

## PayPal Releases 1Q 2026 Results



PayPal President and CEO Enrique Lores and Global Markets President Suzan Kereere speaking at [PayPal Beyond](#), our flagship enterprise customer event.

PayPal released its first quarter 2026 financial results today. We encourage you to read the [full materials](#) and [listen](#) to our earnings call at 8:00 AM ET.

Key highlights include:

- Transaction margin dollars of \$3.8B, +3%; \$3.5B, +3% excluding interest on customer balances<sup>1,2</sup>
- Non-GAAP operating income of \$1.5B, (5%); GAAP operating income of \$1.5B, (3%)
- Non-GAAP operating margin of 18.4%, (229 bps); GAAP operating margin of 17.8%, (182 bps)
- Non-GAAP EPS of \$1.34, +1%; GAAP EPS<sup>3</sup> of \$1.21, (6%)
- Reiterating FY'26 guidance across all metrics

- Realigning the organization to accelerate execution of growth priorities, streamline decision making, and drive innovation
- Optimizing our cost structure through simplification and accelerated AI deployment

President and CEO Enrique Lores said, "I'm energized by the opportunity to improve execution and accelerate PayPal's growth. The company has valuable assets in our brands, technology, and team – and there is significant potential ahead of us."

Lores continued, "We are taking deliberate steps to sharpen our strategy, simplify our organization, and improve both our growth trajectory and cost structure by focusing our investments where we believe they will have the greatest impact. I am confident in our ability to put the company on a more durable path to long-term growth and shareholder value creation, and we are executing with urgency."

We delivered a solid first quarter, with transaction margin dollars (TM\$) and earnings per share higher than planned. Transaction margin dollars excluding interest on customer balances grew 3%, with contributions from Credit, Venmo, and PSP. Non-GAAP earnings per share grew 1%. We continue to see strength in key parts of the business, with Venmo and Enterprise Payments delivering mid-teens TPV growth.

Branded checkout saw TPV growth of 2% on a currency-neutral basis, a slight improvement from the fourth quarter. We remain focused on creating a better, more simplified branded checkout experience by enhancing experience, presentation, and selection.

Improving execution to unlock new growth opportunities remains our top priority. This will be supported by organizational changes that simplify our structure, clarify accountability, and enable faster decision-making. In case you missed it, please read our [press release](#) from last week announcing our new organizational structure. Additionally, we will accelerate AI adoption and automation across our operations.

This will be a multi-year effort, with significant impact. We expect to see at least \$1.5 billion of gross run-rate savings over the next two to three years, which we expect to deploy to reinvest

in growth and respond to business headwinds, improving our overall financial profile over time.

For the full year 2026, we are reiterating our guidance. We continue to expect:

- Transaction margin dollars: slight decline
- Transaction margin dollars ex. interest on customer balances: roughly flat
- Non-GAAP EPS growth: low-single digit decline to slightly positive
- GAAP EPS growth: mid-single digit decline
- Adjusted free cash flow: \$6B+
- Share repurchase: \$6B

For the second quarter, our guidance reflects the most demanding year-over-year comparison from discrete items across TM\$, operating expenses, and tax rate in 2Q'25. For the second quarter of 2026, we expect:

- Transaction margin dollars: low-single digit decline, or approximately (-3%)
- Transaction margin dollars ex. interest on customer balances: low-single digit decline
- Non-GAAP EPS growth: high-single digit decline, or approximately (-9%)
- GAAP EPS growth: mid-single digit decline

Looking ahead, we are focused on improving execution in branded checkout while continuing to invest in the areas that will drive PayPal's next phase of growth. PayPal has a solid foundation, and we are confident that we will deliver durable, profitable growth over time.

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

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Footnotes:

1. TM \$, TM \$ excluding interest on customer balances, non-GAAP operating income, non-GAAP operating margin, non-GAAP EPS, free cash flow and adjusted 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. 1Q’26 GAAP EPS includes a ~\$0.08 negative impact from PayPal’s strategic investment portfolio and crypto assets held for investment, compared to a ~\$0.03 positive impact in 1Q’25.

*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.*