

September 29, 2025

Advancing PayPal's Strategy with New Partnerships and Innovation



PayPal and Venmo brand activations at the Lollapalooza festivals in Chicago and Berlin.

Dear Investor,

As we move into the fourth quarter of 2025, we continue to make tangible progress in our transformation from a payments company to a commerce platform. We are seeing traction across our strategic growth drivers: Win Checkout, Scale Omni and Grow Venmo, Drive PSP Profitability, and Scale Next-Gen Growth Vectors. Below are some highlights and recent announcements that illustrate our momentum. We also include answers to recent questions we've heard from investors. Topics of note include the financial impact of the service disruption that occurred in August, primarily in Germany, as well as the latest trends in online branded checkout.

Teaming up with Google to help customers shop smarter



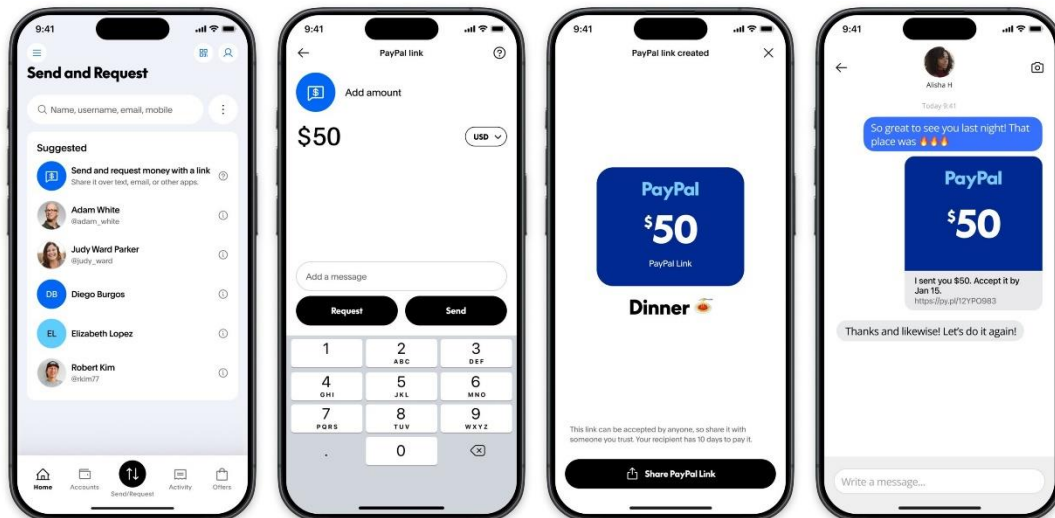
Last week, we [announced](#) a multi-year strategic partnership with Google designed to transform how businesses and consumers transact across platforms and devices. Together, we will deliver frictionless digital commerce experiences that enhance the commerce experience worldwide and create new opportunities for merchants.

- **Agentic shopping and commerce experiences:** we are creating new experiences and developing standards that will shape the future of agentic commerce by bringing our infrastructure, data-driven personalization, and identity solutions together with Google's AI expertise. This includes support for Google's Agent Payments Protocol.
- **Broad embedding of PayPal solutions across Google's platforms:** PayPal's solutions, including PayPal branded checkout, Hyperwallet, and PayPal Payouts, will be integrated throughout various Google products supporting best-in-class seamless experiences.
- **Expanded payment processing:** PayPal Enterprise Payments will be one of the key payment providers processing card payments across products like Google Cloud, Google Ads, and Google Play.
- **Google Cloud expansion:** we will partner with Google Cloud to apply its technology foundations, applications, and infrastructure to power our commerce and payments platform.

This wide-ranging collaboration underscores how we are making progress across our strategic growth initiatives and deepening our role as a trusted partner for global technology leaders. Together with Google, we are advancing the intelligent agent revolution and equipping consumers, merchants, and developers with the tools they need for the years ahead.

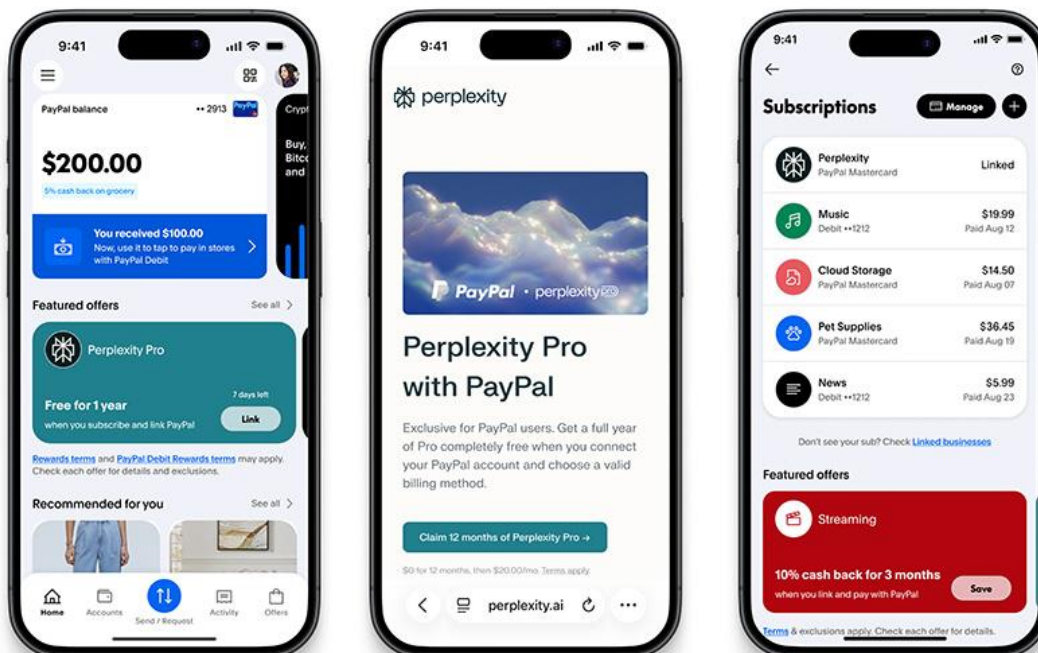
Innovating to improve the consumer experience

Earlier this month, we [announced](#) PayPal links, a simplified way to send and receive money through a personalized, one-time link that can be shared in any conversation, via text, message, or email.



PayPal links makes sending and receiving money part of your everyday conversations.

We also recently [launched](#) a new subscriptions hub that gives consumers a single destination to view and manage their recurring subscription payments – and find rewarding deals – all within the PayPal app. One of our first offers enables PayPal and Venmo users in the U.S. and select global markets to be among the first to experience Perplexity’s highly anticipated AI-powered Comet browser before it’s widely available to the public, along with a free 12-month trial of Perplexity Pro.



Manage your subscriptions and find rewarding offers – right in the PayPal app.

We're excited to continue delivering the tools and experiences that our customers request most, giving them a more convenient and rewarding experience. We'll soon take the peer-to-peer (P2P) payment experience even further by integrating crypto directly into our new P2P payment flow in the app. This will make it more convenient for PayPal users in the U.S. to send Bitcoin, Ethereum, PYUSD, and more, to PayPal, Venmo, and a rapidly growing number of digital wallets across the world that support crypto and stablecoins.

Externalizing a portion of our U.S. buy now, pay later portfolio

On Wednesday, we [announced](#) a two-year agreement with Blue Owl Capital to purchase approximately \$7 billion of our U.S. buy now, pay later (BNPL) receivables. This transaction externalizes a portion of our U.S. BNPL receivables and is in line with our balance-sheet light model for credit. It reflects our disciplined approach to capital allocation and supports the growth of our Pay Later portfolio, while also enabling greater flexibility to invest in our strategic initiatives and innovation.

Engaging with the financial community at recent investor conferences

Earlier this month, our President and CEO Alex Chriss spoke with analyst Will Nance at the Goldman Sachs Communacopia + Technology Conference. The discussion highlighted everything we are doing to enhance branded checkout across PayPal, Pay with Venmo, and BNPL, Venmo and Braintree acceleration, our vision for PayPal World, and innovation in stablecoins and agentic commerce. A [replay](#) of the conversation is available on our Investor Relations website.



Alex Chriss in conversation with analyst Will Nance
at the Goldman Sachs Communacopia + Technology Conference.

Our Chief Financial & Operating Officer Jamie Miller also sat down with Trevor Williams at the Jefferies Fintech Conference. The conversation covered PayPal's continued focus on profitable growth, momentum in branded checkout, accelerating adoption of Pay with Venmo and BNPL, the global rollout of our latest checkout experience, and progress driving margin expansion through Braintree and value-added services. Listen to a [replay](#) of the conversation on our IR site.



Jamie Miller speaking with analyst Trevor Williams at the Jefferies Fintech Conference.

Some of the other questions we've been hearing in recent analyst/investor meetings

Service disruption in Germany – what happened and what's the financial impact?

In late August, PayPal experienced a temporary service disruption, primarily impacting Germany. This disruption was triggered by a coding error in a system update. For a short period of time, processing was disrupted for less than 5% of our customers in Germany. The underlying coding error was addressed, but we recognize that any disruption has an impact on our customers.

Supporting customer needs, safety, and security is a top priority. Over the past month, our teams have been focused on taking action to support consumers and merchants that were impacted. This incident

reinforces our commitment to reliability and security. Our review of the incident is ongoing and we are taking additional steps to further strengthen our systems and processes.

As Jamie shared at the Jefferies Fintech Conference in early September, while the overall impact on payment volume was minimal, on the expense side, we expect to provision for higher transaction losses in the quarter. While we are still operating within our third quarter guidance range, we anticipate a one-time headwind of up to a couple percentage points to transaction margin dollar growth associated with these higher transaction losses.

E-commerce and branded checkout – what's your view on the environment?

Online branded checkout growth has held steady in the mid-single digits for the last several quarters, and 3Q performance so far has been consistent with that trend. In 2Q, we noted some tariff-related headwinds, particularly related to cross-border ecommerce from China, though these have since moderated. At the same time, we are closely monitoring the macro environment. At various times during the third quarter, we've seen some pockets of softer consumer spending in different parts of the globe.

Based on the net impact of all these factors, we currently expect another quarter of branded checkout volume growth squarely in the mid-single digits, in-line with the 5% we reported in 2Q and our third quarter guidance framework provided in July that Alex and Jamie discussed at the Jefferies and Goldman Sachs investor conferences earlier this month.

We remain focused on expanding adoption of our most modern online branded checkout experiences, Pay with Venmo, and BNPL. Taken together, we remain confident that we have multiple paths to drive an acceleration in online branded checkout TPV growth to at least 8% by 2027, or roughly in-line with overall e-commerce trends.

In addition, we continue to make progress driving deeper consumer relationships and habituation across both online and offline channels. These efforts are most visible in the growth of the 'branded experiences' volume (+8% in 2Q'25) that we've begun to highlight and orient our teams around over the past few quarters.

Does selling a portion of your U.S. BNPL portfolio to Blue Owl have an impact on 3Q'25 earnings?

Like the externalization of our European buy now, pay later portfolio in 2023, there will be a small income statement impact from the sale of receivables. This will include a small benefit to TM \$s in the third quarter

(from the release of loan provisions) and a roughly offsetting increase to non-transaction opex (expense associated with selling non-interest-bearing loans at a slight discount to face value). At the non-GAAP operating income level, the impact will be minimal.

As we previously indicated, this transaction is already contemplated in our third quarter and full year 2025 guidance range for GAAP and non-GAAP earnings per share, and non-GAAP transaction margin dollars announced on July 29, 2025.

We are focused on advancing our strategy through continuous improvement, consistent execution, and measurable impact. We are energized by the momentum we are seeing and remain confident in our ability to deliver sustainable growth and long-term value for our merchants, consumers, and shareholders.

Thank you for your continued interest in PayPal. We always welcome and appreciate your ongoing engagement and feedback.

Best,
Steve and team

All growth rates represent year-over-year comparisons, except as otherwise noted.

Forward-looking statements

This newsletter may contain forward-looking statements relating to, among other things, the future results of operations, financial condition, expectations, and plans of PayPal Holdings, Inc. and its consolidated subsidiaries ("PayPal") that reflect PayPal's current projections and forecasts. 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. Forward-looking statements may include, but are not limited to, statements regarding our guidance and projected financial and operating results for the third quarter and full year. Forward-looking statements are based upon various estimates and assumptions, as well as information known to PayPal as of the date of the release of such information, and are inherently subject to numerous risks and uncertainties. Our actual results could differ materially from those estimated or implied by forward-looking statements.

Such forward-looking statements do not include the potential impact of any acquisitions or divestitures that may be announced and/ or contemplated after the date hereof. More information about factors that could adversely affect PayPal's results of operations, financial condition and prospects, or that could cause actual results to differ from those expressed or implied in forward-looking statements is included under the captions "Risk Factors," "Legal Proceedings" and "Management's Discussion and

Analysis of Financial Condition and Results of Operations” in PayPal’s most recent annual report on Form 10-K and its subsequent quarterly reports on Form 10-Q, copies of which may be obtained on PayPal’s Investor Relations website or the SEC’s website at www.sec.gov. All information containing forward-looking statements speaks only as of the date of its release. For the reasons discussed above, you should not place undue reliance on forward-looking statements. PayPal assumes no obligation to update such forward-looking statements.