IR Newsletter

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PayPal Releases 2Q 2025 Results

PayPal President and CEO Alex Chriss with Mariana Villa and Pedro River,
founder and team member of Marvilla, a PayPal small business merchant in Mexico City.

PayPal released its second quarter 2025 financial results today. We encourage you to read the full materials and listen to our earnings call at 8:00 AM ET.

Key highlights of PayPal's performance for second quarter 2025:

- Transaction margin dollars (TM $s)[1] of $3.8 B, +7% or +8% excluding interest on customer balances[2]
- Non-GAAP operating income of $1.6B, +13%; GAAP operating income of $1.5B, +14%
- Non-GAAP operating margin of 19.8%, +132 bps; GAAP operating margin of 18.1%, +134 bps
- Non-GAAP EPS of $1.40, +18%; GAAP EPS[3] of $1.29, +20%

President and CEO Alex Chriss said, "PayPal had a strong second quarter. We delivered another quarter of profitable growth, driven by continued strength across many of our strategic initiatives ranging from PayPal and Venmo branded experiences to PSP and value-added services. Based on our momentum, we are raising our full year transaction margin dollar and EPS guidance."

Chriss continued, "I'm proud of our team for leading the industry forward in shaping the future of commerce with innovations like agentic commerce, ads, stablecoins, and PayPal World, which will broaden the reach of our branded experiences globally."

In 2Q, we delivered our sixth consecutive quarter of profitable growth, growing TM $s by 8%, excluding interest on customer balances, which benefited from success across many of our strategic initiatives. Both total active accounts and monthly active accounts grew 2% year-over-year, and transactions per active account ex-PSP increased 4%. Branded experiences total payment volume grew 8% FXN, supported by continued strength across online and offline PayPal and Venmo checkout, and in-store options like debit and tap-to-pay. Within Branded Experiences, online branded checkout was up 5% FXN, relatively consistent with trends over the past few years. As the quarter unfolded, we did see slight softening in retail spending, most apparent in areas likely impacted by tariffs, including on Asia-based marketplaces and corridors with goods sourced from China.

It's been a busy, productive quarter with tangible momentum. We continue to make progress across our initiatives and remain focused on advancing our strategic growth drivers by launching new innovations and investing in meaningful partnerships to support our long-term growth. Within branded experiences, the team is focused on scaling our most modern checkout experiences, leaning into high-growth products like Pay with Venmo and BNPL, and driving greater omni-channel adoption. We're now driving more than 60% of U.S. traffic and mid-teens percent of global traffic on our updated checkout experience.

Venmo had another strong quarter; revenue grew more than 20%[4], marking our highest revenue growth rate since 2023, and leading brands like Sephora, KFC, Taco Bell, and Pizza Hut are adding Pay with Venmo to their mobile apps.

We expanded PayPal Everywhere to Germany, launching the first-ever PayPal contactless mobile NFC wallet, and now have more than three million NFC enrollments.

We announced PayPal World, a global partnership connecting five of the world's largest digital wallets on a single platform to create global interoperability (and expand our branded reach from >400M to ~2B consumers globally).

We are hitting an inflection point with Braintree TPV and expect Braintree volume to accelerate in the back half of the year as it continues to drive TM $ growth.

Finally, we are scaling our next-gen growth vectors and recently announced Pay with Crypto to support transactions across more than 100 cryptocurrencies and wallets.

For the third quarter of 2025, we expect:

- TM $s of $3.76B to $3.82B, or 3% to 5% growth
    - TM $ growth of 5% to 7% excluding interest on customer balances
- Non-GAAP EPS of $1.18 to $1.22, roughly in-line with the prior year
- GAAP EPS of $1.14 to $1.18

For the full year 2025, we are raising our full year guidance for TM $s and non-GAAP EPS, and reiterating our full year guidance for free cash flow:

- TM $s of $15.35B to $15.5B, or 5% to 6% growth
    - TM $ growth of 6% to 7% excluding interest on customer balances
- Non-GAAP EPS of $5.15 to $5.30, or 11% to 14% growth
- GAAP EPS of $4.90 to $5.05
- Free cash flow of $6B to $7B

We are making steady progress transforming PayPal from a payments company into a dynamic commerce platform. Our execution is fast and focused, and we are confident in our ability to deliver.

Thank you for your continued interest in PayPal,
Steve and team

Footnotes:

1. TM $, TM $ excluding interest on customer balances, non-GAAP operating income, non-GAAP operating margin, non-GAAP EPS, and free cash flow are non-GAAP financial measures. “Non-GAAP Measures of Financial Performance” and subsequent tables at the end of our earnings press release provide reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures.
2. Interest on customer balances is reported within other value added services (“OVAS”) revenue and primarily comprises interest and revenue earned on customer assets.
3. 2Q'25 GAAP EPS includes ~$0.01 positive impact from PayPal’s strategic investment portfolio, compared to an immaterial impact in 2Q'24.
4. Including one-time benefit from renewal and expansion of key payment partner relationship, Venmo revenue growth +31%.

All growth rates represent year-over-year comparisons, except as otherwise noted. This document contains non-GAAP financial measures and forward-looking statements. FX-neutral (FXN) results are calculated by translating the current period local currency results by the prior period exchange rate. FXN growth rates are calculated by comparing the current period FXN results with the prior period results, excluding the impact from hedging activities. Please see here for important information, including a reconciliation to the most directly comparable GAAP financial measures, and here for additional information on forward-looking statements.