance with applicable laws and regulations, there can be no assurance that our employees, contractors, and agents will not violate such laws and regulations.

Payments Regulation

In the U.S., PayPal, Inc. (a wholly-owned subsidiary) holds licenses to operate as a money transmitter (or its equivalent) in the states where such licenses are required, as well as in the District of Columbia and certain territories. If we fail to comply with applicable laws or regulations required to maintain our licenses, we could be subject to liability and/or additional restrictions, forced to cease doing business with residents of certain states or territories, forced to change our business practices, or required to obtain additional licenses or regulatory approvals, which could impose substantial costs and harm our business.

While we currently allow our customers to send payments from approximately 200 markets, we allow customers in only approximately half of those markets (including the U.S.) to also receive payments, in some cases with significant restrictions on the manner in which customers can hold balances or withdraw funds. These restrictions may limit our ability to grow our business.

We principally provide our services to customers in the European Economic Area (“EEA”) through PayPal (Europe) S.à.r.l. et Cie, S.C.A. (“PayPal (Europe)”), our wholly-owned subsidiary that is licensed and subject to regulation as a credit institution in Luxembourg and to our customers in the United Kingdom (“U.K.”) through PayPal U.K. Limited (“PayPal U.K.”), a wholly-owned subsidiary that is subject to regulation as an electronic money institution and a consumer credit firm (and registered as a crypto asset business) in the U.K. by the Financial Conduct Authority (“FCA”). PayPal (Europe) or PayPal U.K. may be subject to enforcement actions and significant fines and penalties if either violates applicable requirements. If the business activities of PayPal (Europe) exceed certain thresholds, or if the European Central Bank (“ECB”) so determines, PayPal (Europe) may be deemed a significant supervised entity and certain activities of PayPal (Europe) would become directly supervised by the ECB, rather than by the Luxembourg Commission de Surveillance du Secteur Financier. PayPal (Europe) is also subject to regulation by the ECB under the oversight framework for electronic payment instruments, schemes and arrangements (“PISA”). Compliance with applicable laws and regulations could become more costly and operationally difficult to manage due to additional supervision, potentially inconsistent interpretations, and domestic regulations by various countries in the region. Applicable regulation relating to payments, anti-money laundering, and digital services, which are key focus areas of regulators and subject to extensive new regulation, could subject us to additional and complex obligations, risks, and associated costs, and impact our ability to expand our business in Europe.

For many of the other markets outside the U.S., we provide services on a cross-border basis through PayPal Pte. Ltd., our wholly-owned subsidiary based in Singapore. PayPal Pte. Ltd. is supervised by the Monetary Authority of Singapore (“MAS”). As of July 1, 2023, PayPal Pte. Ltd. has been issued a Major Payment Institution license by the MAS under the Payment Services Act 2019. In order to maintain this license and certain other licenses or registrations we hold in certain markets, we are required to comply with applicable regulatory requirements, which have imposed and will continue to impose increasing operational complexity and costs for our Singapore and international operations. Moreover, in many non-U.S. markets (other than Singapore) where customers of PayPal Pte. Ltd. or local branches or subsidiaries subject to local regulatory supervision or oversight, as the case may be, are located, there may be uncertainty whether our Singapore-based service is subject only to Singapore law or also to other local laws, and whether such local laws might require a payment processor like us to be licensed as a payments service, bank, financial institution, or otherwise.

There are substantial costs and potential product and operational changes involved in maintaining and renewing licenses, certifications, and approvals, and we could be subject to enforcement actions, fines, penalties, and litigation if we are found to violate any of these requirements. There can be no assurance that we will be able to (or decide to) continue to apply for or obtain any licenses, renewals, certifications, and approvals in any jurisdiction. In certain markets, we may need to rely on local banks or other partners to process payments and conduct foreign currency exchange transactions in local currency, and local regulators may use their authority over such local partners to prohibit, restrict, or limit us from doing business. Any of the foregoing could, individually or in the aggregate, result in substantial additional costs, delay or preclude planned transactions, geographical expansions, or product launches or improvements, require significant and costly operational changes, impose restrictions, limitations, or additional requirements on our business, products and services, or prevent or limit us from providing our products or services in a given market.

Cryptocurrency Regulation and Related Risks

Our customer cryptocurrency offerings could subject us to additional regulations, licensing requirements, or other obligations or liabilities. Within the U.S., we are regulated by the New York State Department of Financial Services as a virtual currency business, which does not qualify us to engage in securities brokerage or dealing activities. The regulatory status of particular cryptocurrencies is unclear under existing law. The evolving legislative and regulatory landscapes with respect to cryptocurrency other than stablecoins may subject us to additional licensing and regulatory obligations or to inquiries or investigations from various regulators and governmental authorities, and require us to make product changes, restrict or discontinue product offerings in certain markets, implement additional and potentially costly controls, or take other actions.

In August 2023, a third-party issuer with which we have partnered commercially (the “PYUSD Issuer”) launched a U.S. dollar-denominated stablecoin named PayPal USD (“PYUSD”), which is available to PayPal customers and Venmo customers in certain markets. These PayPal and Venmo customers may, if provisioned for external transfers and subject to our sanctions and anti-money laundering controls, send PYUSD to external wallets not controlled by PayPal. The PYUSD Issuer may also allow institutional users to directly purchase PYUSD from the PYUSD Issuer (as per the PYUSD Issuer’s stablecoin terms and conditions). The regulatory treatment of stablecoins is evolving and has drawn significant attention from legislative and regulatory bodies around the world. Recently enacted U.S. federal stablecoin legislation provides a regulatory framework that is in the process of being implemented. While PYUSD is designed to comply with this U.S. framework, there remain uncertainties on how ongoing changes to international laws and regulations will apply to stablecoins in practice, and we and the PYUSD Issuer may face substantial costs to operationalize and comply with any additional or changed requirement. If we or the PYUSD Issuer fail to comply with regulations, requirements, prohibitions or other obligations applicable to us, we could face regulatory or other enforcement actions, potential fines, penalties, and other consequences. In addition, we could face reputational harm through our relationship with the PYUSD Issuer if the PYUSD Issuer were to face regulatory scrutiny or PYUSD is alleged to be used for transactions in connection with illicit or illegal activities.

We hold our customers’ cryptocurrency assets through one or more third-party custodians. Financial and third-party risks related to our customer cryptocurrency offerings, such as inappropriate access to, theft, or destruction of cryptocurrency assets held by our custodians, insufficient insurance coverage by a custodian to reimburse us for all such losses, a custodian’s failure to maintain effective controls over the custody and settlement services provided to us, a custodian’s inability to purchase or liquidate cryptocurrency holdings, the failure of the PYUSD Issuer to maintain sufficient reserve assets backing PYUSD and defaults on financial or performance obligations by a custodian, banks with which the PYUSD Issuer maintains reserve assets or counterparty financial institutions, could expose our customers and us to loss, and significantly harm our business, financial condition, and reputation.

We have selected custodian partners and the PYUSD Issuer, and may in the future select additional custodian partners and stablecoin issuing entities, that are subject to regulatory oversight, capital requirements, maintenance of audit and compliance industry certifications, and cybersecurity procedures and policies. Nevertheless, any operational disruptions at any such custodian or issuer, or such custodians’ or issuer’s failure to safeguard cryptocurrency holdings (or reserve assets), could result in losses of customer assets, expose us to customer claims, reduce consumer confidence and materially impact our cryptocurrency product offerings and our operating results.

Custodial arrangements to safeguard cryptocurrency assets involve unique risks and uncertainties in the event of a custodian’s bankruptcy. While other types of assets and some custodied cryptocurrencies have been deemed not to be part of the custodian’s bankruptcy estate under various regulatory regimes, bankruptcy courts have not yet definitively determined the appropriate treatment of custodial holdings of digital assets in a bankruptcy proceeding. In the event of a custodian’s bankruptcy, the lack of precedent and the highly fact-dependent nature of the determination could delay or preclude the return of custodied cryptocurrency assets to us or to our customers. Although we contractually require our custodians to segregate our customer assets and not commingle them with proprietary or other assets, we cannot be certain that these contractual obligations, even if duly observed by a custodian, will be effective in preventing such assets from being treated as part of the custodian’s estate under bankruptcy or other insolvency law. In that event, our claim on behalf of such customers against a custodian’s estate for our customers’ cryptocurrency assets could be treated as a general unsecured claim against the custodian, in which case our customers could seek to hold us liable for any resulting losses.

Consumer Protection

Violations of consumer protection law in applicable jurisdictions, including both federal and state laws and regulations in the U.S., such as the Electronic Fund Transfer Act (“EFTA”) and Regulation E as implemented by the Consumer Financial Protection Bureau (“CFPB”), could result in the assessment of significant actual damages or statutory damages or penalties (including treble damages in some instances) and plaintiffs’ attorneys’ fees. We are subject to, and have paid amounts in settlement of, lawsuits containing allegations that our business violated the EFTA and Regulation E or otherwise advance claims for relief relating to our business practices (e.g., that we improperly held consumer funds or otherwise improperly limited consumer accounts).

We are regularly subject to general litigation, regulatory scrutiny, and government inquiries.

We are regularly subject to claims, individual and class action lawsuits, arbitration proceedings, government and regulatory investigations, inquiries, actions or requests, and other proceedings alleging violations of laws, rules, and regulations with respect to competition, antitrust, intellectual property, privacy, data protection, information security, anti-money laundering, counter-terrorist financing, sanctions, anti-bribery, anti-corruption, consumer protection (including unfair, deceptive, or abusive acts or practices), the terms of our customer agreements, fraud, accessibility, securities, tax, labor and employment, commercial disputes, services, charitable fundraising, contract disputes, escheatment of unclaimed or abandoned property, product liability, use of our services for illegal purposes, the matters described in “Note 13—Commitments and Contingencies—Litigation and Regulatory Matters—General Matters” to our condensed consolidated financial statements, and other matters. We expect that the number and significance of these disputes and inquiries will continue to increase as our products, services, and business expand in complexity, scale, scope, and geographic reach, including through acquisitions of businesses and technology, and as a result of expanded enforcement of certain existing laws and regulations by federal, state and local agencies. For example, there continues to be enforcement activity in connection with federal and state consumer protection laws, including suits which seek civil penalties. Investigations, changes in, or expanded enforcement of federal, state or local laws and regulations, and legal proceedings are inherently uncertain, expensive and disruptive to our operations, and could result in substantial judgments, fines, penalties or settlements, substantial diversion of management’s time and effort, negative publicity, reputational harm, criminal sanctions, or orders that prevent or limit us from offering certain products or services; require us to change our business practices or customer agreement terms in ways that may increase costs or reduce revenues, develop non-infringing or otherwise altered products or technologies, or pay substantial royalty or licensing fees; or delay or preclude planned transactions or product launches or improvements. Determining legal reserves or possible losses from such matters involves significant estimates and judgments and may not reflect the full range of uncertainties and unpredictable outcomes. We may be exposed to losses in excess of the amount recorded, and such amounts could be material. If our estimates and assumptions change or prove to have been incorrect, this could have a material adverse effect on our business, financial position, results of operations, or cash flows.

We rely on third parties in many aspects of our business, which creates additional risk.

We rely on third parties in many aspects of our business, including, but not limited to, networks, banks, payment processors, and payment gateways that link us to the payment card and bank clearing networks to process transactions; unaffiliated third-party lenders to originate our U.S. credit products to consumers, U.S. merchant financing, and branded credit card products; branded debit card and savings products issued by unaffiliated banks; cryptocurrency custodial service providers; and external business partners and contractors who provide key functions (including, but not limited to, data center facilities and cloud computing, information technology, and outsourced customer support and product development functions). We are subject to additional risks inherent in engaging and relying upon third-party providers, including operational, legal, regulatory, information security, reputational, commercial, and resiliency risks. If we are unable to effectively manage our third-party relationships, these third parties are unable to meet their obligations to us, we are overly reliant on certain relationships, we are unable to negotiate favorable contractual terms, or we experience substantial disruptions in these relationships (including interruptions to the availability of our products and services), our operations, results of operations, liquidity and financial results could be adversely impacted. Additionally, our relationships with third parties inherently involve a lesser degree of control over business operations, governance, and compliance, which potentially increases our financial, legal, reputational, and operational risk.

Any factors that reduce cross-border trade or make such trade more difficult could harm our business.

Cross-border trade (i.e., transactions where the merchant and consumer are in different countries) is an important source of our revenues and profits. Cross-border transactions generally provide higher revenues and operating income than similar transactions that take place within a single country or market. In certain markets, cross-border trade represents our primary (and in some instances our only) offerings. Cross-border trade may be negatively impacted by various factors including foreign exchange rate fluctuations, changes in or new tariffs, trade wars, barriers or restrictions, or threats of such actions, or the related uncertainty thereof, sanctions, import or export controls, and the interpretation and application of laws of multiple jurisdictions in the context of cross-border trade and foreign exchange. Any factors that increase the costs or uncertainty of cross-border trade for us or our customers or that restrict, delay, or make cross-border trade more difficult or impractical could reduce our cross-border transactions and volume, negatively impact our revenues and profits, and harm our business.

Failure to deal effectively with fraud, abusive behaviors, bad transactions, and negative customer experiences may increase our loss rate and could negatively impact our business and severely diminish merchant and consumer confidence in and use of our services.

We expect that third parties will continue to attempt to abuse access to and misuse our payments services to commit fraud by, among other things, creating fictitious PayPal accounts using stolen or synthetic identities or personal information, taking over customer accounts or creating fraudulent accounts, making transactions with stolen financial instruments, abusing or misusing our services for financial gain, or fraudulently inducing users of our products and services into engaging in fraudulent transactions. Due to the nature of PayPal's digital payments services, third parties may seek to engage in abusive schemes or fraud attacks that are often difficult to detect and may be deployed at a scale that would otherwise not be possible in physical transactions. Measures to detect and reduce the risk of fraud and abusive behavior are complex, require continuous improvement, and may not be effective in detecting and preventing fraud, particularly new and continually evolving forms of fraud or in connection with new or expanded product offerings. If these measures are not effective, our business could be negatively impacted. We also incur substantial losses from erroneous transactions and situations where linked accounts designated by customers to fund PayPal transactions have insufficient funds or are otherwise unavailable to fund the payments, or the payment is initiated to an unintended recipient in error. Numerous and evolving fraud schemes and misuse of our payments services could subject us to significant costs and liabilities, require us to change our business practices, cause us to incur significant remediation costs, lead to loss of customer confidence in, or decreased use of, our products and services, damage our reputation and brands, divert the attention of management from the operation of our business, and result in significant compensation or contractual penalties from us to our customers and their business partners as a result of losses or claims. While we actively seek to recover transaction losses where possible, such recoveries may be insufficient to compensate us for such losses.

Our purchase and seller protection programs ("protection programs") are intended to reduce the likelihood of losses for consumers and merchants from unauthorized and fraudulent transactions. Our purchase protection program also protects eligible transactions where consumers do not receive the item ordered or receive an item that is significantly different from its description. We incur substantial losses from our protection programs as a result of disputes filed by our customers. While we may seek to recover losses from our protection programs from the merchant, we ultimately may not be able to fully recover such losses (for example, if the merchant is unwilling or unable to pay, the transaction involves a fraudulent merchant, or the merchant provides sufficient evidence that the item was delivered).

In addition, consumers who pay through PayPal or Venmo may have reimbursement rights from their payment card issuer, which in turn will seek recovery from us. If losses incurred by us related to payment card transactions become excessive, we could lose the ability to accept payment cards for payment, which would negatively impact our business. Regulators and card networks may also adapt error resolution and chargeback requirements to account for evolving forms of fraud, which could increase PayPal's exposure to fraud losses and impact the scope of coverage of our protection programs. Increases in our loss rate, including as a result of changes to the scope of transactions covered by our protection programs, could negatively impact our business and results of operations. See "Note 13—Commitments and Contingencies—*Protection Programs*" to our condensed consolidated financial statements.

Failure to effectively monitor and evaluate the financial condition of our merchants may expose PayPal to losses. In the event of the bankruptcy, insolvency, business failure, or other business interruption of a merchant that sells goods or services in advance of the date of their delivery or use (e.g., airline, cruise, or concert tickets, custom-made goods, and subscriptions), we could be liable to the buyers of such goods or services, including through our purchase protection program or through chargebacks on payment cards used by customers to fund their purchase. Allowances for transaction losses that we have established may be insufficient to cover incurred losses.

Our international operations subject us to increased risks, which could harm our business.

Our international operations generate a significant portion of our net revenues. Our international operations subject us to significant challenges, uncertainties, and risks, including, but not limited to, local regulatory, licensing, reporting, and legal obligations; costs and challenges associated with operating in markets in which we may have limited or no experience, including effectively localizing our products and services and adapting them to local preferences; difficulties in developing, staffing, and simultaneously managing a large number of varying foreign operations as a result of distance, language, and cultural differences and in light of varying laws, regulations, and customs; differing employment practices and the existence of works councils; difficulties in recruiting and retaining qualified employees and maintaining our company culture; fluctuations in foreign exchange rates; exchange control regulations; profit repatriation restrictions; changes in or new tariffs, sanctions, fines, or other trade barriers or restrictions and the related uncertainty thereof; import or export regulations; compliance with U.S. and foreign anti-bribery, anti-corruption, sanctions, anti-money laundering and counter-terrorist financing laws and regulations; the interpretation and application of laws of multiple jurisdictions; and national or regional political, economic, or social instability. In addition, some countries have enacted or are considering data localization or residency laws, which require that certain data be maintained, stored and/or processed within their country of origin. Maintaining local data centers in individual countries could significantly increase our operating costs.

Our international operations also may heighten many of the other risks described in this “Risk Factors” section. Any violations of the complex foreign and U.S. laws, rules and regulations that may apply to our international operations may result in lawsuits, enforcement actions, criminal actions, or sanctions against us and, our directors, officers, and employees; prohibit or require us to change our business practices; and damage 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 are inherent in our international operations, may increase our costs of doing business internationally, and could materially and adversely affect our business.

Global and regional economic conditions could harm our business.

Adverse global and regional economic conditions such as political unrest and turmoil affecting the banking system or financial markets, including, but not limited to, tightening in the credit markets, extreme volatility or distress in the financial markets (including the fixed income, credit, currency, equity, and commodity markets), unemployment, consumer debt levels, recessionary or inflationary pressures, supply chain issues, reduced consumer confidence or economic activity, government fiscal, monetary and tax policies, U.S. and international trade relationships, agreements, treaties, changes in or new tariffs and restrictive actions or threats of such actions, including an escalation of trade tensions between the U.S. and its trading partners, the inability of a government to enact a budget in a fiscal year, government shutdowns, government austerity programs, geopolitical conditions or events, and other negative financial news or macroeconomic developments could have a material adverse impact on the demand for our products and services, including a reduction in the volume and size of transactions on our payments platform. In particular, recent tariffs and reciprocal trade measures enacted or threatened to be enacted by the U.S. and other countries have led to increased volatility and uncertainty in certain parts of the global economy. We cannot predict the timing, strength or duration of the current or any future potential economic volatility or slowdown in the U.S. or globally. These conditions could have a material adverse impact on the demand for our products and services which could adversely affect our results of operations. Additionally, any inability to access the capital markets when needed due to volatility or illiquidity in the markets, liquidity needs due to unanticipated reductions in customer balances, or increased regulatory liquidity and capital requirements may strain our liquidity position. Such conditions may also expose us to fluctuations in foreign exchange rates or interest rates that could materially and adversely affect our financial results.

Environmental, social and governance (“ESG”) issues may have an adverse effect on our business, financial condition and results of operations and damage our reputation.

Various jurisdictions are adopting or considering new laws and regulations that expand or curtail disclosure, reporting and diligence requirements with respect to ESG matters. If we are unable to comply with new laws, regulations or guidance concerning ESG matters or fail to meet investor, industry or stakeholder expectations and standards, our reputation may be harmed, customers may choose to refrain from using our products and services, we may be subject to fines, penalties, regulatory or other enforcement actions, and our business or financial condition may be adversely affected. If our ESG-related data, processes and reporting are viewed as incomplete or inaccurate, or if we fail to achieve progress with respect to ESG-related goals on a timely basis or at all, we may be viewed negatively by stakeholders concerned about these matters. Moreover, investors, customers, partners, media, government entities, and other stakeholders (including those in support of or in opposition to ESG principles) may have a negative view of us to the extent we are perceived to have not responded appropriately to their ESG concerns or take positions that are contrary to their views or expectations.

We recognize that climate-related risks may impact our business. For example, California, where our headquarters are located, has historically experienced, and is projected to continue to experience, extreme weather and natural disaster events more frequently, including drought, flooding, heat waves, and wildfires. Such events may disrupt our business and may cause us to experience additional costs to maintain or resume operations.

There can be no assurance that we will continue to repurchase stock or declare cash dividends, and stock repurchases or dividends could increase the volatility of our stock price and could diminish our cash reserves.

We engage in share repurchases of our common stock from time to time in accordance with authorizations from our Board of Directors. Our stock repurchase programs do not have expiration dates and do not obligate us to repurchase any specific dollar amount or to acquire any specific number of shares. In October 2025, we announced that our Board of Directors initiated a quarterly cash dividend program. Future cash dividends are subject to declaration by our Board of Directors in its sole discretion and, therefore, are subject to numerous factors including, among others, prevailing market conditions, our results of operations, financial condition and liquidity, applicable laws and agreements. Our stock repurchases and our dividends could affect the trading price of our common stock and increase volatility, reduce our cash reserves and may be suspended or terminated at any time, which may result in a decrease in the trading price of our common stock.



ITEM 2: UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**REPURCHASES OF EQUITY SECURITIES**

In June 2022, our Board of Directors authorized a stock repurchase program that provides for the repurchase of up to \$15 billion of our common stock, with no expiration from the date of authorization. In February 2025, our Board of Directors authorized an additional stock repurchase program that provides for the repurchase of up to \$15 billion of our common stock, with no expiration from the date of authorization. Our stock repurchase programs are intended to offset the impact of dilution from our equity compensation programs and, subject to market conditions and other factors, may also be used to make opportunistic repurchases of our common stock to reduce outstanding share count. Any share repurchases under our stock repurchase programs may be made through open market transactions, block trades, privately negotiated transactions, including accelerated share repurchase agreements or other means at times and in such amounts as management deems appropriate, and will be funded from our working capital or other financing alternatives. Moreover, any stock repurchases are subject to market conditions and other uncertainties and we cannot predict if or when any stock repurchases will be made. We may terminate our stock repurchase programs at any time without prior notice.

The stock repurchase activity under our stock repurchase programs during the three months ended September 30, 2025 is summarized below:

	Total number of shares purchased	Average price paid per share ⁽¹⁾	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs
(In millions, except per share amounts)				
Balance as of June 30, 2025				\$ 16,855
July 1, 2025 through July 31, 2025	7.0	\$ 74.75	7.0	16,331
August 1, 2025 through August 31, 2025	7.3	\$ 68.85	7.3	15,831
September 1, 2025 through September 30, 2025	7.0	\$ 67.92	7.0	15,355
Balance as of September 30, 2025	<u><u>21.3</u></u>		<u><u>21.3</u></u>	\$ 15,355

⁽¹⁾ Average price paid per share for open market purchases includes broker commissions, but excludes excise tax.

ITEM 3: DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4: MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5: OTHER INFORMATION

None.



ITEM 6: EXHIBITS**INDEX TO EXHIBITS**

Exhibit Number	Exhibit Description	Incorporated by Reference		
		Form	Date Filed	Filed Herewith
<u>10.01†</u>	Deed of Amendment in relation to the Receivables Purchase Agreement, dated as of September 23, 2025, by and between PayPal (Europe) S.à r.l. et Cie, SCA (as Seller and Receivables Manager), PayPal UK Ltd (as Receivables Manager), Alps Partners S.à r.l. (as Purchaser), BNY Mellon Corporate Trustee Services Limited (as Security Agent), Avega S.à r.l. (as Back-Up Receivables Manager Facilitator) and Alps Partners (Holding) S.à r.l. (as Class C Lender)	-	-	X
<u>31.01</u>	Certification of Registrant's Chief Executive Officer, as required by Section 302 of the Sarbanes-Oxley Act of 2002	-	-	X
<u>31.02</u>	Certification of Registrant's Chief Financial Officer, as required by Section 302 of the Sarbanes-Oxley Act of 2002	-	-	X
<u>32.01*</u>	Certification of Registrant's Chief Executive Officer, as required by Section 906 of the Sarbanes-Oxley Act of 2002	-	-	X
<u>32.02*</u>	Certification of Registrant's Chief Financial Officer, as required by Section 906 of the Sarbanes-Oxley Act of 2002	-	-	X
101	The following financial information related to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2025, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Income (Loss), (iii) the Condensed Consolidated Statements of Comprehensive Income (Loss), (iv) the Condensed Consolidated Statements of Stockholders' Equity, (v) the Condensed Consolidated Statements of Cash Flows; and (vi) the related Notes to Condensed Consolidated Financial Statements	-	-	X
104	Cover Page Interactive Data File, formatted in iXBRL and contained in Exhibit 101	-	-	X

† Certain portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K.

* The certifications furnished in Exhibits 32.01 and 32.02 hereto are deemed to accompany this Form 10-Q and will not be deemed "filed" for purposes of Section 18 of the Exchange Act. Such certifications will not be deemed to be incorporated by reference into any filings under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates them by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PayPal Holdings, Inc.
Principal Executive Officer:

Date: October 28, 2025

By: /s/ Alex Chriss

Alex Chriss
President, Chief Executive Officer and Director

Principal Financial Officer:

Date: October 28, 2025

By: /s/ Jamie Miller

Jamie Miller
Executive Vice President, Chief Financial and Operating Officer

Principal Accounting Officer:

Date: October 28, 2025

By: /s/ Christopher Natali

Christopher Natali
Vice President, Chief Accounting Officer



In this Exhibit 10.0, the notation "[* * *]" identifies certain information that has been excluded because it is both not material and is the type that the registrant treats as private or confidential.

23 September 2025

PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.
as Receivables Manager and Seller

PAYPAL UK LTD
as Receivables Manager

ALPS PARTNERS S.À R.L.
as Purchaser

BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED
as Security Agent

AVEGA S.À R.L.
as Back-Up Receivables Manager Facilitator

ALPS PARTNERS (HOLDING) S.À R.L.
as Class C Lender

DEED OF AMENDMENT
in relation to
the Receivables Purchase Agreement

CONTENTS

CLAUSE PAGE

- | | | |
|----|--------------------------------|---|
| 1. | Definitions and interpretation | 2 |
| 2. | Amendment | 3 |
| 3. | Representations and Warranties | 4 |
| 4. | Continuing obligations | 5 |
| 5. | Incorporation of terms | 5 |
| 6. | Further assurance | 5 |
| 7. | The Security Agent | 6 |
| 8. | Counterparts | 7 |
| 9. | Law and jurisdiction | 7 |
-

THIS DEED (this **Deed**) is dated 23 September 2025 and made between:

- (1) **PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.**, a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of the Grand Duchy of Luxembourg (**Luxembourg**), having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349, acting through and represented by its managing general partner PayPal (Europe) S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B127.485 (a **Receivables Manager** and the **Seller**);
- (2) **PAYPAL UK LTD**, a private limited company incorporated under the laws of England and Wales (registered number 14741686), having its registered office at 5 Fleet Place, London, United Kingdom, EC4M 7RD (a **Receivables Manager**);
- (3) **ALPS PARTNERS S.À R.L.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, with its registered office at 2, rue Edward Steichen, L- 2540 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B277050, and subject, as an unregulated securitisation undertaking (*organisme de titrisation*), to the Luxembourg act dated 22 March 2004 on securitisation, as amended (the **Securitisation Act 2004**) (the **Purchaser**);
- (4) **BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED**, acting through its office at 160 Queen Victoria Street, London EC4V 4LA, United Kingdom (in its capacity as security agent for the Secured Creditors, the **Security Agent** which expression shall include such company and all other persons or companies for the time being acting as the security agent or security agents under the Security Documents);
- (5) **AVEGA S.À R.L.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, Luxembourg having its registered office at 2, rue Edward Steichen, L-2540 Luxembourg and registered with the Luxembourg trade and companies register under number B123099 (the **Back-Up Receivables Manager Facilitator**); and
- (6) **ALPS PARTNERS (HOLDING) S.À R.L.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, with its registered office at 2, rue Edward Steichen, L- 2540 Luxembourg, Luxembourg and registered with the Luxembourg trade and

companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B276993 (the **Class C Lender**),

together, the **Parties** and each a **Party**.

Recitals:

- (A) The Parties have entered into a receivables purchase agreement dated 16 June 2023 (as most recently amended and restated on 12 May 2025) pursuant to which the Seller agrees to sell and the Purchaser agrees to purchase the Seller's whole right, title, interest and benefit in certain receivables and their related rights (the **Receivables Purchase Agreement**).
- (B) Pursuant to a deed of accession dated 31 October 2023, PayPal UK Ltd became a party to the Receivables Purchase Agreement as an Additional Receivables Manager.
- (C) The Parties now wish to amend further the Receivables Purchase Agreement in accordance with the terms of this Deed.
- (D) The Security Agent is entering into this Deed on the instructions of (i) the Instructing Creditors (as defined in the Master Framework Agreement) pursuant to and in accordance with a consent letter relating to the Master Framework Agreement dated on or about the date hereof; and (ii) the Class C Lender pursuant to and in accordance with Clause 7 (*The Security Agent*) of this Deed.

IT IS AGREED as follows:

1. Definitions and interpretation

1.1 Definitions

In this Deed:

Effective Date means the date of this Deed.

1.2 Incorporation of defined terms

Capitalised terms in this Deed shall, except where the context otherwise requires or where otherwise defined in this Deed, have the meanings given to them in Schedule 22 (**Definitions**) of the Receivables Purchase Agreement, and this Deed shall be construed in accordance with the principles of construction set out in Clause 1 (**Definitions and Interpretation**) of the Receivables Purchase Agreement.

1.3 Designation as Transaction Document

Each of the Parties designates this Deed as a Transaction Document.

2. Amendment

2.1 With effect from the Effective Date and in accordance with Clause 29 (*Amendments and Waivers*) of the Receivables Purchase Agreement, the Receivables Purchase Agreement shall be amended as follows:

- (a) The definition of "Deferred Purchase Price" in Schedule 22 (*Definitions*) of the Receivables Purchase Agreement shall be deleted in its entirety and replaced with the following:

"Deferred Purchase Price" means:

- (a) for each Reporting Period, an amount equal to [* * *] of any amounts of Post-Charge Off Receipts received by the Receivables Manager during such Reporting Period; and
- (b) in connection with any sale by the Purchaser to either the Seller or to a third party of Purchased Receivables which are Charged-Off Receivables, an amount equal to the Agreed Percentage of the purchase price payable to the Purchaser in respect of such sale. **Agreed Percentage** means such percentage as has been agreed in writing between the Seller and the Class C Lender to apply to the relevant sale of Charged-Off Receivables;"; and
- (b) Clause 5.3 of the Receivables Purchase Agreement shall be deleted in its entirety and replaced with the following:

"The Purchaser shall pay to the Seller amounts of Deferred Purchase Price as follows:

- (a) in respect of Deferred Purchase Price described under paragraph (a) of the definition of "Deferred Purchase Price", the Purchaser shall on each Monthly Settlement Date pay to the Seller such Deferred Purchase Price calculated in respect of the Reporting Period ending on the second Monthly Reporting Date prior to such Monthly Settlement Date. Notification of the amount payable in respect of such Deferred Purchase Price for a particular Reporting Period shall be made to the Purchaser on the Monthly Reporting Date relating to such Reporting Period. Payment of amounts of such Deferred Purchase Price then payable shall be satisfied by way of set-off against the Collections Sweep Payments which otherwise are required to be made to the Purchaser at that time or if any Collection Sweep Payments to be made on such day are insufficient to be applied and

set-off so as to satisfy such payment in full, any non-payment in full of such Deferred Purchase Price shall not constitute a failure to pay for the purposes of Clause 12.1(b) and the Seller may satisfy any such unpaid Deferred Purchase Price by applying the Collections Sweep payment on the next following Business Day and thereafter until the relevant amount of such Deferred Purchase Price is settled in full;

- (b) in respect of Deferred Purchase Price described under paragraph (b) of the definition of "Deferred Purchase Price" which is payable in connection with a sale of Charged-Off Receivables to a third party, the Purchaser shall pay to the Seller such Deferred Purchase Price on the date the Purchaser receives the relevant purchase price (or on such other date as may be agreed between the Seller and the Class C Lender); and
- (c) in respect of Deferred Purchase Price described under paragraph (b) of the definition of "Deferred Purchase Price" which is payable in connection with a sale of Charged-Off Receivables to the Seller, the Purchaser shall pay to the Seller such Deferred Purchase Price on the date the Seller is due to pay the purchase price in respect of the connected sale of Charged-Off Receivables to the Purchaser. Payment of such Deferred Purchase Price then payable shall be satisfied by way of set-off against the purchase price payable by the Seller to the Purchaser in respect of the connected sale of Charged-Off Receivables, such that the Seller shall only be required to pay the net amount to the Purchaser".

3. Representations and Warranties

- 3.1 On the Effective Date the Seller makes the representations and warranties in the form set out in Part B of Schedule 2 (*Seller Representations*) to the Receivables Purchase Agreement to the Purchaser and the Security Agent.
- 3.2 On the Effective Date the Purchaser makes the representations and warranties in the form set out in Part C of Schedule 2 (*Purchaser Representations*) to the Receivables Purchase Agreement to the Seller and the Security Agent.
- 3.3 For the purposes of this Clause 3, references to the "Transaction Documents" in Part B of Schedule 2 (*Seller Representations*) to the

Receivables Purchase Agreement or Part C of Schedule 2 (*Purchaser Representations*) to the Receivables Purchase Agreement shall be construed to include this Deed, the Receivables Purchase Agreement (immediately prior to its amendment pursuant to this Deed) and the Receivables Purchase Agreement (as amended pursuant to this Deed).

4. Continuing obligations

- 4.1 The provisions of the Receivables Purchase Agreement and other Transaction Documents shall, save as amended by this Deed, continue in full force and effect and nothing in this Deed shall constitute or be construed as an amendment, waiver or compromise of any other term or condition of the Transaction Documents or any of the Parties' rights in relation to them which for the avoidance of doubt shall continue to apply in full force and effect.
- 4.2 References in the Receivables Purchase Agreement or in any other Transaction Document (other than in Clause 3.3 of this Deed) to "the Receivables Purchase Agreement", "this Agreement", "hereof", "hereunder" and expressions of similar import shall, on and from the Effective Date, be deemed to be references to the Receivables Purchase Agreement (as amended pursuant to this Deed).
- 4.3 Each of the Parties hereto acknowledges and agrees that the amendments effected pursuant to this Deed have been effected in accordance and compliance with the relevant provisions in the Receivables Purchase Agreement (and that they shall be estopped from asserting otherwise after the Effective Date).

5. Incorporation of terms

The provisions of Clauses 26 (*Confidentiality*), 29 (*Amendments and waivers*), 31 (*Notices*), 32 (*Bail-In*), 33 (*Third Party Rights*), 34 (*Severability*) and 36 (*Limited Recourse and Non-Petition*) of the Receivables Purchase Agreement shall be incorporated into this Deed as if set out in full in this Deed and as if references in those clauses to "this Agreement" are references to this Deed.

6. Further assurance

The Parties hereto agree that they will co-operate fully to (and the Purchaser will use best efforts to provide relevant information and support to the Seller and each Receivables Manager such that the Seller and each Receivables Manager shall) do all such further acts and things and execute any further documents that may be necessary or desirable to give full effect to the transactions contemplated by this Deed (but subject always

to the provisions of Clauses 8 (*Notification of Sales*) and 27 (*Data Protection*) of the Receivables Purchase Agreement).

7. The Security Agent

7.1 Class C Lender direction to Security Agent

The Class C Lender hereby authorises and directs the Security Agent to execute this Deed in order to effect the amendment of the Receivables Purchase Agreement in accordance with this Deed and to take any action as may be necessary in connection with, or in order to give effect to this Deed including, without limitation, consenting to the Purchaser entering into this Deed.

7.2 Discharge and exoneration of the Security Agent's liability in relation to this Deed

The Class C Lender discharges and exonerates the Security Agent from any and all liability for which it may or may have become responsible under the Transaction Documents in connection with this Deed (including but not limited to the execution by the Security Agent and the Purchaser of this Deed).

7.3 Waiver of any claim against the Security Agent

The Class C Lender irrevocably waives any claim that it may have against the Security Agent arising as a result of any loss or damage which it may suffer or incur as a result of the Security Agent acting upon the direction in Clause 7.1 (*Class C Lender direction to Security Agent*) (including but not limited to circumstances where it is subsequently found that the direction in Clause 7.1 (*Class C Lender direction to Security Agent*) is not valid or binding) and the Class C Lender further confirms that it will not seek to hold the Security Agent liable for any such loss or damage.

7.4 Indemnity in favour of Security Agent

The Class C Lender expressly agrees and undertakes to indemnify and hold harmless the Security Agent from and against all losses, liabilities, damages, costs, charges and expenses which may be suffered or incurred by it as a result of any claims (whether or not successful, compromised or settled), actions, demands or proceedings brought against the Security Agent and against all losses, costs, charges or expenses (including legal fees) which the Security Agent may suffer or incur which in any case arise as a result of the Security Agent acting in accordance with the direction in Clause 7.1 (*Class C Lender direction to Security Agent*) and the Transaction Documents.

- 7.5 Approval of every modification in respect of the rights of the Class C Lender necessary to give effect to this Deed
- The Class C Lender approves every modification and amendment (and the implementation thereof) in respect of their rights relating to the Transaction Documents resulting from or to be effected by the modifications, authorisations and determinations referred to in the direction in Clause 7.1 (*Class C Lender direction to Security Agent*).

8. Counterparts

This Deed may be executed in any number of counterparts and by each Party on single counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument. Delivery of a counterpart of this Deed by e-mail shall be an effective mode of delivery.

9. Law and jurisdiction

9.1 Governing law

This Deed and any non-contractual obligations arising out of or in connection with it shall be governed by, and interpreted in accordance with, English law.

9.2 The English courts shall have exclusive jurisdiction in relation to all disputes arising out of or in connection with this Deed (including claims for set-off and counterclaims), including disputes arising out of or in connection with: (i) the creation, validity, effect, interpretation, performance or non-performance of, or the legal relationships established by, this Deed; and (ii) any non-contractual obligations arising out of or in connection with this Deed. For such purposes, each Party irrevocably submits to the jurisdiction of the English courts and waives any objection to the exercise of such jurisdiction.

Signatures

IN WITNESS of which this Deed has been executed and delivered by the Parties to it on the date stated on the first page of this Deed.

Receivables Manager and Seller

Executed as a **DEED**)
for and on behalf of)
PAYPAL (EUROPE) S.À.R.L. ET CIE, S.C.A.)

acting through and represented by its managing general partner PayPal (Europe) S.à r.l.

By: /s/ Sean Byrne

Authorised Signatory

Receivables Manager

Executed as a **DEED**)
by **PAYPAL UK LTD**)
by a director in the presence)
of the specified witness)

Signed: /s/ Simon Bladon

Print name: Simon Bladon

Director

Witness

Signed: /s/ Rhodri Jones

I confirm that the above-named signatory has executed this document in my presence.

Print name: Rhodri Jones

Address: 5 Fleet Place, London EC4M 7RD

The Purchaser

Executed as a **DEED**)
for and on behalf of)
ALPS PARTNERS S.À R.L.)

By: /s/ Stefan Ruppert

Name: Stefan Ruppert
Title: Manager

The Security Agent

EXECUTED as a **DEED** by)
BNY MELLON CORPORATE TRUSTEE)
SERVICES LIMITED)

acting by two authorised signatories in the presence of a witness:

Authorised Signatory /s/ Marcelo Roberto Passo

Authorised Signatory /s/ Alexander Braunleder

Signature of witness: /s/ Stephen Wakefield

Name: Stephen Wakefield

Address: 160 Queen Victoria Street, London EC4V 4LA

The Back-Up Receivables Manager Facilitator

Executed as a **DEED**)
for and on behalf of)
AVEGA S.À R.L.)

By: /s/ Stefan Ruppert

Name: Stefan Ruppert

Title: Manager

The Class C Lender

Executed as a **DEED**)
for and on behalf of)
ALPS PARTNERS (HOLDING) S.À R.L.)

By: /s/ Stefan Ruppert

Name: Stefan Ruppert

Title: Manager

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER,
AS REQUIRED BY SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002.**

I, Alex Chriss, certify that:

1. I have reviewed this report on Form 10-Q of PayPal Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Alex Chriss

Alex Chriss

*President, Chief Executive Officer and Director
(Principal Executive Officer)*

Date: October 28, 2025

**CERTIFICATION OF CHIEF FINANCIAL OFFICER,
AS REQUIRED BY SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002.**

I, Jamie Miller, certify that:

1. I have reviewed this report on Form 10-Q of PayPal Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Jamie Miller

Jamie Miller

*Executive Vice President, Chief Financial and Operating Officer
(Principal Financial Officer)*

Date: October 28, 2025

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER,
AS REQUIRED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.**

I, Alex Chriss, hereby certify pursuant to 18 U.S.C. Section 1350 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

- (i) The accompanying quarterly report on Form 10-Q for the quarter ended September 30, 2025 fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
- (ii) The information contained in such report fairly presents, in all material respects, the financial condition and results of operations of PayPal Holdings, Inc.

/s/ Alex Chriss

Alex Chriss

*President, Chief Executive Officer and Director
(Principal Executive Officer)*

Date: October 28, 2025

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of this report.

**CERTIFICATION OF CHIEF FINANCIAL OFFICER,
AS REQUIRED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.**

I, Jamie Miller, hereby certify pursuant to 18 U.S.C. Section 1350 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

- (i) The accompanying quarterly report on Form 10-Q for the quarter ended September 30, 2025 fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
- (ii) The information contained in such report fairly presents, in all material respects, the financial condition and results of operations of PayPal Holdings, Inc.

/s/ Jamie Miller

Jamie Miller

*Executive Vice President, Chief Financial and Operating Officer
(Principal Financial Officer)*

Date: October 28, 2025

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of this report.