

1 **LEVI & KORSINSKY, LLP**
Adam M. Apton (SBN 316506)
2 1160 Battery Street East, Suite 100
3 San Francisco, CA 94111
Tel: (415) 373-1671
4 Email: aapton@zlk.com

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6 *Counsel for Plaintiff*

7
8 **UNITED STATES DISTRICT COURT**
9 **NORTHERN DISTRICT OF CALIFORNIA**

10 AARON B. GOODMAN, Individually and on
11 Behalf of All Others Similarly Situated,

12 Plaintiff,

13 v.

14 PAYPAL HOLDINGS, INC., JAMES
15 ALEXANDER CHRISS, JAMIE S. MILLER,
FRANK KELLER, and DIEGO SCOTTI,

16 Defendants.
17
18
19
20

Case No. 26-cv-1381

CLASS ACTION

**COMPLAINT FOR VIOLATIONS OF
THE FEDERAL SECURITIES LAWS**

DEMAND FOR JURY TRIAL

1 Plaintiff Aaron B. Goodman (“Plaintiff”), individually and on behalf of all other persons
2 similarly situated, by his undersigned attorneys, alleges in this Complaint for violations of the
3 federal securities laws (the “Complaint”) the following based upon knowledge with respect to his
4 own acts, and upon facts obtained through an investigation conducted by his counsel, which
5 included, *inter alia*: (a) review and analysis of relevant filings made by PayPal Holdings, Inc.
6 (“PayPal” or the “Company”) with the United States Securities and Exchange Commission (the
7 “SEC”); (b) review and analysis of PayPal’s public documents, conference calls, press releases,
8 and stock chart; (c) review and analysis of securities analysts’ reports and advisories concerning
9 the Company; and (d) information readily obtainable on the internet.

10 Plaintiff believes that further substantial evidentiary support will exist for the allegations
11 set forth herein after a reasonable opportunity for discovery. Most of the facts supporting the
12 allegations contained herein are known only to the defendants or are exclusively within their
13 control.

14 **NATURE OF THE ACTION**

15 1. This is a federal securities class action on behalf of all investors who purchased or
16 otherwise acquired PayPal common stock between February 25, 2025, to February 2, 2026,
17 inclusive (the “Class Period”), seeking to recover damages caused by Defendants’ violations of
18 the federal securities laws (the “Class”).

19 2. Defendants provided investors with material information concerning PayPal’s
20 expected financial targets for 2027 alongside the growth trajectory for its core branded checkout
21 segment (“Branded Checkout”). Defendants’ statements included, among other things, confidence
22 in PayPal’s ability to capitalize on its growth potential through new initiatives to facilitate Branded
23 Checkout growth both in the U.S. and internationally.

24 3. Defendants provided these overwhelmingly positive statements to investors while,
25 at the same time, disseminating materially false and misleading statements and/or concealing
26 material adverse facts concerning the true state of PayPal’s salesforce; notably, that it was not truly
27 equipped to execute on the Company’s perceived growth potential and were “too optimistic” as to
28 how easily and expeditiously its staff could change customer adoption. Such statements absent

1 these material facts caused Plaintiff and other shareholders to purchase PayPal’s securities at
2 artificially inflated prices.

3 4. On February 3, 2026, PayPal announced its financial results for the fourth quarter
4 and full fiscal year 2025, unveiling disappointing earnings results with worsening performance in
5 Branded Checkout. The Company also unveiled a sudden and surprising transition of its Chief
6 Executive Officer role alongside the below-expectation results. PayPal further withdrew its 2027
7 financial targets provided one year before and announced projections that suggested a slowdown
8 against those prior targets. PayPal attributed its results and lowered guidance to a combination of
9 macroeconomic factors competition, and “operational and deployment issues” across all regions.

10 5. Investors and analysts reacted immediately to PayPal’s revelation. The price of
11 PayPal’s common stock declined dramatically. From a closing market price of \$52.33 per share
12 on February 2, 2026, PayPal’s stock price fell to \$41.70 per share on February 3, 2026, a decline
13 of about 20.31% in the span of just a single day.

14 **JURISDICTION AND VENUE**

15 6. Plaintiff brings this action, on behalf of himself and other similarly situated
16 investors, to recover losses sustained in connection with Defendants’ fraud.

17 7. The claims asserted herein arise under and pursuant to §§10(b) and 20(a) of the
18 Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the
19 SEC (17 C.F.R. §240.10b-5).

20 8. This Court has jurisdiction over the subject matter of this action pursuant to 28
21 U.S.C. §§1331 and 1337, and Section 27 of the Exchange Act, 15 U.S.C. §78aa.

22 9. Venue is proper in this District pursuant to §27 of the Exchange Act and 28 U.S.C.
23 §1391(b), as Defendant PayPal is headquartered in this District and a significant portion of its
24 business, actions, and the subsequent damages to Plaintiff and the Class, took place within this
25 District.

26 10. In connection with the acts, conduct and other wrongs alleged in this Complaint,
27 Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce,
28

1 including but not limited to, the United States mail, interstate telephone communications and the
2 facilities of the national securities exchange.

3 **THE PARTIES**

4 11. Plaintiff purchased PayPal common stock at artificially inflated prices during the
5 Class Period and was damaged upon the revelation of the Defendants' fraud. Plaintiff's
6 certification evidencing his transaction(s) in PayPal is attached hereto.

7 12. PayPal Holdings, Inc. is a California corporation with its principal executive offices
8 located at 2211 North First Street, San Jose, CA 95131. During the Class Period, the Company's
9 common stock traded on the NASDAQ Stock Market (the "NASDAQ") under the symbol
10 "PYPL."

11 13. Defendant James Alexander Chriss ("Chriss") was, at all relevant times, the
12 President, Chief Executive Officer, and Director of PayPal until his termination on February 3,
13 2026.

14 14. Defendant Jamie S. Miller ("Miller") was, at all relevant times, the Executive Vice
15 President, Chief Financial Officer, and Chief Operating Officer of PayPal. Defendant Miller also
16 took on the role of Interim President and Interim Chief Executive Officer on February 3, 2026.

17 15. Defendant Diego Scotti ("Scotti") was, at all relevant times, the Executive Vice
18 President and General Manager of the Consumer Group and of the Global Marketing &
19 Communications Group of PayPal.

20 16. Defendant Frank Keller ("Keller") was, at all relevant times, the Executive Vice
21 President and General Manager of Large Enterprise & Merchant Platform Group of PayPal

22 17. Defendants Chriss and Miller are sometimes referred to herein as the "Individual
23 Defendants." PayPal together with the Individual Defendants are referred to herein as the
24 "Defendants."

25 18. The Individual Defendants, because of their positions with the Company, possessed
26 the power and authority to control the contents of PayPal's reports to the SEC, press releases, and
27 presentations to securities analysts, money and portfolio managers, and institutional investors, *i.e.*,
28 the market. Each Individual Defendant was provided with copies of the Company's reports and

1 press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the
2 ability and opportunity to prevent their issuance or cause them to be corrected. Because of their
3 positions and access to material non-public information n available to them, each of these
4 Individual Defendants knew that the adverse facts specified herein had not been disclosed to, and
5 were being concealed from, the public, and that the positive representations which were being
6 made were then materially false and/or misleading. The Individual Defendants are liable for the
7 false statements pleaded herein, as those statements were each “group-published” information, the
8 result of the collective actions of the Individual Defendants.

9 19. PayPal is liable for the acts of the Individual Defendants, and its employees under
10 the doctrine of respondeat superior and common law principles of agency as all the wrongful acts
11 complained of herein were carried out within the scope of their employment with authorization.

12 20. The scienter of the Individual Defendants, and other employees and agents of the
13 Company are similarly imputed to PayPal under respondeat superior and agency principles.

14 **SUBSTANTIVE ALLEGATIONS**

15 **A. Company Background**

16 21. PayPal is an international company that enables digital payments to simplify
17 commerce experiences.

18 22. PayPal operates a two-sided network, connecting merchants on the one hand to
19 consumers on the other in order to facilitate shopping and the transfer of money securely online or
20 in person through its Branded Checkout solutions, such as PayPal and Venmo, as well as through
21 unbranded alternative offerings.

22
23 **B. The Defendants Materially Misled Investors Concerning PayPal’s Branded
24 Checkout Growth Potential Through Fiscal Year 2027**

25 *February 25, 2025*

26 23. On February 25, 2025, Defendants conducted their annual Analyst/Investor Day
27 call, providing an overview of PayPal’s recent and projected business. During the call, Defendant
28

1 Chriss, then-CEO of PayPal, touted the Company's Branded Checkout segment and its overall
2 growth into the next three fiscal cycles, stating, in pertinent part:

3 We are the #1 branded checkout choice

4 ...

5 ***Well, we've committed from guidance to grow greater than 5% in transaction***
6 ***margin and '25. As we look out into '27, we see high single-digit growth for***
7 ***transaction margin.*** And as we think about all the levers for growth that we have
8 into the future and this transformation into a commerce platform, we believe and
9 have our ambition that we will deliver double-digit transaction margin growth into
10 the future and deliver it responsibly with 20% plus non-GAAP EPS growth.

11 So this is our vision. This is what we look at as we look into the future. ***We are***
12 ***maniacally focused, and what you will hear throughout the rest of the day is our***
13 ***strategic imperatives that I laid out at our last earnings call are where our teams***
14 ***are focused and executing and they are all in line with the vision that I just laid***
15 ***out. We will win checkout.*** We will scale our omni experience, we will grow
16 Venmo and we will accelerate our SMB penetration.

17 (Emphasis added).

18 24. Defendant Scotti provided some background on Branded checkout, highlighting the
19 general value proposition for the consumer, in pertinent part, as follows:

20 So let's start with PayPal. Branded checkout is the heart of PayPal. And every
21 business in the company has a critical role in driving it. So on the consumer side,
22 it's all about selection, consumer selection. How we drive consumers to select and
23 demand PayPal at checkout, but it doesn't stop there.

24 Our strategy also drives engagement across our ecosystem of products to increase
25 monetization. Later, you're going to hear from my colleagues, Frank, Michelle and
26 Suzan about how the checkout experience will also drive conversion and how we
27 are going to scale merchant adoption. Now as we always do, let's start with the
28 consumer. So PayPal's value proposition resonates across all demographics. But we
are maniacally focused on young families and individuals in their 30s and 40s who
have medium to high incomes. This is a very important distinction. They want
convenience, and they want to make the most of their money. So for them, we want
Paper to be the easiest, the safest and the most rewarding way to pay, to send and
to save money, which makes us the smartest way to pay. Now there are 3 pillars
that underpin how we drive selection and answer the question, why PayPal pay
everywhere, pay your way and get the most value.

...

1 Now what is really important is that if you look at these numbers, every start that
2 we have in this page shows that *every consumer product leads to checkout*. And
3 that is a very important distinction for our strategy. *That's why it's both about*
4 *having an amazing checkout experience, but it's also critical that we build and*
5 *we nurture a consumer product ecosystem that drives engagement, that gives us*
6 *more ways to monetize and that keeps reinforcing selection.*

7 (Emphasis added).

8 25. Defendant Keller then provided growth expectations for branded checkout through
9 2027 and described what that growth would mean to the Company, in pertinent part:

10 So PayPal is not only the smartest way to pay, but it's also for merchants, the
11 smartest way to get paid. And that's why PayPal Checkout is at the core of our
12 flywheel. Diego already talked about this. This is our branded checkout growth
13 formula.

14 ...

15 When we step back, we saw an immense opportunity to bring more consumers into
16 the PayPal ecosystem and ultimately, the branded checkout flywheel.

17 ...

18 Fastlane fuels our branded flywheel with the second opportunity to bring consumers
19 into our ecosystem. Let me tell you, we're watching Fastlane user cohorts extremely
20 carefully. And what we're seeing is interesting, 25% are new to PayPal. And over
21 50% are inactive, meaning they have a PayPal account, they are no longer using.
22 So it becomes a great channel for us to engage new or lapsed users with branded
23 checkout.

24 ...

25 *So I know you're all interested in understanding our growth expectations for*
26 *branded checkout. Our plan is to accelerate TPV growth to between 8% and 10%*
27 *by 2027.*

28 *We will measure success by growing our new experience share to over 80%,*
growing pay later usage by more than 20% and growing pay with Venmo by more
than 40%, as you heard in Diego's section.

So to summarize, *we have a rigorous plan to drive checkout growth*. We're
reigniting consumer selection. We have reimagined our checkout experiences and
innovate it with Fastlane, and those are highly performing to exceed merchant and
consumer needs. And now we're laser-focused on scaling them across our global
merchant base. *When we talk to merchants, they are impressed by our new*
experiences, which opens doors for having much more holistic conversations
about how we help them driving their business.

1 ...

2 **Merchants typically enter to our ecosystem through branded checkout**, then they
3 adopt processing and move to platform integration which allows us then to add
4 higher-margin value-added services and new innovations. As you can see down
5 there, we have a lot of upside.

6 ...

7 I want to leave you with 3 takeaways. **We're raising the bar on branded checkout.**
8 **We have an end-to-end plan to accelerate growth.** Our new experiences are
9 delightful for consumers and drive conversion and outcomes for merchants.

10 (Emphasis added).

11 26. Defendant Miller provided more specific financial results, goals, and benchmarks
12 associated with PayPal's 2027 projections, pertinently as follows:

13 Looking ahead, we have a diversified portfolio to drive growth. And what you see
14 on this slide is a more simple and relevant TPV breakout than in the past. It's a
15 better way of how we think about the product portfolio today, our customer needs
16 and our use cases, and we're making progress across each of these areas. **So the
17 first online branded checkout includes PayPal, branded checkout, eBay and Pay
18 with Venmo. And it's about 30% of our TPV. We have a clear plan and execution
19 milestones to accelerate, and I'll talk about that more in a bit.**

20 ...

21 I want to take a minute and walk you through some of the specific goals and **ways
22 for you to track our progress underpinning each of the initiatives.** And starting
23 with **Checkout, which is at the center of everything we do, our new products,
24 partnerships and campaigns are all aimed at accelerating Checkout.** We want to
25 be the easiest, the fastest, the safest solution, and it is essential we deliver more
26 value to customers, and that means higher conversion for merchants and making
27 things even more flexible and rewarding for consumers.

28 This chart shows our path from 6% volume growth last year to at least 8% to 10%
by 2027. Our strategy is underpinned by 3 key building blocks: first, modernizing
Checkout solutions to drive higher selection rates. Taking our latest branded
checkout experience from about 30% coverage in the U.S. today to more than 80%
globally by 2027. Our goal is for these experiences to deliver more than 1 point of
conversion improvement to merchants. But the real opportunity is how this impacts
selection rate, better experiences, less breakage, more retention, all lead to stickier,
more engaged consumers and a higher share of wallet.

...

1 Now I'll take you through our financial outlook. As you've heard consistently, we
2 are focused on accelerating profitable growth, moving from 5% TM dollars growth,
3 excluding interest in '24 to a range of 7% to 9% by 2027, driving expense leverage,
4 operating margin expansion and share buyback combines for low teens plus EPS
5 growth. And that includes headwinds from lower interest rates and tax rate
inflation. And as I mentioned earlier, our long-term ambition is higher. We believe
the opportunity in front of us is significant, and we want our team's ambition to be
20% plus EPS growth over time.

6 (Emphasis added).

7
8 27. A question-and-answer segment followed the Defendants' prepared remarks during
9 the call. During the segment, Defendants fielded multiple questions surrounding their projections
10 and confidence in Branded Checkout's growth acceleration through the new initiatives PayPal is
undertaking in the following pertinent exchanges:

11 <Q: Tien-Tsin Huang – JPMorgan Chase & Co – Senior Analyst> It's Tien-Tsin
12 Huang from JPMorgan. I just want to ask to accelerate branded checkout. Can you
13 do it at the same economics that you have today? Is there still a price-to-value
14 exercise to go through? Because you make the case that you're doing a lot of work
on the consumer, giving a lot of choice, things like that. I'm sure if you unbundle
that, there's an interesting exercise there. But I'm curious just about economics and
take rate and ARPA, that kind of thing.

15
16 <A: James Alexander Chriss>Yes. Let me start and then maybe Jamie or anyone
else pop in. The way I think about it is, again, ***if we change the game in how we***
17 ***engage with our merchants, branded checkout gets far more valuable for our***
18 ***merchants as well***. So you're already starting to see things like habituation with
buy now, pay later. Right, the increase in now bringing buy now, pay later into the
experience. ***The uplift it gives for merchants is also economics for us as well.***

19
20 But ***what we're starting to see is we're having merchant conversations, and I'm***
21 ***having many of these personally with CEOs of some of our largest merchants, is***
22 ***we are now able to bring them new customers***. And so the people they're bringing
into the conversation are their CMOs, are the people talking about customer
23 acquisition. ***And so we're tapping into economics and the relationship that's***
24 ***beyond just their payments person or their Checkout person***. And so I just think,
again, it's the biggest mindset shift that I asked you all at the beginning, and I will
25 continue to ask you all to go through now, which is ***the evolution of a payments***
26 ***company that is just focused on creating a frictionless Checkout experience,***
which we are still the #1 player in into a commerce company, and I think it just
taps us into much broader addressable markets.

27 <A: Jamie S. Miller> Yes. And when -- to add to what Alex said, I mean a lot of
28 what we're doing around branded checkout, driving debit, driving buy now, pay
later, driving Pay with Venmo. ***These are all high-margin products in addition to***

1 *the habituation and other halo effect they bring to branded. And we see that halo*
2 *effect in the cohorts and in the numbers. And so when you look at take rates,*
3 *some of those do carry lower take rates, but they're margin accretive. And so*
4 *margin will be accelerating over the time as we do this, but at the same time, take*
5 *rate may shift based on product mix and things like that.*

6 ...

7 <Q: Darrin David Peller – Wolfe Research, LLC – MD & Senior Analyst> Well,
8 it's Darrin Peller from Wolfe. Guys, I just want to understand a little bit more.
9 You've had great data on the Checkout experience getting better and you have such
10 a great runway there and how many monthly active users you have is really a
11 differentiator. But how do we help us understand the steps you're going to take to
12 convince the consumer, really light the fire under a consumer to say, from here on,
13 I'm going to use Pay with Venmo. I'm going to use PayPal when maybe they didn't
14 before. Beyond just the Checkout experience getting better, something has to really,
15 I think, ignite them. Help us understand the steps, marketing, loyalty, anything else
16 that would be helpful to get -- and where does that 34 transactions per month or per
17 year rather? Where is that going to go over the next few years?

18 <A: Diego Scotti> Yes. *Let me go back to the point about the shift on the mindset*
19 *because we are moving from a value proposition that was only about Checkout,*
20 *meaning a button to a value proposition about data, which means we want people*
21 *to stay, we want consumers to stay in our ecosystem because there is a much larger*
22 *equation of value from them when they do more with PayPal. So it starts with*
23 *Checkout. As we were saying before, now we are connecting the rest of the*
24 *products from the ecosystem to check out like never before, from debit to pay*
25 *later, to Pay with Venmo, even crypto now.*

26 And that is going to create not only habituation, but on top of that, we're also going
27 to build rewards that are going to give you really a lot of reasons for you to stay on
28 that ecosystem. And I said it very quickly during the presentation, but we are
thinking on rewards and -- because we are the only ones that can do it that will
really connect PayPal first-party rewards not only on just payments, but the whole
ecosystem, so you really get more for doing more with us. And then merchant
rewards as well that would be merchant funded, connecting also through our smart
wallet with the rewards program from our merchants.

29 *So when you put all of this together, you're going to get so much value as a*
30 *consumer that is going to be really compelling for you to stay with us.* On top of
31 that, and you saw what we did last September, our marketing is also changing to,
32 number one, help you think differently about PayPal. It's not just for some
33 purchases or just for online purchases, it's for all purchases. And that is a massive
34 change for the way the consumer thinks about PayPal, which in combination with
35 the other things, is going to allow us to keep you super engaged with our brand.

36 <A: James Alexander Chriss> Just to add on to -- pile on to what Diego was saying.
37 *I think the fact that we have both sides of the ecosystem gives us an opportunity*
38

1 *to create completely differentiated experiences.* We are consumer-obsessed and
2 merchant obsessed. I think there are other players out there and other platforms that
3 actually looked at while driving customers, disintermediate the customer from the
4 merchant because they actually want to own that relationship. We don't have to play
5 that game. We actually can -- if you look at that commerce API, we can provide the
6 merchant with the information to personalize the experience for that consumer and
7 drive loyalty into the consumer's wallet because the consumer is engaging with us
8 on a daily basis.

9 And so when you think about a loyalty experience, I mean, everyone think back to
10 the '90s when you had a thick wallet with a whole bunch of loyalty cards sitting in
11 there. Those have gone away as you've now moved to a phone. But that also means
12 that your relationship with your local merchant, your relationship with that loyalty
13 platform has gone away as well. *I think we have an opportunity to bring that back.*
14 *So that consumer understands that, hey, this is where I make my purchases all*
15 *the time. And this is where I want my rewards and my loyalty to be, and the*
16 *merchant gets to have a deeper relationship with those consumers. And I think*
17 *we have a very, very unique opportunity to create that flywheel.*

18 ...

19 <Q: Jason Alan Kupferberg – BofA Securities – MD in US Equity Research &
20 Senior Analyst> I wanted to follow up on brand checkout. When do we start this
21 path towards acceleration. We're talking about 300 basis points 2 years from now.
22 When does it start? Is it late this year? Is it first half of next year? Talk about
23 cadence. And then just in terms of geographic mix, our understanding right now,
24 U.S. is growing a little slower than international. So does the bulk of the
25 acceleration in the next couple of years come from the U.S.?

26 ...

27 <A: Jamie S. Miller> So Jason let me talk about that in maybe 2 parts. The first is
28 really thinking about margin dollar growth over the next couple of years, and then
I'll pivot and talk a little bit about the U.S. From a margin dollars perspective, *our*
guidance this year assumes 100 basis points of shift in margin. And certainly, all
the things I talked about are a part of that and a significant part of that. *Branded*
checkout, we're already at 30% penetration in the U.S. on the merchant
experiences. All the work Diego has done around offline, debit, marketing, that
stuff you're going to see us continue and be very focused on as we move through
'25.

So what I'd say to that is it will be a gradation over the period of time is how to
think about transaction margin. *When we come over to branded checkout, the U.S.*
side of it, we are very, very focused on U.S. growth with branded checkout. It is
something that has the full weight of the organization behind it. We have very,
very strong market positions internationally. We expect growth there too and to
continue taking share, but the U.S. is a big, big focus there. And Frank talked about
the merchant experience as being a key part of that. The other piece of it, and I

1 really want to make sure we make this link is all of the things that we're doing
2 offline, that habituation really does come back into more MAAs better halo effect,
3 higher branded checkout use in the funds flow that works through the products and
4 that's both to PayPal. And branded, it's also on Pay with Venmo and how Venmo
5 habituates the same way. So all of that comes into play there.

6 (Emphasis added).

7 28. Defendant Chriss further spoke to PayPal's current and projected competitive
8 position, as well as what advantages on the ongoing growth initiatives provide in response to the
9 following pertinent question:

10 <Q: Harshita Rawat – Sanford C. Bernstein & Co., LLC – Senior Researcher>
11 Harshita with Bernstein. So Alex, Jamie, I want to follow up on the 6% to kind of
12 8% to 10% branded TPV acceleration. You discussed a number of initiatives and
13 modern experiences, which will drive that. How do you factor in the competitive
14 dynamics with respect to Apple Pay coming online, Shop Pay, other buy now pay
15 later kind of factoring into your outlook?

16 <A: James Alexander Chriss> Yes. It's a great question. And obviously, ***we spend***
17 ***a lot of time benchmarking ourselves versus competition.*** The first thing I'd say is
18 we have to have a best-in-class experience for consumers. And that's what you saw
19 today, which is -- and I've been very consistent. If you go back a year ago, that
20 branded checkout experience, particularly on mobile, as Frank walked through
21 today was entering your e-mail, entering your password, it was very clunky. ***And***
22 ***our ability to now leapfrog competition and ensure that we have the best-in-class***
23 ***consumer experience is step 1.***

24 ***But that is insufficient. I think if we are here 3, 4 years from now talking about a***
25 ***frictionless Checkout experience, we, as an industry, have failed.*** This has to now
26 turn into commerce experience. This has to turn into experience, where you as a
27 customer are getting a personalized Checkout experience, just like you saw on
28 screen today where I go into my store, I go to Checkout, and I'm getting in our case,
a button that is speaking to me. It knows me, it's personalized to me. It's giving me
the right reward. It's understanding the loyalty that I have with this merchant.

That, to me, is a completely different experience. And I think we are the only ones
with a 2-sided ecosystem with access to merchants at scale with access to 80
million-plus shopper profiles and access to hundreds of millions of consumers
on an open agnostic platform to be able to deliver that next version of commerce.
So we need to keep looking at competition. We need to get to best-in-class on the
current experience, but we are focused on innovating for the future and being the
leaders in the next version of commerce.

(Emphasis added).

April 29, 2025

29. On April 29, 2025, Defendants published their first quarter fiscal 2025 results. During the corresponding earnings call, Defendant Chriss attributed the strength of the quarter to management's Branded Checkout growth initiatives discussed during the Analyst/Investor Day call. In pertinent part, Defendant Chriss discussed PayPal's first quarter results as follows:

Turning to Q1. We have so much to be proud of. Let me share just a few highlights. Our strategy is designed to improve PayPal's profitability over time. In Q1, we delivered our fifth consecutive quarter of profitable growth, with transaction margin dollars growing by 8%, excluding the impact from last year's leap day. ***That growth was driven by multiple sources across our strategic initiatives, including omnichannel commerce, both online, branded checkout and off-line branded payment methods, Venmo and PSP.*** As a result of this focus on profitability, non-GAAP earnings per share increased 23% year-over-year.

Additionally, PayPal and Venmo are being used by more people more often. Both total active accounts and monthly active accounts grew a healthy 2% in the quarter. Transactions per active account ex PSP grew 4%, reflecting improved engagement and transaction growth in online branded checkout and Venmo.

As we expand our offerings from online to everywhere, ***the best way to see the traction we're gaining is through branded experiences TPV. Branded experiences comprises volume from PayPal and Venmo online checkout as well as branded in-store payment methods like debit and Tap to Pay.***

In Q1, branded experiences TPV grew 8%, excluding last year's leap day. That's a full 2 points higher than branded experiences' growth for the full year of 2024, highlighting the growing contribution of our omnichannel initiatives. It's still early days, but we are very proud of this progress.

Within branded experiences, we're continuing to accelerate the rollout of our upgraded online branded checkout flows. This includes our simplified and modernized paysheet design, with streamlined log-in and reduced latency. ***Since the beginning of the year, we've driven a 25-point jump to more than 45% of U.S. checkout traffic. This shows we can execute, and we anticipate an even faster rollout for Europe starting in the second quarter.***

And finally, Venmo had another standout quarter. We hit an important inflection point for Venmo monetization, with 20% revenue growth, driven by our push to make Venmo one of the best ways to pay online and in-store.

These are only a few examples of the strength we're seeing in the execution of our strategy. We're feeling the excitement of our innovations in the market and the engagement from our consumers and merchant partners, and we're just getting started.

1 ...

2 ***Starting with win checkout. Online branded checkout TPV, including PayPal and***
3 ***Pay with Venmo, grew nearly 6% this quarter, accounting for last year's leap day.***
4 ***We're proud of this growth and expect it to increase over time as more traffic***
5 ***flows through our upgraded experience.***

6 ...

7 Today, our PayPal and Venmo debit cards are enabling our customers to use their
8 balance to shop anywhere cards are accepted. Adoption is strong and growing, with
9 approximately 2 million first-time PayPal and Venmo debit card users in the
10 quarter, an increase of nearly 90% from last year. Debit card TPV grew
11 approximately 64% in the first quarter. Venmo debit card monthly active accounts
12 grew nearly 40%, and penetration has reached to 6% of Venmo MAAs.

13 We are focused on getting these products into the hands of even more of our
14 customers because they allow them to choose PayPal and Venmo as their way to
15 pay more often. In the first quarter, users who adopted the PayPal debit card
16 transacted nearly 6x more and generated more than 2x the average revenue per
17 account, compared to those who used online branded checkout only. ***There is also***
18 ***a halo effect where debit card users choose PayPal more often in online branded***
19 ***checkout.***

20 (Emphasis added).

21 30. Defendant Miller added more concrete financial details to the results, in pertinent
22 part:

23 ***In the first quarter, online branded checkout volumes grew more than 4% on a***
24 ***currency-neutral basis. And excluding last year's leap day, which contributed***
25 ***over 1 point to growth, online branded checkout volumes increased nearly 6%.***
26 ***Branded experiences TPV, which includes online checkout, PayPal and Venmo***
27 ***debit as well as Tap to Pay, grew 8% ex leap day, accelerating from the prior year.***

28 ...

Moving to more financial detail on Slide 8. ***Transaction revenue was flat on a spot***
basis or up 1% on a currency-neutral basis to \$7 billion, driven primarily a
branded checkout, Venmo and SMB processing. This growth was offset by the
shift away from unprofitable Braintree volume that I just mentioned.

(Emphasis added).

1 31. During the question-and-answer segment, Defendants reiterated their current
2 progress and confidence in the Company's Branded Checkout strategy in response to the following
3 pertinent inquiry:

4 <Q: Dan Dolev – Mizuho Securities USA LLC – MD & Senior Equity Research
5 Analyst> Great results here. Really appreciate it. Can you give us like a sense of --
6 it looks like the branded experience TPV strategy is doing really well. Can you give
7 us maybe a sense of like how much traction you're getting there and what you're
8 doing to get those nice results?

9 <A: James Alexander Chriss> Yes, Dan, let me start. So good to hear from you.
10 We've got -- this is the strategy that we've laid out really coming to light. So first,
11 *we have a branded checkout strategy that is really about driving habituation*
12 *everywhere that the customer wants to pay.* We have such strong brands in both
13 PayPal and Venmo, and our customers are asking to be able to leverage that trust,
14 the safety, the brand, the rewards in every purchase that they make.

15 *And so we've been focused on not only improving that online experience that*
16 *we've talked about, and I'm sure we'll talk about more, making it available for*
17 *them exactly how they want to pay, whether that's immediately or with pay later*
18 *scenario, with buy now, pay later, but then also off-line.*

19 And you mentioned branded experiences. This really is enabling our PayPal debit
20 card or our Venmo debit card to be accessible to our consumers. *We saw PayPal*
21 *debit card TPV growth over 100% in Q1. And that really is driving habituation.*
22 *This is driving our consumers to actually start to come back, move online and*
23 *start to pay with PayPal wherever they see it.*

24 *So the strategy is working. TPV, up 8% overall in branded experiences. And this*
25 *really is the metric that we are focused on and we hope you're focused on as well*
26 *because, again, it is really all about the strategy that we've laid out.*

27 (Emphasis added).

28 32. Defendants further touted confidence in PayPal's international competitive position
and ability to extend the Brand Checkout initiatives to Germany and the U.K., in particular, in
pertinent part:

<Q: Jason Alan Kupferberg – BofA Securities – MD in US Equity Research &
Senior Analyst> So it looks like online branded, you were stable on an underlying
basis here in Q1 at up 6%. But now we've got almost half the U.S. on the new
checkout experience. It sounds like Europe is on tap to start pretty soon. So could
we start to see some initial acceleration in online branded volume growth by the
end of this year if the macro stays stable? And can you just give us a word on what
the U.S. versus international branded split looked like in terms of Q1 growth rates?

1 <A: James Alexander Chriss> Jason, thanks. So again, ***just to unpack our branded***
2 ***strategy, I'd really think about it as 3 parts. One is the improved branded checkout***
3 ***experience. And as you mentioned, we're -- we've moved very quickly up now***
4 ***over 45% in the U.S.*** Again, that still is -- think of that as sort of double digits of
5 our global transactions. And so ***we're really excited. We think we've got a really***
6 ***strong playbook now. And we think, as we start to roll this out into Europe, we'll***
7 ***actually accelerate even faster.*** But our paysheet redesign is holding, the
8 improvement is holding, and now this is just about scaling.

9 ***Second lever is really accelerating Pay with Venmo,*** and you've seen the results
10 there. So very, very fast flywheel starting to happen from a Pay with Venmo
11 perspective. TPV up over 50%, and MAAs up over 30%.

12 ***And then the third lever is buy now, pay later and our pay later products.*** And
13 again, TPV up over 20%.

14 ***So you add all 3 of those together, and as we continue to see us leaning into those***
15 ***3 levers, I don't know the exact timing of when we'll start to see branded***
16 ***checkout, but we put pretty strong growth numbers of 8% to 10% by 2027.*** And I
17 think those 3 levers are -- continue to give us confidence that we're executing well
18 and heading in that direction.

19 <A: Jamie S. Miller> Good. And then, Jason, what I would just add to that. When
20 you look at the paysheet redesign, I would say we think about that as ramping over
21 time. I mean this is something that as things come on, transactions start flowing, it's
22 not something that is an immediate translation. And we do see impact coming
23 through the numbers, but it's very small so far. So maybe that's how I would
24 position that piece of it.

25 When you look at the U.S. and international, I guess I'd start with the U.S. and
26 saying performance was relatively consistent with the fourth quarter. And we are
27 beginning to see good traction across U.S. MAAs, across TPA, across shifting to
28 power -- more upstream to more power users. And Alex mentioned Pay with
Venmo, which is really -- had good traction there.

It is early, but we talked in the fourth quarter about seeing some shifting in our
U.S. branded checkout levels. We saw that hold again this quarter, watching it
very closely but cautiously optimistic about that.

And then on the outside the U.S. side, relatively consistent as well, a little bit of
macro volatility across the markets. But in Europe, we continue to take share in
Continental Europe, including in Germany. Really strong brand presence, as you
know, across merchants, across consumers.

And I think what we're really excited about is that we're bringing our new product
innovation to the market in Europe starting this quarter. ***So we'll start with***
Germany and the U.K. And this is the checkout redesign. It is buy now, pay later.

1 It is omni and NFC launches. And brand marketing to accompany all of that, with
2 a fast follow to other countries after that.

3 ***So I think the overall look right now, we feel pretty good about branded checkout
4 and just laser-focused on our execution.***

5 <Q: Timothy Edward Chiodo – UBS Investment Bank – Analyst> I want to dig in
6 a little bit more to Germany and the U.K. I believe they're the 2 largest branded
7 markets outside of the U.S., particularly from a gross profit standpoint. I believe
8 they are 2 of the largest markets for branded. Two topics I was hoping we could
9 touch on. One is a little bit about the competitive landscape in those 2 markets
10 specifically. And then on the U.K., I know there were some efforts to roll out
11 biometrics to help with 2-factor authentication. And I was hoping you could talk a
12 little bit about the progress and the phasing of that initiative.

13 <A: James Alexander Chriss> Yes. Let me get started, Tim. So as you said, 2 very
14 important markets for us and strong markets outside of the U.S. Competitive
15 dynamics is a little bit different, so let me unpack them. ***Germany, we are really
16 the market leader there. We're -- I think we're the #1 brand in Germany for the
17 last 3 years. So very, very strong consumer presence. Very strong merchant
18 presence.***

19 ***It's also a different type of market. As I just mentioned, it was not a -- it's not a
20 credit-heavy market. So the way PayPal is used is we're connected to bank, and
21 then PayPal is used as really the way to make an online purchase. And so our
22 transactions in e-commerce in Germany are extremely high. That's what gives us
23 a lot of confidence as we now move into off-line, is we're really going to be really
24 one of the first at-scale, bank-connected, off-line wallets that we think will be able
25 to drive significant penetration into the market.***

26 So we're really excited about that as well as bringing some new innovations to
27 market with not only our rewards program, but also the buy now, pay later
28 connected element as well. ***So with the brand presence we've got in Germany, with
the banks already connected and the onboarding experience, that's just really
delightful. I mean it's literally one click from your bank to be able to set up your
off-line wallet. And with the innovation of rewards and buy now, pay later, we're
really excited to get into the market there.***

29 ***U.K., much more competitive dynamic there. We've really suffered in the last few
30 years with what I would consider to be one of our poorest app experiences for
31 consumers.*** We're rolling out a new app experience in the U.K. shortly. But we've
32 already started with, as you mentioned, the biometrics. So we actually got a
33 favorable connection with the regulator there to enable us to -- enable our
34 biometrics to be considered 2-factor authentication. That's rolling out quickly and
35 enabling a much better experience, whereas before, it really was choppy and created
36 a lot of friction and a lot of latency in the experience.

1 ***Biometrics is now really creating a seamless experience. You add on top of that***
2 ***the new app that's going to be rolling out and then our rewards program and all***
3 ***the other innovation that we brought to bear. And we think we're going to be***
4 ***competing quite well in the U.K. And you'll see us leaning in from a go-to-market***
5 ***perspective as well to really remind consumers that we now have the best product***
6 ***in the market.***

7 The last thing I'd say is I was actually just there a few weeks ago, and I think there's
8 a big opportunity for us in buy now, pay later. Actually, I sat down with a lot of
9 merchants in the market, and they're really looking for PayPal to come in. There's
10 a lot of different options that are available now. And I think we're hearing from
11 merchants that PayPal is a beloved, trusted brand that they would love to be able to
12 have their consumers have a single onetime checkout or buy now, pay later option
13 from a single brand. And so we're going to lean in heavily in buy now, pay later in
14 the U.K. as well.

15 (Emphasis added).

16 July 29, 2025

17 33. On July 29, 2025, Defendants published their results for the second quarter of fiscal
18 year 2025. Defendant Chriss, during the associated earnings call, again pressed the narrative that
19 PayPal's initiatives and upgrades to the Branded Checkout segment was working as intended to
20 generate new growth for the Company, in pertinent part as follows:

21 Turning to our second quarter performance. ***We delivered our sixth consecutive***
22 ***quarter of profitable growth despite the macro uncertainty.*** Transaction margin
23 dollars grew 8%, excluding interest on customer balances. ***Success across many of***
24 ***our strategic initiatives contributed to that growth, including online and off-line***
25 ***branded experiences, payment services and Venmo.*** This highlights a healthy
26 business with multiple avenues to sustain and accelerate growth, and non-GAAP
27 earnings per share increased 18% year-over-year. We continue to build upon our
28 broad reach and strong engagement. Both total active accounts and monthly active
accounts grew 2% in the quarter. Transactions per active account ex PSP grew 4%
as more people use PayPal and Venmo more often.

If we look at our 4 strategic growth drivers: Winning checkout, scaling omni and
growing Venmo, driving PSP profitability, and scaling our next-gen growth
vectors, we are making meaningful and tangible progress on all 4. I'd like to walk
through each one, highlighting examples of our progress. ***The first 2 growth drivers***
are entirely focused on improving and growing our branded experiences. I'm
proud that we drove 8% currency-neutral growth in branded experiences TPV
this quarter. This positive result reflects the benefit of meeting our customers
wherever they choose to shop with PayPal and Venmo, online and offline. As a
reminder, branded experiences includes winning Checkout, expanding buy now,
pay later, winning with Venmo and scaling omnichannel capabilities.

1 Starting with online branded checkout. TPV, including PayPal, BNPL and Pay with
2 Venmo, grew 5% currency neutral in the second quarter, consistent with what we've
3 been seeing over the past year. ***Our upgraded experiences are driving the uplift***
4 ***we expected, and most of our merchants and consumers are behaving***
5 ***consistently with recent quarters. At the same time, we offset headwinds from***
6 ***platforms and merchants in Asia, where we saw volumes decelerate following the***
7 ***implementation of tariffs.***

8 Our focus is on the things that are within our control and that we know will have a
9 positive impact on our overall growth trajectory over time. That starts with driving
10 more traffic through our upgraded checkout experiences, both in the U.S. and
11 internationally. ***These upgrades offer a much better consumer experience,***
12 ***improved presentment of BNPL and drive meaningful conversion rate***
13 ***improvements. This is currently rolling out in the U.S., Germany and the U.K.,***
14 ***and we have a comprehensive playbook that we will apply to other countries.***
15 Around mid-teens percent of our global transactions are now on our latest
16 experience, including more than 60% of our U.S. checkout transactions.

17 We are also investing in key use cases like subscriptions to drive repeat branded
18 checkout use. Many of these efforts that are contributing to growth this year will
19 continue to ramp into next year and add to our confidence that we are on track to
20 achieve our growth outlook for branded checkout TPV.

21 (Emphasis added).

22 34. Defendant Chriss also discussed the launch of “PayPal World,” a new piece of the
23 branded puzzle which would purportedly help push Branded Checkout’s growth potential even
24 further, pertinently stating:

25 Finally, I'd like to explain how last week's announcement of ***PayPal World will be***
26 ***a game changer for our branded experiences.*** Digital wallets have become
27 ubiquitous and the standard for making a payment or sending money worldwide.
28 Today, almost 3.5 billion people rely on digital wallets as their go-to method for
shopping and transferring funds. That's 83% of global digital payments happening
through wallets, and the number is only going to continue growing. There will be
over 5 billion wallets globally by 2026. But among those billions of users, there are
hundreds of regional wallets represented. This fragmented system of wallets poses
tremendous challenges and immense friction in a global commerce ecosystem.

For consumers, it means you are never quite sure if and where your wallet will be
accepted. Even for wallets like PayPal with tremendous global reach, there are large
regions of the world and millions of merchants that are closed off. For many users
with regional wallets, traveling out of the country poses new challenges with spotty
or no acceptance and the need to create and keep track of multiple wallets just to
interact with the world. And while P2P payments should be easy, the need for a

1 common wallet between users often makes it impossible to send money to friends
2 or family around the world.

3 For businesses, it means building the technology to accept dozens of wallets, which
4 adds unnecessary costs and creates a fractured experience full of friction for
5 customers, ultimately limiting reach and, of course, sales. When you want to sell to
6 the world, how do you choose which wallets to accept and which customers to turn
7 away? You shouldn't have to make that choice. ***This is where PayPal World comes
in to make it simple and easy to connect any consumer with any merchant.*** Five
8 of the largest digital wallets in the world, PayPal, Venmo, Mercado Pago, Tenpay
9 Global and UPI are coming together on a seamless global platform. So you can now
10 use your preferred wallet anywhere in the world.

11 ***For our PayPal merchants, PayPal World will mean access to billions of new
12 customers through their existing branded checkout integration.*** Now a UPI user
13 in India who wants to buy a pair of sneakers from an online store in Germany that
14 accepts PayPal can simply click the PayPal button at checkout and their familiar
15 UPI button will be presented for them to complete the transaction. It's that simple.
16 ***This means our connections for branded checkout will extend beyond our 400
17 million customers to more than 2 billion consumers worldwide, and that will
18 continue to grow.***

19 (Emphasis added).

20 35. Defendant Miller took over the prepared remarks to detail the financial performance
21 for the second quarter, in pertinent part, as follows:

22 Total payment volume grew 6% at spot and 5% on a currency-neutral basis to
23 nearly \$444 billion. Looking across the product portfolio, there are a few key areas
24 I'd like to highlight. As Alex noted, we are driving faster growth at Venmo. Venmo
25 TPV increased 12%, its highest rate of growth in 3 years. In addition to driving
26 more awareness and usage of commerce capabilities, we have been focused on
27 improving core product and user experiences, which contributed to a P2P
28 acceleration in the quarter. ***Branded experiences TPV, which includes online
checkout, PayPal and Venmo debit as well as Tap to Pay posted another quarter
of 8% growth.***

While debit and tap-to-pay spend represent a smaller amount of volume in branded
experiences today, they are growing rapidly and are up more than 60% year-over-
year. ***Winning checkout remains our most critical priority. Our teams are laser-
focused on advancing the many initiatives that reinforce our checkout business.
In the second quarter, online branded checkout volumes grew 5% on a currency-
neutral basis.*** This was relatively consistent with the growth we delivered over the
past few years. At the same time, the macro and consumer spending environment
has been uneven. As we moved through the quarter, we observed a slight softening
in retail spending in the U.S., most apparent in areas likely impacted by tariffs such
as Asia-based marketplaces with higher exposure to goods sourced from China.

1
2 36. A question-and-answer segment similarly followed Defendants' prepared remarks
3 for the call. During the following pertinent exchanges, Defendants again highlighted the
4 performance and growth of Branded Checkout through their new initiatives:

5 <Q: Ramsey Clark El-Assal – Barclays Bank PLC – Research Analyst> . . . How
6 meaningful was the tariff headwind on branded online checkout TPV in Q2? And
7 in July, are you seeing a stable tariff-related headwind there? Or is that a metric --
8 on that same metric, or could we see the headwind change and potentially intensify?

9 <A: Alex Chriss> Ramsey, thank you for the question, and I appreciate the
10 comments on branded checkout. **Look, we're excited as well. I think our execution**
11 **on the global rollout, the U.S. rollout is exactly what we were looking for.** And
12 really, the cohorts that we now have live in market are delivering exactly the way
13 we expected. **To the comment on these platforms from Asia, the way we think**
14 **about it is, without that pressure, our branded checkout really would have been**
15 **at 6%. And so it's a small amount, but we've started to see it stabilize a little bit**
16 **as we get into this month.** Jamie, anything you'd add?

17 <A: Jamie S. Miller> Yes. No, I would just say that **our trends underlying all this**
18 **really have been broadly consistent. There's puts and takes in any given quarter.**
19 **And like Alex said, we did see a slight deceleration really in those Chinese to U.S.**
20 **corridors.** In July, I would say it's still early, but seeing a bit less pressure in that
21 space. **We plan the full year with branded checkout at mid-single digits. We are**
22 **on track for that.** And the watchout that I really am looking at is we still have a fair
23 amount of policy and macro uncertainty. So we're obviously monitoring that. **But**
24 **we're very focused on our execution around our strategic initiatives.** And bending
25 the curve takes time, and we expect to accelerate as we move through the next
26 couple of quarters and the next couple of years.

27 . . .

28 <Q: Tien-Tsin Huang – JPMorgan Chase & Co. – Senior Analyst> I want to ask
about all the initiatives, Alex, that you went through upfront. There's a lot going on,
a lot to study. Specifically, I want to ask on Pay with Crypto and PayPal World.
Because when you think about this, I can make the case that both are TAM
expanding, but potentially at a lower take rate. We've been getting a lot of these
questions on both sides. So how do you see it? And are you confident that both will
be revenue and profit accretive as you push towards -- I think you call it,
interoperability quite a bit in some of the releases.

<A: Alex Chriss> Thanks, Tien-Tsin. So **yes, we're very excited, and hopefully,**
you're seeing the pace of our innovation just continue to accelerate and sort of
you're starting to see our whole strategy and the system that we're building
together really play out. Let me take each of those. So PayPal World, I think the
easiest way to think about it in the short term is, a, what I'm really excited about is

1 the interoperability between PayPal and Venmo. So now you've got a huge amount
2 of Venmo customers that can click on the PayPal branded checkout and make their
purchase online.

3 ***Then we've opened it up to almost 2 billion additional users, and that will just***
4 ***continue to grow. And the best way to think about it is that's branded checkout.***
5 And the way that we've orchestrated the agreements on PayPal World as a platform
6 is the merchants maintain their branded checkout economics. And so if you're a
7 user and I've gotten a lot of really fun notes in from LinkedIn UPI users that are
8 now thrilled to be able to click on the PayPal button anywhere in the world and be
able to make a checkout. And for us, that's just expansion of TAM at the existing
economics that we have. And then on top of that, you've got P2P economics and all
sorts of other things that will play out over time. So that's on PayPal World. It really
is an expansion of the TAM.

9 On ***Pay with Crypto, we really do see this as, again, expansion of TAM at pretty***
10 ***attractive economics.*** The expenses come down significantly with crypto. This is
11 still early days in consumers really using crypto to pay, but we want to make sure
12 that our merchants are enabled and have the ability to take the payment when they
13 need to. So if you look at the net take rate on Pay with Crypto, it's actually quite
attractive. And we'll see how it ramps up over time from a volume perspective. But
again, to your question, both are expansion of TAM for us.

14 . . .

15 <Q: Dan Dolev – Mizuho Securities USA LLC – MD & Senior Equity Research
16 Analyst> So can we talk about any benefits you're getting from the upgraded
17 checkout experience? ***Obviously, there should be an uplift in the second half.*** Is
there any way to quantify that, that would be great.

18 <A: Alex Chriss> Yes, Dan, what I'd say is, ***from the cohorts that we've rolled this***
19 ***out to, and remember, this is 15% of global TPV, we're continuing to see the***
20 ***uplift*** that we've talked about, call it, 1 point of uplift. ***So that is going to continue.***
21 ***We just need to roll this out to more.*** And so our expectation is if you look at
22 branded checkout overall, it's this new branded experiences, it's the momentum that
we've got in buy now, pay later, which we're seeing over 20% year-over-year
growth. It's the improvement in Pay with Venmo, which we're seeing 45% year-
over-year growth. All of those coming together, we continue to see momentum on.

23 ***And so as we exit this year, I expect that we're going to start to see real***
24 ***improvement in branded checkout overall and then as we move into '26. So this***
25 ***is a big shift. It takes time to move. I'm excited about the momentum we have***
26 ***across all 3 of those elements, the new experiences, buy now, pay later and Pay***
with Venmo. And I think we're going to start to see this thing turn as we get
through the next few quarters and into '26.

27 (Emphasis added).

1 37. Defendants further discussed the ongoing European rollout of the Branded
2 Checkout initiatives and the overall growth potential in those markets during the following
3 exchange:

4 <Q: Darrin David Peller – Wolfe Research, LLC – MD & Senior Analyst> Can we
5 touch on how the European rollout of the modern checkout initiatives are coming
6 along now? Just what's the time line on it? When do you anticipate seeing
7 measurable results? And then just overall looking at branded, maybe a little more
8 color on international growth versus U.S. And just revisiting whether you still
9 expect to exit the year at an accelerated rate for branded versus the beginning of the
10 year?

11 <A: Alex Chriss> Yes. Thanks, Darrin. So again, just to highlight, *we were very
12 deliberate in our strategy to start our rollout of our new branded experiences in
13 the U.S. We're up over 60% now in the U.S. And again, the cohorts that we've
14 rolled out are continuing to operate in the way that we wanted and showing the
15 uplift that we expected*, that we talked about in the past.

16 *We've now started to roll that out in the U.K. and Germany.* As I mentioned
17 previously, those integrations typically are on newer integrations throughout
18 Europe. And so I actually think *we're going to continue to accelerate our adoption
19 over the coming quarters across Europe. So very, very excited there.* We're mid-
20 teens overall on global TPV, and we want to see that continue to increase over the
21 next few quarters.

22 <A: Jamie S. Miller> Yes. I can jump in here and talk about non-U.S. growth, which
23 I think, Darrin, is where you were taking the second part of this. *If you look at
24 outside the U.S., again, we're really seeing largely consistent trends here. We
25 continue to take share in Europe, including Germany. And as Alex mentioned,
26 our broad push around our latest innovation, it's not just the latest experience,
27 but it is buy now, pay later. It is the new app and app upgrades and the experience
28 around that.* It's in its NFC, which we had a really successful rollout in the second
quarter in Germany around that. *So it's all around branded checkout, really
driving the habituation and the resulting halo that comes with that. And the teams
are really focused on scaling that and pushing that as they go through.*

*With respect to accelerated rate, what I would tell you is that we are laser-focused
on branded checkout. And I think as we talk about all of this, that focus on
execution, the focus on the strategic initiatives, we fully expect to see an
accelerated rate of growth over the next few quarters and the next few years.*

(Emphasis added).

1 October 28, 2025

2 38. On October 28, 2025, Defendants published their third quarter 2025 results. Despite
3 some headwinds, Defendant Chriss remained confident in the Branded Checkout initiatives,
4 highlighting accelerated growth rates due to their actions, stating, in pertinent part:

5 *Thanks to our omnichannel initiatives, we've accelerated branded experiences*
6 *TPV growth to be between 7% and 8% on a currency-neutral basis over the past*
7 *4 quarters*

8 ...

9 Put simply, this is the new PayPal, built for faster, more profitable growth. *Our*
10 *strong foundation, differentiated competitive advantages and clear strategic*
11 *direction position us to capture a massive and growing addressable market.* With
12 building execution momentum, *we are driving innovation at a remarkable pace*
13 *and scale. This makes us exceptionally well placed to win into the future.*

14 ...

15 For example, in the third quarter, we reached 10% branded experiences volume
16 growth in the U.S., more than double our growth the same quarter a year ago. That
17 acceleration comes from 2 things: growing omnichannel adoption and sustained
18 improvement in the U.S. online branded checkout trends, supported by our
19 improved experiences.

20 *We have the right set of drivers and initiatives in place. Now our focus is on*
21 *adoption and investing to amplify our impact. As we move into 2026, we will be*
22 *leaning more into these efforts and expanding across key international markets.*

23 Let me address online branded checkout in more detail. TPV grew 5% in the third
24 quarter on a currency-neutral basis. *That's solid growth, especially with the choppy*
25 *global macro trends we continue to see this quarter. Given the competitive*
26 *intensity online, we know more work is needed to close the gap between our*
27 *performance and overall e-commerce growth.* Our strategy moving into next year
28 centers on 3 priorities: continuing to scale our redesigned checkout experiences,
improving how we are prioritized across merchants and, importantly, driving
biometric adoption.

(Emphasis added).

39. Defendant Chriss went on to tout some recent developments positioned to
accelerate PayPal's growth trajectories, stating, in pertinent part:

I'll highlight just a few of our recent developments. We continue to partner with
leaders across the agentic space, including Perplexity earlier this year. And in
September, we announced our expansive multiyear partnership with Google to

1 create new AI shopping experiences. This morning, we announced a significant
2 partnership with OpenAI to expand payments and commerce in ChatGPT,
3 including adding PayPal branded checkout for shoppers and payment processing
4 for merchants using Instant Checkout. This is a big win for PayPal and our
5 customers.

6 Today, we also announced our own agentic commerce services, which help
7 merchants sell through multiple AI platforms, including Google, OpenAI and
8 Perplexity. Merchants will have one integration to access consumers through
9 multiple LLMs. Agentic commerce will take time, but we do believe consumer
10 behavior will shift. PayPal is building for that future.

11 Finally, I'm very excited to share that PayPal World is officially in its pilot stage,
12 and the first test transactions are happening this week. ***I'm proud of the progress
13 that we've made this quarter from partnerships to new product innovations, to
14 continuing to strengthen our profitability.***

15 (Emphasis added).

16 40. Defendant Miller similarly spoke to the Company's efforts to improve Branded
17 Checkout and facilitate PayPal's overall growth pertinently highlighting the following:

18 ***The diversification and quality of this growth is a meaningful improvement from
19 where we were at the start of the company's transformation. We have clear
20 opportunities to build on this progress with investments that strengthen our
21 competitive position and drive durable profitable growth.***

22 ...

23 ***We've moved branded experiences to the top of this slide to reflect the importance
24 of this metric to our more expansive strategy and value creation. Looking across
25 the product portfolio, we see encouraging signs that our initiatives are gaining
26 traction and making an impact. Branded experiences TPV, which includes online
27 checkout, PayPal and Venmo debit as well as tap-to-pay posted another quarter
28 of 8% growth.***

As Alex mentioned, U.S. branded experiences TPV growth accelerated to 10% in
the quarter, benefiting from both omnichannel adoption and better trends in U.S.
online branded checkout.

...

***We remain focused on the initiatives we can control. We're confident in our
branded checkout strategy and the road map that our teams are advancing. The
early results in the U.S. demonstrate that we're on the right path with our
initiatives, including our redesigned experiences; buy now, pay later; and Pay with
Venmo. We're laser-focused on execution across the 3 key areas Alex discussed:
scaling our redesigned experiences, improving prioritization and driving***

1 **biometric adoption.** All of this is increasingly complemented by a compelling
2 consumer value prop that differentiates PayPal and Venmo as one of the best, most
rewarding ways to pay.

3 While this work is complex and takes time, ***we fully expect to see our efforts build***
4 ***as we move through the next year and scale these initiatives.*** Pay with Venmo and
5 buy now, pay later continue to outpace the market, taking share from other payment
6 methods, growing 40% and 20%, respectively. ***These results give us the***
confidence to begin making targeted investments in the fourth quarter that
amplify the impact of these and other initiatives throughout the portfolio.

7 (Emphasis added).

8
9 41. Defendant Miller further provided updated guidance for the fourth quarter of fiscal
10 2025, pertinently, as follows:

11 Following another quarter of strong financial performance, ***we are raising our full***
12 ***year guidance for TM dollars and non-GAAP EPS.*** For the fourth quarter, we
13 expect currency-neutral revenue growth in the mid-single digits. ***We expect fourth***
quarter TM to be between \$4.02 billion and \$4.12 billion, which represents about
3.5% growth at the midpoint. Excluding interest on customer balances, we expect
TM dollars to grow by about 5% at the midpoint compared to 7% year-to-date.

14 Setting interest rates aside, there are a few factors to highlight that impact our fourth
15 quarter outlook. First, we have seen strong credit outperformance over the past year,
16 driven by good execution from the team as well as a more benign loss environment.
We expect to see year-over-year comparisons start to normalize more in the fourth
17 quarter.

18 ***Second, given the performance of some of our key initiatives, we see an***
19 ***opportunity to lean into our competitive differentiation with additional***
20 ***investment to drive faster growth over time.*** In the fourth quarter, we will begin
increasing investments designed to drive product attachment and habituation. Some
of these investments are linked to volumes and, therefore, recorded as contra
revenue impacting TM dollars and designed to drive additional growth over time.

21
22 Other growth investments such as global brand awareness campaigns, typically sit
23 within marketing and non-transaction OpEx. Lastly, on TM, ***our fourth quarter***
24 ***guide assumes some deceleration in branded checkout growth relative to our***
25 ***third quarter average. From a volume perspective, the most important weeks and***
26 ***months of the quarter still lay ahead.*** That said, ***we are planning prudently given***
recent spending trends and the uncertain macro backdrop. We are also cognizant
of lapping strong consumer spending in the fourth quarter of last year.

27 (Emphasis added).

1 42. Defendant Chriss wrapped up the Defendants' prepared remarks claiming that the
2 results for fiscal 2025 thus far demonstrate that the initiatives introduced at the Analyst/Investor
3 Day are working to generate the growth intended, in pertinent part:

4 ***We are operating from a position of strength. The results you're seeing are proof***
5 ***that our strategy is working.*** We built a more balanced, profitable growth engine
6 across branded experiences, PSP and Venmo, and that's exactly what we set out to
7 do. We're investing in high-impact growth initiatives that will move the needle and
8 future-proofing the business with critical partnership, while simultaneously
9 returning value to shareholders through our buyback program and our newly
10 launched dividend. ***We have moved this business from defense to offense, from***
11 ***stabilization to acceleration. We know exactly where the opportunities are, and***
12 ***we are laser-focused on executing our strategy.***

13 (Emphasis added).

14 43. During the question-and-answer segment of the call, Defendants discussed their
15 updated guidance and the benefits of their recent initiatives to drive Branded Checkout growth in
16 response to the following pertinent inquiries:

17 <Harshita Rawat – Sanford C. Bernstein & Co., LLC – Senior Research Associate>
18 So I want to ask about branded. I know you highlighted some headwinds in the 5%
19 growth number. You kind of highlighted some kind of deceleration in the fourth
20 quarter. But I'm also thinking you have some benefit from Pay with Venmo and
21 buy now, pay later promotion in the holiday season. So going back to the Investor
22 Day, you kind of laid out the path to branded acceleration. I know it's not linear. So
23 how should we think about just the overall path from here? Or should we focus
24 more on the Slide 4, right, like that you highlighted, which is very helpful, which
25 kind of focuses on more diversified drivers of growth?

26 <A: Jamie S. Miller> Yes. Harshita, maybe I'll answer that in 2 parts. I'll talk about
27 fourth quarter and then really talk about the broader investor framework. ***We've had***
28 ***consistent mid-single-digit growth in branded checkout for multiple quarters***
now. And for the quarter, we've seen really good momentum across our growth
initiatives with buy now, pay later, with Pay with Venmo. And we've seen
continued U.S. growth at higher rates as well this quarter.

When we got into September, we began to see macro-related deceleration. And
that is both in the U.S. and in Europe. And I talked about it in my prepared
remarks, but really a relatively consistent number of transactions, but we're
seeing basket sizes just trade down. Average order value being down, particularly
in retail where consumers are just being more selective. ***And that behavior has***
continued into October. So obviously, it's really early in the fourth quarter. The
holiday season is very back-end loaded. So it's something we're watching. But we
did call out, and you're right, ***our guidance assumes a rate of growth lower than***
third quarter.

1 *And so when you look at that macro and I pivot now to talking about the broader*
2 *framework, we've seen very good progress. And I think what I'm most excited*
3 *about is we know what's working, and we're really doubling down against that.*
4 *And Alex has talked a lot about buy now, pay later. We've talked a lot about Pay*
5 *with Venmo. And importantly, year-to-date in the U.S., our growth rates are*
6 *higher than what we saw year-to-date last year in the U.S. So we're really seeing*
7 *nice progress. But that macro piece of it, whether it's tariffs or some of this*
8 *deceleration is offsetting our progress. And we set those 2027 targets, assuming*
9 *a strong -- or assuming a consistent consumer macro environment. And*
10 *ultimately, that's how we'll measure progress against that.*

11 *What I am excited about is we have scaled our initiatives in the U.S. first. And so*
12 *where we see progress, we've got real confidence as we scale outside of the U.S.*
13 *and internationally. I think we've invested in the right products. We're seeing*
14 *customer adoption and engagement around the things we've talked about in addition*
15 *to things like omni and places where we get other halo effect. And the investments*
16 *we're making are really predicated on our confidence in our ability to continue to*
17 *build on our progress as we get through the next couple of years.*

18 ...

19 <Q: Jason Alan Kupferberg – Wells Fargo Securities, LLC – Equity Analyst> So
20 you obviously had a nice beat here on TM dollars in the quarter. It seems like the
21 branded business came in right in line with your expectations. The OVAS revenues
22 were quite strong. So I wanted to just unpack the sources of TM upside in the
23 quarter a bit, if you can give us a relative sense on how much of that upside came
24 from the credit products versus some of the other drivers? And then just any quick
25 comments on how you see cadence of additional penetration of the new checkout
26 experience moving beyond the 25% level as we move into next year

27 <A: Jamie S. Miller> Thanks, Jason. Really, when you look at third quarter
28 transaction margin dollar performance, we had meaningful contribution across each
of branded checkout, Venmo, PSP, VAS and credit. And I think what's important
there, and we really tried to highlight this in our prepared remarks as well, is that
we've got nice diversification not only on the revenue side but on the margin
sources. And I think that's demonstrative of that.

<A: Alex Chriss> Yes. And on the penetration, we talked a little bit about it. But
again, just to set the tone, we really started in the U.S. We now are roughly 25% of
global transactions. Even under that 25%, though, about half were actually
optimized. And so we're really working through how do we nail the overall
paysheet improvement, the biometrics that we're starting to put together. When all
of that comes together, the paysheet and the biometrics, we're actually seeing
conversion rates increase 2% to 5%. So we know we have a winning product. It just
is taking time.

1 *And look, I'm as impatient as anyone, I want to see this move as fast as we can.*
 2 *But we're talking about bending the curve on over \$0.5 trillion of spend, and it's*
 3 *just taking time to get there. So we have confidence, as Jamie mentioned earlier,*
 4 *U.S. branded checkout is growing faster year-to-date than it did in '24. So we*
 5 *know the experiences are working. We're now rolling it out in Europe. We expect*
 6 *that to continue through '26. And in the meantime, we're leaning into BNPL*
 7 *growing north of 20%, Pay with Venmo growing north of 40%. And so we know*
 8 *that overall, in branded checkout, we're on the right path, it's just taking time.*

9 (Emphasis added).

10 44. The above statements in Paragraphs 23 to 43 were false and/or materially
 11 misleading. Defendants created the false impression that they possessed reliable information
 12 pertaining to the Company's projected revenue outlook and anticipated growth while also
 13 minimizing risk from seasonality and macroeconomic fluctuations. In truth, PayPal's optimistic
 14 plan for growth through various initiatives to bolster the Company's Branded Checkout offerings
 15 fell short of reality as the 2027 targets were not achievable under the tenure of Defendant Chriss
 16 as CEO; they required both an unrealistically stable consumer landscape and strong execution with
 17 clear direction from PayPal and its management. PayPal was simply not equipped to execute on
 18 Defendants' claimed growth potential.

19 **C. The Truth Emerges during PayPal's Fourth Quarter Earnings Report**

20 February 3, 2026

21 45. On February 3, 2026, Defendants published their fourth quarter and full fiscal year
 22 results financial results as follows, in pertinent part:

23 **4Q'25 Financial Results**

- 24 • Net revenues increased 4% to \$8.7 billion; 3% currency-neutral ("FXN").
- 25 • Transaction margin dollars¹ ("TMS") increased 3% to \$4.0 billion;
 26 TMS excluding interest on customer balances^{1,2} increased 4% to \$3.7 billion.
- 27 • GAAP operating income increased 5% to \$1.5 billion; non-GAAP operating
 28 income increased 3% to \$1.6 billion.
- GAAP operating margin expanded 19 basis points to 17.4%; non-GAAP
 operating margin contracted 9 basis points to 17.9%.
- GAAP EPS increased 38% to \$1.533; non-GAAP EPS increased 3% to \$1.23.

FY'25 Financial Results

- Net revenues increased 4% to \$33.2 billion; 4% FXN.
- TMS¹ increased 6% to \$15.5 billion; TMS excluding interest on customer
 balances^{1,2} increased 6% to \$14.2 billion.

- 1 • GAAP operating income increased 14% to \$6.1 billion; non-GAAP operating
income increased 9% to \$6.4 billion.
- 2 • GAAP operating margin expanded 154 basis points to 18.3%; non-GAAP
operating margin expanded 87 basis points to 19.2%.
- 3 • GAAP EPS increased 35% to \$5.413; non-GAAP EPS increased 14% to \$5.31.

4
5 46. Defendant Miller was quoted in the release as saying:

6 In 2025, PayPal delivered solid performance across multiple areas of the business.
7 We grew revenue, transaction margin dollars, and earnings per share, underscoring
8 the strength of our increasingly diversified platform. *At the same time, our
9 execution has not been where it needs to be, particularly in branded checkout. As
10 announced today, the Board's appointment of Enrique Lores as PayPal's next
11 President and CEO reflects a clear commitment to strengthening execution,
12 innovation, and results.* We are fully aligned on the path forward as PayPal enters
13 its next chapter of growth.

14 (Emphasis added).

15 47. Prior to the earnings call, Defendants produced a second press release, announcing
16 the appointment of "Enrique Lores as President and CEO, effective March 1, 2026 ... succeed[ing]
17 Alex Chriss. To ensure a seamless transition, Jamie Miller, Chief Financial and Operating Officer,
18 will serve as Interim CEO until Lores assumes the role."

19 48. The release provided little detail for the sudden termination of Defendant Chriss
20 from PayPal, but did note the following:

21 Today's appointment follows a detailed evaluation conducted by the Board of
22 Directors on the current position of the company relative to its competition and the
23 broader industry landscape. *While some progress has been made in a number of
24 areas over the last two years, the pace of change and execution was not in line
25 with the Board's expectations.* The Board is confident that the appointment of
26 Lores, a seasoned executive with more than three decades of technology and
27 commercial experience, will provide the leadership necessary to lead PayPal into
28 its next chapter.

29 (Emphasis added).

30 49. During the earnings call, now Interim CEO Defendant Miller highlighted PayPal's
31 disappointment with the declining growth for Branded Checkout growth and detailed the
32 headwinds facing the Company, in pertinent part:

33 Last February, we held an Investor Day outlining our transformation strategy. One
34 year later, there are elements working very well, but there are also areas pacing

1 below our expectations, primarily within branded checkout, which I will spend
2 much of my time discussing today.

3 ...

4 Where we haven't made the same progress is in online branded checkout. We've
5 reimagined a product that had been stagnant and underinvested in for years, creating
6 a new value proposition for merchants and consumers, but *we were too optimistic
7 about how quickly we could drive change and customer adoption across a
8 massive global user base. The results are not yet where we expected them or want
9 them to be. Let me update you on where we are, what is working and the steps
10 we're taking to get back on track.*

11 For the past few years, we have delivered consistent mid-single-digit TPV growth.
12 However, *in the fourth quarter, online branded checkout TPV grew 1% on a
13 currency-neutral basis, down from 5% in the third quarter. The 4-point
14 deceleration was more than we expected* and was concentrated in three main areas,
15 each contributing roughly 1 point or so to the slowdown. First, U.S. retail weakness.
16 We saw pressure across our retail merchant portfolio, particularly among lower and
17 middle income consumers. *While part of this can be attributed to macro factors
18 and a K-shaped economy, it's also clear that we need to do more to win with key
19 merchants, particularly during high-volume shopping periods.*

20 Second, international headwinds particularly in Germany, which is one of our
21 largest markets. *Our German growth has moderated due to macroeconomic
22 softness, normalization of our long-standing market leadership position and
23 competition from alternative payment methods.*

24 Third, deceleration in several high-growth verticals, specifically in travel, ticketing,
25 crypto and gaming, categories that had strong growth in the fourth quarter of '24
26 and continuing through much of '25.

27 *Cutting across all of these, we had operational and deployment issues that
28 amplified the pressure.* To date, our delivery process has started with building a
better product and expecting merchants to adopt at scale because of conversion
benefits. *The reality is our merchants, especially the largest ones, have many
competing priorities and require much more hands-on integration support than
we anticipated, which has slowed our progress.* Additionally, the combination of
biometric adoption and competitive presentment have proven critical to branded
checkout performance.

So while challenges in the macro environment are real, *we haven't executed as well
as we need to, and our product deployment in the second half of the year was
slower than we planned.*

...

1 First, a relentless focus on the highest impact merchants. *To date, we've been*
2 *optimizing for every merchant, and that approach has slowed our ability to move*
3 *quickly on what matters most. We're changing our approach to focus on strategic*
4 *merchants, representing nearly 25% of our branded checkout volume today but*
5 *could be much larger.* In January, we formed dedicated teams to implement
6 improvements across experience, presentment and selection for these merchants.

7 Second, focus on implementing experience and biometrics together, not
8 sequentially. *In too many cases, we were deploying our redesigned checkout*
9 *without biometric enablement, which does not deliver the full conversion lift we*
10 *know we can provide. That's changing.* We're now deploying experience and
11 biometrics together as a package more consistently. When we integrate a merchant
12 on to our latest experience, we will simultaneously run biometric adoption
13 campaigns, targeting their consumer base.

14 ...

15 Third is a focus on presentment. It is just as critical as experience. As I mentioned
16 before, when we secure a competitive placement on a merchant site, we perform
17 significantly better.

18 ...

19 Fourth, a focus on giving consumers a reason to come back

20 ...

21 *For branded checkout, our focus is on narrowing the gap with the market over*
22 *time. Following our fourth quarter performance, we need to prove that out in*
23 *coming quarters and years.* There are multiple ways for us to deliver profitable
24 growth over the long term, and 2025 was a great example of that. But *given*
25 *everything I've outlined, we are no longer committing to the specific outlook for*
26 *2027 we laid out at Investor Day last year.*

27 *For these reasons, we think it's prudent for now to provide financial guidance 1*
28 *year at a time.* And Steve will speak in more detail about how we're thinking about
2026 as a starting point. The strategy I outlined today focuses on three
fundamentals: experience, presentment and selection. And *these critical changes*
to our go-to-market approach will lay the groundwork for a stronger, more
competitive online branded checkout business over time.

In closing, while *we're not satisfied with our online branded checkout*
performance today, we are confident in the plan to stabilize and strengthen it.
Importantly, we are executing with multiple competitive advantages. Our scale, our
trusted brand, deep consumer and merchant relationships and diversified growth
drivers give us resilience and flexibility moving forward.

(Emphasis added).

1
2 50. PayPal’s Chief Investor Relations Officer, Steven Eric Winoker, took over the
3 normal financial reporting duties from Defendant Miller on the call, providing, in pertinent part,
4 the following details:

5 TM dollars excluding interest grew 4% in the fourth quarter. The drivers of that
6 growth were broad-based, led by strong credit performance, PSP profitability,
7 Venmo monetization and loss improvement across multiple products. This
8 diversification was **key in offsetting the headwinds to branded checkout**

9 ...

10 On an **online-only branded checkout basis, volume grew 1% on a currency-
11 neutral basis**, impacted by the factors that Jamie discussed in depth earlier. I'll talk
12 more about how we are planning for the current year shortly.

13 ...

14 As Jamie discussed, **we are no longer providing the specific multiyear growth
15 outlook we presented at our Investor Day** a year ago. **As it relates to branded
16 checkout, our prior outlook assumed a more stable e-commerce environment and
17 a certain pace of product rollout and merchant adoption. Neither has
18 materialized to date as we anticipated.** And while we can point to a number of
19 constructive indicators, **it's hard to call the precise time frame when we will see
20 an overall inflection for branded. Branded checkout represents over half our
21 profit dollars**, and we're confident the product, channel and marketing investments
22 we're making will drive improvement and acceleration over time.

23 (Emphasis added).

24 51. The aforementioned press releases and statements made by the Individual
25 Defendants are in direct contrast to statements they made during the February 25, April 29, July
26 29, and October 28, 2025, earnings and shareholder calls. On those calls, Defendants continually
27 praised the progress of their initiatives to facilitate growth in Branded Checkout, dismissed
28 concerns of competition, touted their significant “market leadership” in Germany, and repeatedly
affirmed PayPal was “laser-focused” on execution, while minimizing the potential risks associated
with scaling their customer base, convincing merchants to spend resources to adopt PayPal’s new
initiatives, and operational capacity, as well as those associated with the potential impact of the
macroeconomic environment on the Company’s profitability.

1 52. Investors and analysts reacted immediately to PayPal’s revelation. The price of
2 PayPal’s common stock declined dramatically. From a closing market price of \$52.33 per share
3 on February 2, 2026, PayPal’s stock price fell to \$41.70 per share on February 3, 2026, a decline
4 of about 20.31% in the span of just a single day.

5 53. A number of well-known analysts who had been following PayPal lowered their
6 price targets in response to PayPal’s disclosures. For example, J.P. Morgan, while dropping their
7 price target nearly 35%, noted that “Fueling the sell-off was weakness in the vulnerable branded
8 checkout KPI, driving a miss down the P&L, coupled with a disappointing FY26 outlook and an
9 unexpected CEO change. Results helped validate the bear thesis that PayPal will struggle to
10 maintain share in a competitive environment, evidenced by Branded volume up only 1%.”
11 Speaking to the fourth quarter’s performance directly, the analyst highlighted that “results were
12 below expectations and guidance, largely driven by light Branded volume growth (up 1% vs. JPMe
13 +3%), which is a material P&L driver ... decelerating from 5% last quarter, directly consistent
14 with intra-qtr commentary pointing to deteriorating but worse in magnitude than was broadly
15 expected.”

16 54. William Blair, while noting they “have not recommended PayPal, but we believe
17 an abrupt financial outlook downgrade and barely understandable CEO change after less than three
18 years highlight broader industry challenges.” The analyst opined that they “see little chance that
19 the stock will outperform the market ... The key takeaway for us: *PayPal’s branded offering,*
20 *which is more than 50% of profit, offers insufficient merchant and consumer value to be*
21 *relevant.* The company is *throwing good money after bad as it invests for illusory growth*
22 *acceleration*” (emphasis added). William Blair further commented on the “inexplicable” CEO
23 change, commenting that “Former CEO Alex Chriss ... ostensibly did not move fast enough to
24 improve branded checkout growth ... This begs whether Chriss pushed back on the idea of value-
25 destroying investment or is the fall guy for a flawed business model.”

26 55. The fact that these analysts, and others, discussed PayPal’s shortfall, below-
27 expectation projections, and abrupt CEO change suggests the public placed significant weight on
28 PayPal’s prior growth estimates and turnaround plan for Branded Checkout. The frequent, in-depth

1 discussion of PayPal's guidance confirms that Defendants' statements during the Class Period
2 were material.

3 **D. Additional Scienter Allegations**

4 56. During the Class Period, Defendants acted with scienter in that they knew, should
5 have known, or otherwise were deliberately reckless in not knowing that the public statements
6 disseminated on behalf of PayPal were materially false and misleading at the time they were made.
7 Defendants had actual knowledge of, or access to, non-public information concerning the customer
8 adoption of the initiatives to growth Branded Checkout, the capacity of PayPal to drive such
9 adoption, and the desire for merchants to allocate the resources necessary to facilitate the
10 integration of these initiatives and purported upgrades.

11 57. Notwithstanding such, Defendants repeatedly and affirmatively represented to
12 investors that PayPal was well positioned to implement and capitalize upon its growth initiatives
13 to reach its 2027 fiscal targets. Defendants further repeatedly claimed strength against their
14 competition and minimized the concerns of influence from competitors in both the U.S. and
15 abroad.

16 58. Yet, Defendants made selective and misleading disclosures in repeated claims of
17 progress in the implementation of their growth initiatives, their adoption, and the ability for them
18 to continue driving Branded Checkout growth.

19 59. Defendants' scienter was further evidenced by the abrupt, surprise departure of
20 Defendant Chriss from the roles of PayPal's President and Chief Executive Officer immediately
21 following the setback. In retrospect, it arguably appears Defendant Chriss needed these growth
22 initiatives and, in particular, the growth of Branded Checkout to meet expectations in order to
23 maintain his position at the Company.

24 60. Defendants' scienter was further evidenced by their repeated claims of confidence
25 that Branded Checkout would continue its growth pace into and through 2026, despite ultimately
26 disclosing both a financial underperformance and significant inter-company issues that limited
27 PayPal's ability to achieve its purported potential through these initiatives.

1 61. Defendants were aware of the risks to Branded Checkout growth, yet they
2 continued to deliberately disregard or otherwise minimize them in their claims of confidence to
3 investors. At one point, Defendant Chriss claimed the results were “proof that [PayPal’s] strategy
4 is working,” despite only one quarter later management disclosed that management was “too
5 optimistic,” and “the results are not yet where we expected them or want them to be.”

6 62. Moreover, considering the disappointing outcome was ultimately significantly
7 blamed on “operational and deployment issues, Defendants’ repeated statements of confidence and
8 “laser-focused” execution were, at best, deliberately reckless.

9 **E. Loss Causation and Economic Loss**

10 63. During the Class Period, as detailed herein, Defendants made materially false and
11 misleading statements and engaged in a scheme to deceive the market and a course of conduct that
12 artificially inflated the price of PayPal’s common stock and operated as a fraud or deceit on Class
13 Period purchasers of PayPal’s common stock by materially misleading the investing public. Later,
14 Defendants’ prior misrepresentations and fraudulent conduct became apparent to the market, the
15 price of PayPal’s common stock materially declined, as the prior artificial inflation came out of
16 the price over time. As a result of their purchases of PayPal’s common stock during the Class
17 Period, Plaintiff and other members of the Class suffered economic loss, *i.e.*, damages under
18 federal securities laws.

19 64. PayPal’s stock price fell in response to the corrective event on February 2, 2026, as
20 alleged *supra*. On February 2, 2026, Defendants disclosed information that was directly related to
21 their prior misrepresentations and material omissions concerning PayPal’s forecasting processes
22 and growth guidance.

23 65. In particular, on February 3, 2026, PayPal announced results for the fourth quarter
24 and full fiscal year 2025 below expectations and further rescinded their 2027 projections.
25 Additionally, presumably due to the setbacks and inability to capitalize on the Branded Checkout
26 growth initiatives, Defendant Chriss was removed from his post as President and Chief Executive
27 Officer of PayPal.

1 **F. Presumption of Reliance; Fraud-On-The-Market**

2 66. At all relevant times, the market for PayPal’s common stock was an efficient market
3 for the following reasons, among others:

4 (a) PayPal’s common stock met the requirements for listing and was listed and actively
5 traded on the NASDAQ during the Class Period, a highly efficient and automated market;

6 (b) PayPal communicated with public investors via established market communication
7 mechanisms, including disseminations of press releases on the national circuits of major newswire
8 services and other wide-ranging public disclosures, such as communications with the financial
9 press and other similar reporting services;

10 (c) PayPal was followed by several securities analysts employed by major brokerage
11 firms who wrote reports that were distributed to the sales force and certain customers of their
12 respective brokerage firms during the Class Period. Each of these reports was publicly available
13 and entered the public marketplace; and

14 (d) Unexpected material news about PayPal was reflected in and incorporated into the
15 Company’s stock price during the Class Period.

16 67. As a result of the foregoing, the market for PayPal’s common stock promptly
17 digested current information regarding the Company from all publicly available sources and
18 reflected such information in PayPal’s stock price. Under these circumstances, all purchasers of
19 PayPal’s common stock during the Class Period suffered similar injury through their purchase of
20 PayPal’s common stock at artificially inflated prices, and a presumption of reliance applies.

21 68. Alternatively, reliance need not be proven in this action because the action involves
22 omissions and deficient disclosures. Positive proof of reliance is not a prerequisite to recovery
23 pursuant to ruling of the United States Supreme Court in *Affiliated Ute Citizens of Utah v. United*
24 *States*, 406 U.S. 128 (1972). All that is necessary is that the facts withheld be material in the sense
25 that a reasonable investor might have considered the omitted information important in deciding
26 whether to buy or sell the subject security.

1 the officers and directors of the Company, at all relevant times, members of their immediate
2 families and their legal representatives, heirs, successors or assigns and any entity in which
3 defendants have or had a controlling interest.

4 73. The members of the Class are so numerous that joinder of all members is
5 impracticable. Throughout the Class Period, PayPal's common stock were actively traded on the
6 NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can
7 be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or
8 thousands of members in the proposed Class. Record owners and other members of the Class may
9 be identified from records maintained by PayPal or its transfer agent and may be notified of the
10 pendency of this action by mail, using the form of notice similar to that customarily used in
11 securities class actions. As of January 28, 2026, there were 920.66 million shares of the Company's
12 common stock outstanding. Upon information and belief, these shares are held by thousands, if
13 not millions, of individuals located throughout the country and possibly the world. Joinder would
14 be highly impracticable.

15 74. Plaintiff's claims are typical of the claims of the members of the Class as all
16 members of the Class are similarly affected by Defendants' wrongful conduct in violation of
17 federal law that is complained of herein.

18 75. Plaintiff will fairly and adequately protect the interests of the members of the Class
19 and has retained counsel competent and experienced in class and securities litigation. Plaintiff has
20 no interests antagonistic to or in conflict with those of the Class.

21 76. Common questions of law and fact exist as to all members of the Class and
22 predominate over any questions solely affecting individual members of the Class. Among the
23 questions of law and fact common to the Class are:

24 (a) whether the federal securities laws were violated by Defendants' acts as alleged
25 herein;

26 (b) whether statements made by Defendants to the investing public during the Class
27 Period misrepresented material facts about the business, operations and management of PayPal;
28

1 (c) whether the Individual Defendants caused PayPal to issue false and misleading
2 financial statements during the Class Period;

3 (d) whether Defendants acted knowingly or recklessly in issuing false and misleading
4 financial statements;

5 (e) whether the prices of PayPal's common stock during the Class Period were
6 artificially inflated because of the Defendants' conduct complained of herein; and

7 (f) whether the members of the Class have sustained damages and, if so, what is the
8 proper measure of damages.

9 77. A class action is superior to all other available methods for the fair and efficient
10 adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the
11 damages suffered by individual Class members may be relatively small, the expense and burden
12 of individual litigation make it impossible for members of the Class to individually redress the
13 wrongs done to them. There will be no difficulty in the management of this action as a class action.

14 **COUNT I**

15 ***Against All Defendants for Violations of***

16 **Section 10(b) and Rule 10b-5 Promulgated Thereunder**

17 78. Plaintiff repeats and realleges each and every allegation contained above as if fully
18 set forth herein.

19 79. This Count is asserted against defendants and is based upon Section 10(b) of the
20 Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

21 80. During the Class Period, Defendants engaged in a plan, scheme, conspiracy and
22 course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions,
23 practices and courses of business which operated as a fraud and deceit upon. Plaintiff and the other
24 members of the Class; made various untrue statements of material facts and omitted to state
25 material facts necessary in order to make the statements made, in light of the circumstances under
26 which they were made, not misleading; and employed devices, schemes and artifices to defraud in
27 connection with the purchase and sale of securities. Such scheme was intended to, and, throughout
28 the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members,

1 as alleged herein; (ii) artificially inflate and maintain the market price of PayPal common stock;
2 and (iii) cause Plaintiff and other members of the Class to purchase or otherwise acquire PayPal's
3 securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of
4 conduct, Defendants, and each of them, took the actions set forth herein.

5 81. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the
6 defendants participated directly or indirectly in the preparation and/or issuance of the quarterly
7 and annual reports, SEC filings, press releases and other statements and documents described
8 above, including statements made to securities analysts and the media that were designed to
9 influence the market for PayPal's securities. Such reports, filings, releases and statements were
10 materially false and misleading in that they failed to disclose material adverse information and
11 misrepresented the truth about the Company.

12 82. By virtue of their positions at the Company, Defendants had actual knowledge of
13 the materially false and misleading statements and material omissions alleged herein and intended
14 thereby to deceive Plaintiff and the other members of the Class, or, in the alternative, Defendants
15 acted with reckless disregard for the truth in that they failed or refused to ascertain and disclose
16 such facts as would reveal the materially false and misleading nature of the statements made,
17 although such facts were readily available to Defendants. Said acts and omissions of defendants
18 were committed willfully or with reckless disregard for the truth. In addition, each defendant knew
19 or recklessly disregarded that material facts were being misrepresented or omitted as described
20 above.

21 83. Information showing that Defendants acted knowingly or with reckless disregard
22 for the truth is peculiarly within defendants' knowledge and control. As the senior managers and/or
23 directors of the Company, the Individual Defendants had knowledge of the details of PayPal's
24 internal affairs.

25 84. The Individual Defendants are liable both directly and indirectly for the wrongs
26 complained of herein. Because of their positions of control and authority, the Individual
27 Defendants were able to and did, directly or indirectly, control the content of the statements of the
28 Company. As officers and/or directors of a publicly-held company, the Individual Defendants had

1 a duty to disseminate timely, accurate, and truthful information with respect to PayPal's
2 businesses, operations, future financial condition and future prospects. As a result of the
3 dissemination of the aforementioned false and misleading reports, releases and public statements,
4 the market price of PayPal's common stock was artificially inflated throughout the Class Period.
5 In ignorance of the adverse facts concerning the Company which were concealed by Defendants,
6 Plaintiff and the other members of the Class purchased or otherwise acquired PayPal's common
7 stock at artificially inflated prices and relied upon the price of the common stock, the integrity of
8 the market for the common stock and/or upon statements disseminated by Defendants, and were
9 damaged thereby.

10 85. During the Class Period, PayPal's common stock was traded on an active and
11 efficient market. Plaintiff and the other members of the Class, relying on the materially false and
12 misleading statements described herein, which the defendants made, issued or caused to be
13 disseminated, or relying upon the integrity of the market, purchased or otherwise acquired shares
14 of PayPal's common stock at prices artificially inflated by defendants' wrongful conduct. Had
15 Plaintiff and the other members of the Class known the truth, they would not have purchased or
16 otherwise acquired said common stock, or would not have purchased or otherwise acquired them
17 at the inflated prices that were paid. At the time of the purchases and/or acquisitions by Plaintiff
18 and the Class, the true value of PayPal's common stock was substantially lower than the prices
19 paid by Plaintiff and the other members of the Class. The market price of PayPal's common stock
20 declined sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff and
21 Class members.

22 86. By reason of the conduct alleged herein, Defendants knowingly or recklessly,
23 directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5
24 promulgated thereunder.

25 87. As a direct and proximate result of defendants' wrongful conduct, Plaintiff and the
26 other members of the Class suffered damages in connection with their respective purchases,
27 acquisitions and sales of the Company's common stock during the Class Period, upon the
28

1 disclosure that the Company had been disseminating misrepresented financial statements to the
2 investing public.

3 **COUNT II**

4 ***Against the Individual Defendants***

5 **for Violations of Section 20(a) of the Exchange Act**

6 88. Plaintiff repeats and realleges each and every allegation contained in the foregoing
7 paragraphs as if fully set forth herein.

8 89. During the Class Period, the Individual Defendants participated in the operation
9 and management of the Company, and conducted and participated, directly and indirectly, in the
10 conduct of the Company's business affairs. Because of their senior positions, they knew the
11 adverse non-public information about PayPal's misstatements.

12 90. As officers and/or directors of a publicly owned company, the Individual
13 Defendants had a duty to disseminate accurate and truthful information, and to correct promptly
14 any public statements issued by PayPal which had become materially false or misleading.

15 91. Because of their positions of control and authority as senior officers, the Individual
16 Defendants were able to, and did, control the contents of the various reports, press releases and
17 public filings which PayPal disseminated in the marketplace during the Class Period concerning
18 the misrepresentations. Throughout the Class Period, the Individual Defendants exercised their
19 power and authority to cause PayPal to engage in the wrongful acts complained of herein. The
20 Individual Defendants therefore, were "controlling persons" of the Company within the meaning
21 of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct
22 alleged which artificially inflated the market price of PayPal's common stock.

23 92. Each of the Individual Defendants, therefore, acted as a controlling person of the
24 Company. By reason of their senior management positions and/or being directors of the Company,
25 each of the Individual Defendants had the power to direct the actions of, and exercised the same
26 to cause PayPal to engage in the unlawful acts and conduct complained of herein. Each of the
27 Individual Defendants exercised control over the general operations of the Company and possessed
28

1 the power to control the specific activities which comprise the primary violations about which
2 Plaintiff and the other members of the Class complain.

3 93. By reason of the above conduct, the Individual Defendants and/or PayPal are liable
4 pursuant to Section 20(a) of the Exchange Act for the violations committed by the Company.

5 **PRAYER FOR RELIEF**

6 **WHEREFORE**, Plaintiff demand judgment against defendants as follows:

7 A. Determining that the instant action may be maintained as a class action under Rule
8 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representatives;

9 B. Requiring Defendants to pay damages sustained by Plaintiff and the Class by reason
10 of the acts and transactions alleged herein;

11 C. Awarding Plaintiff and the other members of the Class pre-judgment and post-
12 judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and

13 D. Awarding such other and further relief as this Court may deem just and proper.

14 **DEMAND FOR TRIAL BY JURY**

15 Plaintiff hereby demands a trial by jury.

16
17 Dated: February 17, 2026

Respectfully submitted,

18
19 **LEVI & KORSINSKY LLP**

20 /s/ Adam Apton
21 Adam M. Apton (SBN 316506)
22 1160 Battery Street East, Suite 100
23 San Francisco, CA 94111
24 Tel: (415) 373-1671
25 Email: aapton@zlk.com

26
27 *Counsel for Plaintiff*
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