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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2026

OR

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

For the transition period from
Commission File Number: 001-39763

Roblox Corporation

(Exact Name of Registrant as Specified in its Charter)

Nevada	**20-0991664**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

3150 South Delaware Street
San Mateo, California, 94403
(Address of principal executive offices and Zip Code)

(888) 858-2569
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, $0.0001 par value	**RBLX**	**The New York Stock Exchange**

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 15, 2026, the registrant had approximately 671,330,395 shares of Class A common stock and 44,382,953 shares of Class B common stock outstanding, each with a par value of $0.0001 per share.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the federal securities laws, which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as “expect,” “anticipate,” “should,” “believe,” “hope,” “target,” “project,” “plan,” “goals,” “estimate,” “potential,” “predict,” “may,” “will,” “might,” “could,” “would,” “intend,” “shall,” “contemplate,” “opportunity,” or “continue” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans, or intentions. Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to, statements about:

- our expectations regarding future financial performance, including but not limited to our expectations regarding revenue, cost of revenue, changes in the estimated average lifetime of a paying user, operating expenses, operating losses, operating leverage, our key metrics, and our ability to achieve and maintain future profitability;
- our ability to successfully execute our business and growth strategy, including our potential to scale and grow our advertising business, our international users and creators, and our ability to create new revenue opportunities and capture a greater percentage of global gaming revenue;
- our efforts to provide a safe and civil digital environment, particularly for children;
- our efforts related to age-checking of users;
- the sufficiency of our cash and cash equivalents and investments to meet our liquidity needs;
- economic, seasonal, and industry trends;
- the functionality and economics of our platform on operating systems and through distribution channels and software application stores;
- the demand for our platform in general;
- our ability to retain and increase our number of users and creators;
- the impact of inflation and global economic conditions on our operations;
- our ability to develop enhancements to our platform, and bring them to market in a timely manner;
- our beliefs about and objectives for future operations;
- our ability to attract and retain employees and key personnel and maintain our corporate culture;
- future acquisitions or investments, including infrastructure investments to increase capacity and investments in AI and automation;
- the ability for creators to build, launch, scale, and monetize content for users;
- our expectations regarding our ability to generate revenue from our users;
- our ability to convert users into creators;
- our expectations regarding target demographics and genres;
- our ability to develop and protect our brand;
- our ability to maintain the security and availability of our platform;
- our ability to detect and minimize unauthorized use of our platform;
- the impact of disruption in supply chains on our ability to expand or increase the capacity of our platform or replace defective equipment;
- our business model and expectations and management of future growth, including for headcount growth rate, expansion in international markets, and expenditures associated with such growth;
- our ability to compete with existing and new competitors;
- our expectations regarding litigation and legal and regulatory matters;
- the impact and effects of inaccurate or unfavorable third-party reports, including reports of short sellers about us, our business, or our market;

- our expectations regarding the effects of existing and developing laws and regulations, including with respect to privacy, data protection, digital safety, and the regulation of Robux as a security, both in the U.S. and internationally, including how such laws and regulations may interfere with user and creator access to our platform and games;
- our expectations surrounding Robux as an attractive virtual currency;
- our goal to increase creator earnings, including by improving creator economics through price optimization tools, regional pricing expansions, and other investments in our creator community;
- our goal for creators to build better games;
- the impact of geopolitical events such as in Ukraine and the Middle East, and their impacts on economies globally;
- our expectations regarding new accounting standards;
- our ability to achieve and maintain effective control over financial reporting;
- the impact of foreign currency exchange rates and interest rates on results of operations;
- generating sufficient cash to service our debt and other obligations that apply to our indebtedness; and
- our expectations regarding our share repurchase program.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this Quarterly Report on Form 10-Q.

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operations, and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, and other factors, including those described in the section titled “Risk Factors” and elsewhere in this Quarterly Report on Form 10-Q. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report on Form 10-Q. We cannot assure you that the results, events, and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements.

Neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. Moreover, the forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, or investments we may make.

SPECIAL NOTE REGARDING OPERATING METRICS

We manage our business by tracking several operating metrics, including average daily active users ("DAUs"), hours engaged, bookings, average bookings per DAU ("ABPDAU"), average monthly unique payers, and average bookings per monthly unique payer. As a management team, we believe each of these operating metrics provides useful information to investors and others. For information concerning these metrics as measured by us, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

While these metrics are based on what we believe to be reasonable estimates of our user base for the applicable period of measurement, there are inherent challenges in measuring how our platform is used. These metrics are determined by using internal data gathered on an analytics platform that we developed and operate and have not been validated by an independent third party. This platform tracks user account and session activity, and its accuracy and precision may be and, at times, has been impacted by implementation challenges, methodological limitations, and operational constraints. If we fail to maintain an effective analytics platform, our metrics calculations may be inaccurate. These metrics are also determined by certain demographic data historically provided to us by the user, such as age or gender and increasingly using age-check data, as further described below. If our users provide us with incorrect or incomplete information or if our age-check systems misrepresent user ages, then our estimates may be inaccurate. Our estimates have changed and may continue to change as our methodologies and platform evolve, including through the application of new data sets or technologies or as our platform changes with new features and enhancements.

We believe that these metrics are reasonable estimates of our user base for the applicable period of measurement, and that the methodologies we employ and update from time to time to create these metrics are reasonable bases to identify trends in user behavior. Because we update the methodologies we employ to create metrics, our current and future period metrics may not be comparable to those in prior periods. For example, historically our reported age demographics were based on age information self-reported by our users. We continue to develop, test, and implement new systems designed to check the ages of our users, which we refer to as "age-checking," and currently we incorporate facial age estimation technology, identity verification, and parent or caregiver provided age data. Age-checked metrics are not comparable to historical periods that relied on self-reported data.

Our metrics may differ from estimates published by third parties or from similarly-titled metrics from other companies due to differences in methodology. The accuracy of our metrics may be affected by certain factors relating to user activity and our platform's systems and our ability to identify and detect attempts to replicate legitimate user activity, often referred to as botting.

As our platform evolves, we regularly review our methodologies for calculating the number of legitimate users and the time spent on our platform. We have implemented and may continue to implement new calculation methods based on changes in technology, user behavior, and other factors in a constantly evolving environment. We also continually seek to upgrade our systems to detect and deter invalid user activities, including botting, non-active time, and unauthorized platform use across all devices. These ongoing refinements to our methodologies and systems impact our user metrics, such as DAUs and hours engaged.

For more information on the risks relating to our user metrics and behavior, see the sections titled "Risk Factors—Our user metrics and other estimates are subject to inherent challenges in measurement, and real or perceived inaccuracies in those metrics may significantly harm and negatively affect our reputation and our business" and "Risk Factors—Some creators and users on our Platform may make unauthorized, fraudulent, or illegal use of Robux and other digital goods or games on our Platform, including by use of unauthorized third-party websites or "cheating" programs."

DAUs

We define a DAU as a user who has logged in and visited Roblox through our website or application on a unique registered account on a given calendar day. If a registered, logged-in user visits Roblox more than once within a 24-hour period that spans two calendar days, that user is counted as a DAU only for the first calendar day. We believe this method better reflects global engagement on the platform compared to a method based purely on a calendar-day cutoff. DAUs for a specified period is the average of the DAUs for each day during that period. As an example, DAUs for the month of September would be an average of DAUs during that 30-day period.

We track DAUs as an indicator of the size of the audience engaged on our platform. DAUs are also broken out by geographic region to help us understand the global engagement on our platform. The geographic location data collected is based on the IP address associated with the account when an account is initially registered on Roblox. The IP address may not always accurately reflect a user's actual location at the time they engaged with our platform.

Because DAUs measure account activity and an individual user may actively use our platform within a particular day on multiple accounts for which that individual registered, our DAUs are not a measure of unique individuals accessing Roblox. References to "user" or our "user base" in this Quarterly Report on Form 10-Q refer to users as described in our definition of DAUs. Additionally, if undetected, fraud and unauthorized access to our platform may contribute, from time to time, to an overstatement of DAUs. In many cases, fraudulent accounts are created by bots to inflate user activity for a particular creator's content on our platform, thus making the creator's game (which refer to the titles that have been developed by creators) or other content appear more popular than it really is. We strive to detect and minimize fraud and unauthorized access to our platform.

Hours Engaged

We define hours engaged as the time spent by our users on the platform. We calculate total hours engaged as the aggregate of user session lengths in a given period. We estimate this length of time using internal company systems that track user activity on our platform as discrete events, and aggregate these discrete activities into a user session. A given user session on our platform may include, among other things, time spent in games, in Roblox Studio, in platform features such as chat and avatar personalization, in the Creator Store, and some amount of non-active time due to limits within the tracking systems and our estimation methodology. User sessions on our platform may be tracked differently across devices and platforms, including mobile, tablet, web, desktop, and game console due to inherent differences in functionality and user behaviors.

We track hours engaged as an indicator of the user engagement on our platform. Hours engaged are also broken out by geographic region, based on the IP address associated with the account when an account was initially registered on Roblox, to help us understand the global engagement on our platform. The IP address may not always accurately reflect a user's actual location at the time they engaged with our platform.

Bookings

Bookings represent the sales activity in a given period without giving effect to certain non-cash adjustments, as detailed below. Substantially all of our bookings are generated from sales of virtual currency, which can ultimately be converted to virtual items on the platform. Sales of virtual currency reflected as bookings include one-time purchases or monthly subscriptions purchased via payment processors or through prepaid cards. Bookings are initially recorded in deferred revenue and recognized as revenues over the estimated period of time the virtual items purchased with the virtual currency are available on the platform (estimated to be the average lifetime of a paying user) or as the virtual items purchased with the virtual currency are consumed. Bookings also include an insignificant amount from advertising and licensing arrangements.

We believe bookings provide a timelier indication of trends in our operating results that are not necessarily reflected in our revenue as a result of the fact that we recognize the majority of revenue over the estimated average lifetime of a paying user, which was 27 months as of September 30, 2026. The change in deferred revenue constitutes the vast majority of the reconciling difference from revenue to bookings. By removing these non-cash adjustments, we are able to measure and monitor our business performance based on the timing of actual transactions with our users and the cash that is generated from these transactions. Over the long term, the factors impacting our revenue and bookings trends are the same. However, in the short term, there are factors that may cause revenue and bookings trends to differ.

We use this non-GAAP financial information to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that this non-GAAP financial information may be helpful to investors because it provides consistency and comparability with past financial performance. However, non-GAAP financial measures have limitations in their usefulness to investors because they have no standardized meaning prescribed by GAAP and are not prepared under any comprehensive set of accounting rules or principles. In addition, other companies, including companies in our industry, may calculate similarly titled non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial information as a tool for comparison. As a result, our non-GAAP financial information is presented for supplemental informational purposes only and should not be considered in isolation from, or as a substitute for, financial information presented in accordance with GAAP.

Bookings are also broken out by geographic region based on the billing country of our payers, to help us understand the global engagement and monetization on our platform. The billing address may not always accurately reflect a payer's actual location at the time of their purchase.

ABPDAU

We define ABPDAU as bookings in a given period divided by the DAUs for such period. We primarily use ABPDAU as a way to understand how we are monetizing across all of our users. ABPDAU is also broken out by geographic region to help us understand the global monetization on our platform.

Average Monthly Unique Payers

We define monthly unique payers as user accounts that made a payment on the platform or redeemed a prepaid card during a given month. A user account that makes multiple purchases during a given month is counted as a single monthly unique payer. Average monthly unique payers for a specified period is the average of the monthly unique payers for each month during that period. Because an individual user may pay on our platform within a particular month on multiple user accounts for which that individual registered, our monthly unique payers are not a measure of unique individual payers on Roblox.

Average Bookings per Monthly Unique Payer

We define average bookings per monthly unique payer as bookings in the specified period divided by the average monthly unique payers for the same specified period.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

ROBLOX CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, except number of shares which are reflected in thousands, and par values)
(unaudited)

	As of	
	September 30, 2026	**December 31, 2025**
Assets		
Current assets:		
Cash and cash equivalents	$ 1,093	$ 1,205
Short-term investments	2,103	1,850
Accounts receivable—net of allowances	497	901
Prepaid expenses and other current assets	143	109
Deferred cost of revenue, current portion	901	833
Total current assets	4,737	4,898
Long-term investments	3,042	2,493
Property and equipment—net	891	885
Operating lease right-of-use assets	764	651
Deferred cost of revenue, long-term	403	448
Intangible assets, net	22	18
Goodwill	163	143
Other assets	23	21
Total assets	$ 10,045	$ 9,557
Liabilities and Stockholders' equity/(deficit)		
Current liabilities:		
Accounts payable	$ 37	$ 65
Accrued expenses and other current liabilities	683	396
Developer exchange liability	444	496
Deferred revenue—current portion	4,781	4,169
Total current liabilities	5,945	5,126
Deferred revenue—net of current portion	2,259	2,337
Operating lease liabilities	739	643
Long-term debt, net	1,009	993
Other long-term liabilities	120	83
Total liabilities	10,072	9,182
Commitments and contingencies (Note 8)		
Stockholders' equity/(deficit)		
Common stock, $0.0001 par value; 5,000,000 shares authorized as of September 30, 2026 and December 31, 2025, 715,696 and 708,359 shares issued and outstanding as of September 30, 2026 and December 31, 2025, respectively; Class A common stock—4,935,000 shares authorized as of September 30, 2026 and December 31, 2025, 671,313 and 661,289 shares issued and outstanding as of September 30, 2026 and December 31, 2025, respectively; Class B common stock—65,000 shares authorized as of September 30, 2026 and December 31, 2025, 44,383 and 47,070 shares issued and outstanding as of September 30, 2026 and December 31, 2025, respectively	— *	— *
Additional paid-in capital	5,770	5,438
Accumulated other comprehensive income/(loss)	(54)	17
Accumulated deficit	(5,717)	(5,061)
Total Roblox Corporation stockholders' equity/(deficit)	(1)	394
Noncontrolling interest	(26)	(19)
Total stockholders' equity/(deficit)	(27)	375
Total liabilities and stockholders' equity/(deficit)	$ 10,045	$ 9,557

* *Amounts round to zero.*

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

ROBLOX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except number of shares which are reflected in thousands, and per share amounts)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenue	$ 1,572	$ 1,360	$ 4,483	$ 3,476
Costs and expenses:				
Cost of revenue[(1)]	318	296	904	757
Developer exchange fees	403	428	1,189	1,026
Infrastructure and trust & safety	385	321	1,072	824
Research and development	435	399	1,277	1,158
General and administrative	203	145	611	416
Sales and marketing	111	67	236	168
Total costs and expenses	1,855	1,656	5,289	4,349
Loss from operations	(283)	(296)	(806)	(873)
Interest income	60	52	174	147
Interest expense	(11)	(10)	(31)	(31)
Other income/(expense), net	5	(3)	4	6
Loss before income taxes	(229)	(257)	(659)	(751)
Provision for/(benefit from) income taxes	1	1	4	3
Consolidated net loss	(230)	(258)	(663)	(754)
Net loss attributable to noncontrolling interest	(3)	(2)	(7)	(5)
Net loss attributable to common stockholders	$ (227)	$ (256)	$ (656)	$ (749)
Net loss per share attributable to common stockholders, basic and diluted	$ (0.32)	$ (0.37)	$ (0.92)	$ (1.09)
Weighted-average shares used in computing net loss per share attributable to common stockholders—basic and diluted	715,936	697,282	714,815	684,702

(1) Depreciation of servers and infrastructure equipment included in infrastructure and trust & safety.

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

ROBLOX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in millions)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Consolidated net loss	$ (230)	$ (258)	$ (663)	$ (754)
Other comprehensive income/(loss), net of tax:				
Foreign currency translation adjustments	—	(1)	(1)	7
Net change in unrealized gains/(losses) on available-for-sale marketable securities	(35)	3	(70)	13
Other comprehensive income/(loss), net of tax	(35)	2	(71)	20
Total comprehensive loss, including noncontrolling interest	(265)	(256)	(734)	(734)
Less: net loss attributable to noncontrolling interest	(3)	(2)	(7)	(5)
Other comprehensive loss attributable to noncontrolling interest, net of tax	(3)	(2)	(7)	(5)
Total comprehensive loss attributable to common stockholders	$ (262)	$ (254)	$ (727)	$ (729)

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

ROBLOX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY/(DEFICIT)
(in millions, except number of shares which are reflected in thousands)
(unaudited)

Three Months Ended September 30, 2026

	Class A and Class B Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income/(Loss)	Accumulated Deficit	Non-Controlling Interest	Total Stockholders' Equity/(Deficit)
	Shares	Amount*					
Balance at June 30, 2026	714,292	$ —	$ 5,661	$ (19)	$ (5,490)	$ (23)	$ 129
Issuance of common stock upon exercise of stock options	568	—	2	—	—	—	2
Issuance of common stock under Employee Stock Purchase Plan	264	—	9	—	—	—	9
Vesting of restricted stock units and performance stock units	4,932	—	—	—	—	—	—
Repurchases and retirement of common stock	(4,360)	—	(200)	—	—	—	(200)
Stock-based compensation expense	—	—	298	—	—	—	298
Other comprehensive income/(loss)	—	—	—	(35)	—	—	(35)
Net loss	—	—	—	—	(227)	(3)	(230)
Balance at September 30, 2026	715,696	$ —	$ 5,770	$ (54)	$ (5,717)	$ (26)	$ (27)

Nine Months Ended September 30, 2026

	Class A and Class B Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income/(Loss)	Accumulated Deficit	Non-Controlling Interest	Total Stockholders' Equity/(Deficit)
	Shares	Amount*					
Balance at December 31, 2025	708,359	$ —	$ 5,438	$ 17	$ (5,061)	$ (19)	$ 375
Issuance of common stock upon exercise of stock options	2,327	—	9	—	—	—	9
Issuance of common stock from acquisition of a business	993	—	12	—	—	—	12
Issuance of common stock under Employee Stock Purchase Plan	788	—	36	—	—	—	36
Vesting of restricted stock units and performance stock units	15,818	—	—	—	—	—	—
Repurchases and retirement of common stock	(12,589)	—	(580)	—	—	—	(580)
Stock-based compensation expense	—	—	855	—	—	—	855
Other comprehensive income/(loss)	—	—	—	(71)	—	—	(71)
Net loss	—	—	—	—	(656)	(7)	(663)
Balance at September 30, 2026	715,696	$ —	$ 5,770	$ (54)	$ (5,717)	$ (26)	$ (27)

* *Amounts in this column round to zero.*

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

ROBLOX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY/(DEFICIT)
(in millions, except number of shares which are reflected in thousands)
(unaudited)

Three Months Ended September 30, 2025

	Class A and Class B Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income/(Loss)	Accumulated Deficit	Non-Controlling Interest	Total Stockholders' Equity
	Shares	Amount*					
Balance at June 30, 2025	693,161	$ —	$ 4,828	$ 14	$ (4,488)	$ (16)	$ 338
Issuance of common stock upon exercise of stock options	2,722	—	8	—	—	—	8
Issuance of common stock under Employee Stock Purchase Plan	437	—	13	—	—	—	13
Vesting of restricted stock units and performance stock units	5,547	—	—	—	—	—	—
Stock-based compensation expense	—	—	287	—	—	—	287
Other comprehensive income/(loss)	—	—	—	2	—	—	2
Net loss	—	—	—	—	(256)	(2)	(258)
Balance at September 30, 2025	701,867	$ —	$ 5,136	$ 16	$ (4,744)	$ (18)	$ 390

Nine Months Ended September 30, 2025

	Class A and Class B Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income/(Loss)	Accumulated Deficit	Non-Controlling Interest	Total Stockholders' Equity
	Shares	Amount*					
Balance at December 31, 2024	666,419	$ —	$ 4,221	$ (4)	$ (3,995)	$ (13)	$ 209
Issuance of common stock upon exercise of stock options	17,080	—	47	—	—	—	47
Issuance of common stock under Employee Stock Purchase Plan	1,448	—	37	—	—	—	37
Vesting of restricted stock units and performance stock units	16,920	—	—	—	—	—	—
Stock-based compensation expense	—	—	831	—	—	—	831
Other comprehensive income/(loss)	—	—	—	20	—	—	20
Net loss	—	—	—	—	(749)	(5)	(754)
Balance at September 30, 2025	701,867	$ —	$ 5,136	$ 16	$ (4,744)	$ (18)	$ 390

* *Amounts in this column round to zero.*

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

ROBLOX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(unaudited)

	Nine Months Ended September 30,	
	2026	2025
Cash flows from operating activities:		
Consolidated net loss	$ (663)	$ (754)
Adjustments to reconcile consolidated net loss to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization expense	193	163
Stock-based compensation expense	855	831
Operating lease non-cash expense	102	88
Accretion on marketable securities, net	(33)	(50)
Other adjustments	(15)	3
Changes in operating assets and liabilities, net of effect of acquisitions:		
Accounts receivable	410	(22)
Prepaid expenses and other current assets	(38)	(21)
Deferred cost of revenue	(23)	(208)
Other assets	—	(6)
Accounts payable	(23)	20
Accrued expenses and other current liabilities	170	37
Developer exchange liability	(52)	53
Deferred revenue	533	1,112
Operating lease liabilities	(109)	(84)
Other long-term liabilities	35	27
Net cash and cash equivalents provided by operating activities	1,342	1,189
Cash flows from investing activities:		
Acquisition of property and equipment	(83)	(143)
Purchases of intangible assets	(5)	(1)
Payments related to business combinations, net of cash acquired	(6)	—
Purchases of investments	(3,887)	(4,072)
Maturities of investments	2,181	2,669
Sales of investments	873	574
Other investing activities	4	—
Net cash and cash equivalents used in investing activities	(923)	(973)
Cash flows from financing activities:		
Proceeds from issuance of common stock	45	85
Repurchases of common stock	(576)	—
Net cash and cash equivalents provided by (used in) financing activities	(531)	85
Effect of exchange rate changes on cash and cash equivalents	—	4
Net increase/(decrease) in cash and cash equivalents	(112)	305
Cash and cash equivalents		
Beginning of period	1,205	712
End of period	$ 1,093	$ 1,017
Supplemental disclosure of noncash investing and financing activities:		
Property and equipment additions in accounts payable, accrued expenses and other current liabilities, and other long-term liabilities	$ 125	$ 48
Repurchases of common stock included in accrued liabilities	$ 4	—

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

ROBLOX CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Organization and Description of Business

Roblox Corporation (the "Company" or "Roblox") was originally incorporated in the state of Delaware in March 2004, and was reincorporated in Nevada in May 2025.

The Company operates an immersive gaming and creation platform (the "Roblox Platform" or "Platform") that offers people millions of ways to be together, inviting its community to explore, create, and share endless unique games. Users are free to immerse themselves in games on the Roblox Platform and can acquire game-specific enhancements or avatar items by using purchased Robux, the Company's virtual currency. Any user can be a creator on the Platform using Roblox Studio, a free software toolset. Creators build the games that are published on Roblox Client and can earn Robux by monetizing their developed games, IP licensing, creating and selling avatar items, or creating and selling Roblox Studio plugins.

2. Basis of Presentation and Summary of Significant Accounting Policies

Fiscal Year

The Company's fiscal year ends on December 31.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"), and applicable rules and regulations of the Securities and Exchange Commission ("SEC"), regarding interim financial reporting. Accordingly, they do not include all disclosures normally required in annual consolidated financial statements prepared in accordance with U.S. GAAP. Therefore, these unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025 filed with the SEC (the "2025 Annual Report").

In the Company's opinion, the information contained herein reflects all adjustments necessary for a fair presentation of the Company's results of operations, financial position, cash flows, and stockholders' equity/(deficit). All such adjustments are of a normal, recurring nature. The results of operations for the three and nine months ended September 30, 2026 shown in this report are not necessarily indicative of the results to be expected for the full year ending December 31, 2026 or any other interim period.

For a discussion of the Company's significant accounting policies, refer to the significant accounting policies as described in the Company's consolidated financial statements and related notes included in the 2025 Annual Report.

Starting with its Quarterly Report on Form 10-Q for the period ended March 31, 2026, the Company changed its financial statement presentation to round dollars from thousands to millions and, as a result, any necessary rounding adjustments have been made to prior period disclosed amounts. Additionally, certain columns and rows within the financial statements and tables may not be presented due to rounding to zero. Lastly, percentages presented may not add to their respective totals due to rounding.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of the Company and subsidiaries over which the Company has control. All intercompany transactions and balances have been eliminated. The condensed consolidated financial statements include 100% of the accounts of wholly owned and majority owned subsidiaries, and the ownership interest of minority investors is recorded as noncontrolling interest.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Significant estimates and assumptions reflected in the condensed consolidated financial statements include, but are not limited to, the estimated period of time the virtual items are available to the user, which is estimated as the average lifetime of a paying user, and the estimated amount of consumable and durable virtual items purchased for which the Company lacks specific information that is used for revenue recognition, the estimated amount of expected breakage related to prepaid card sales, useful lives of property and equipment and intangible assets, fair value of assets and liabilities acquired through acquisitions, accrued liabilities (including accrued developer exchange fees), contingent liabilities, valuation of deferred tax assets and liabilities, stock-based compensation expense, the discount rate used in measuring operating lease liabilities, the carrying value of operating lease right-of-use assets, evaluation of recoverability of goodwill, intangible assets, and long-lived assets, and as necessary, estimates of fair value to measure impairment losses. Management believes that the estimates, and judgments upon which they rely, are reasonable based upon information available to them at the time that these estimates and judgments are made. Actual results could differ from those estimates and any such differences may be material to the condensed consolidated financial statements. To the extent that there are material differences between these estimates and actual results, the Company's condensed consolidated financial statements will be affected.

Accounting Pronouncements Not Yet Adopted

In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2024-03, *"Income Statement: Reporting Comprehensive Income-Expense Disaggregation Disclosures,"* which requires disclosure of certain costs and expenses in the notes of financial statements, including, amongst others, the amount of employee compensation expense and depreciation and amortization expense within each caption presented on the face of the income statement within continuing operations. Further, the disclosures require a qualitative description of the remaining cost and expense amounts within each relevant expense caption that are not separately disaggregated, as well as a description and the total amount of selling expenses. The ASU is effective for financial statements issued for annual periods beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027. The ASU can be early adopted and should be applied either prospectively or retrospectively. The Company is currently evaluating the impact related to this ASU.

In September 2025, the FASB issued ASU 2025-06, *"Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software,"* which modernizes the recognition and disclosure framework for internal-use software costs, removing the previous "development stage" model and introduces a more judgment-based approach. The ASU is effective for financial statements issued for annual periods beginning after December 15, 2027 and interim periods within those fiscal years. The ASU can be early adopted and should be applied using either the prospective, modified, or retrospective transition approach. The Company is currently evaluating the impact related to this ASU.

3. Revenue from Contracts with Customers

The following table summarizes revenue by region based on the billing country of users (in millions, except percentages):

	Three Months Ended September 30,			
	2026		2025	
	Amount	Percentage of Revenue	Amount	Percentage of Revenue
United States and Canada[1]	$ 895	57 %	$ 817	61 %
Europe	325	21	265	19
Asia-Pacific, including Australia and New Zealand	191	12	153	11
Rest of world	161	10	126	9
Total	$ 1,572	100 %	$ 1,360	100 %

	Nine Months Ended September 30,			
	2026		2025	
	Amount	Percentage of Revenue	Amount	Percentage of Revenue
United States and Canada[1]	$ 2,579	57 %	$ 2,134	61 %
Europe	924	21	663	19
Asia-Pacific, including Australia and New Zealand	535	12	378	11
Rest of world	445	10	301	9
Total	$ 4,483	100 %	$ 3,476	100 %

(1) The Company's revenues in the United States were 54% of consolidated revenue for each of the three and nine months ended September 30, 2026 and 56% and 58% for the three and nine months ended September 30, 2025, respectively.

No individual country, other than the United States, exceeded 10% of the Company's consolidated revenue for any period presented.

As a percentage of total virtual item-related revenue, durable and consumable revenues were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Durable virtual item revenue	90 %	78 %	90 %	86 %
Consumable virtual item revenue	10 %	22 %	10 %	14 %

Deferred Revenue

The Company receives payments from its users based on the payment terms established in its contracts. Such payments are initially recorded to deferred revenue and are recognized into revenue as the Company satisfies its performance obligations. The aggregate amount of revenue allocated to unsatisfied performance obligations is included in the Company's deferred revenue balances.

The increase in deferred revenue for the nine months ended September 30, 2026 was driven by sales during the period exceeding revenue recognized from the satisfaction of the Company's performance obligations, which includes the revenue recognized during the period that was included in the current portion of deferred revenue at the beginning of the period. During the nine months ended September 30, 2026, the Company recognized $3.3 billion of revenue that was included in the current deferred revenue balance as of December 31, 2025.

4. Leases

On January 30, 2026, the Company executed lease agreements pursuant to which the Company will lease an additional 325,192 square feet of office space for two additional buildings at its corporate headquarters for lease terms of approximately 13 years each. The total incremental base rent under the agreements is approximately $403 million (net of rent abatement and tenant improvement allowances). As of September 30, 2026, the Company has not taken possession of this office space.

5. Cash Equivalents and Investments

The following is a summary of the Company's cash equivalents and short-term and long-term investments (in millions):

	As of September 30, 2026						
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cash Equivalents	Short-Term Investments	Long-Term Investments
Debt Securities							
Level 1							
Money market funds	$ 879	$ —	$ —	$ 879	$ 879	$ —	$ —
U.S. Treasury securities	2,911	—	(29)	2,882	4	1,554	1,324
Subtotal	3,790	—	(29)	3,761	883	1,554	1,324
Level 2							
U.S. agency securities	704	—	(13)	691	—	—	691
Commercial paper	471	—	—	471	—	452	19
Corporate debt securities	1,115	—	(15)	1,100	—	92	1,008
Subtotal	2,290	—	(28)	2,262	—	544	1,718
Total Debt Securities	$ 6,080	$ —	$ (57)	$ 6,023	$ 883	$ 2,098	$ 3,042
Equity Securities							
Level 1							
Mutual funds[1]				$ 5	$ —	$ 5	$ —
Total Equity Securities				$ 5	$ —	$ 5	$ —
Total Cash Equivalents and Investments	$ 6,080	$ —	$ (57)	$ 6,028	$ 883	$ 2,103	$ 3,042

	As of December 31, 2025						
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cash Equivalents	Short-Term Investments	Long-Term Investments
Debt Securities							
Level 1							
Money market funds	$ 1,010	$ —	$ —	$ 1,010	$ 1,010	$ —	$ —
U.S. Treasury securities	2,551	7	—	2,558	3	1,427	1,128
Subtotal	3,561	7	—	3,568	1,013	1,427	1,128
Level 2							
U.S. agency securities	542	—	—	542	—	—	542
Commercial paper	325	—	—	325	—	325	—
Corporate debt securities	911	6	—	917	—	94	823
Subtotal	1,778	6	—	1,784	—	419	1,365
Total Debt Securities	$ 5,339	$ 13	$ —	$ 5,352	$ 1,013	$ 1,846	$ 2,493
Equity Securities							
Level 1							
Mutual funds[1]				$ 4	$ —	$ 4	$ —
Total Equity Securities				$ 4	$ —	$ 4	$ —
Total Cash Equivalents and Investments	$ 5,339	$ 13	$ —	$ 5,356	$ 1,013	$ 1,850	$ 2,493

(1) The equity securities relate to the Company's nonqualified deferred compensation plan and are held in a rabbi trust.

As of September 30, 2026, all of the Company's long-term debt investments have contractual maturities between one and five years.

Changes in market interest rates, credit risk of borrowers, and overall market liquidity, amongst other factors, may cause the Company's short-term and long-term debt investments to fall below their amortized cost basis, resulting in unrealized losses. For those debt securities in an unrealized loss position as of September 30, 2026, the unrealized losses were primarily driven by increases in market interest rates following the date of purchase and the Company does not intend to sell, nor is it more likely than not it will be required to sell, such securities before recovering the amortized cost basis.

The following table presents fair values and gross unrealized losses, aggregated by investment category and the length of time that individual securities have been in a continuous loss position (in millions):

	As of September 30, 2026					
	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury securities	$ 2,847	$ (29)	$ —	$ —	$ 2,847	$ (29)
U.S. agency securities	691	(13)	—	—	691	(13)
Corporate debt securities	1,084	(15)	—	—	1,084	(15)
Total	$ 4,622	$ (57)	$ —	$ —	$ 4,622	$ (57)

6. Other Balance Sheet Components

Prepaid expenses and other current assets

Prepaid expenses and other current assets consisted of the following (in millions):

	As of	
	September 30, 2026	December 31, 2025
Prepaid expenses	$ 80	$ 63
Accrued interest receivable	43	35
Other current assets	20	11
Total prepaid expenses and other current assets	$ 143	$ 109

Property and equipment—net

Property and equipment—net, consisted of the following (in millions):

	As of	
	September 30, 2026	December 31, 2025
Servers and related equipment and software	$ 1,328	$ 1,065
Computer hardware, software licenses, and other equipment	72	59
Furniture and fixtures	3	2
Leasehold improvements	273	263
Construction in progress	37	11
Prepayments for purchase of equipment and construction in progress	16	169
Total property and equipment	1,729	1,569
Less accumulated depreciation and amortization	(838)	(684)
Property and equipment—net	$ 891	$ 885

Construction in progress primarily relates to leasehold improvements for the Company's leased office buildings and networking and other infrastructure equipment to support the Company's data centers.

Total depreciation and amortization expense of property and equipment was $65 million and $189 million for the three and nine months ended September 30, 2026, respectively, and $51 million and $150 million for the three and nine months ended September 30, 2025, respectively.

Accrued expenses and other current liabilities

Accrued expenses and other current liabilities consisted of the following (in millions):

	As of	
	September 30, 2026	December 31, 2025
Accrued operating expenses and liabilities	$ 386	$ 67
Short-term operating lease liabilities	162	151
Accrued interest on the 2030 Notes	16	6
Taxes payable	68	99
Accrued compensation and other employee related liabilities	30	48
Short-term debt	—	15
Other current liabilities	21	10
Total accrued expenses and other current liabilities	$ 683	$ 396

7. Debt

2030 Notes

On October 29, 2021, the Company issued $1.0 billion aggregate principal amount of its 3.875% Senior Notes due 2030 (the "2030 Notes"). The 2030 Notes mature on May 1, 2030. The 2030 Notes bear interest at a rate of 3.875% per annum. Interest on the 2030 Notes is payable semi-annually in arrears on May 1 and November 1 of each year, commencing on May 1, 2022.

The aggregate proceeds from the offering of the 2030 Notes were approximately $988 million, after deducting lenders costs and other issuance costs incurred by the Company. The issuance costs of $12 million are amortized into interest expense using the effective interest method over the term of the 2030 Notes.

The Company may voluntarily redeem the 2030 Notes, in whole or in part, under the following circumstances:

(1) Prior to November 1, 2024, the Company could have on any one or more occasions, redeemed up to 40% of the aggregate principal amount of the 2030 Notes at a redemption price of 103.875% of the principal amount including accrued and unpaid interest, if any, with the net cash proceeds of certain equity offerings; provided that (1) at least 50% of the aggregate principal amount of 2030 Notes originally issued remained outstanding immediately after the occurrence of such redemption (excluding 2030 Notes held by the Company and its subsidiaries); and (2) the redemption occurred within 180 days of the date of the closing of such equity offerings.

(2) On or after November 1, 2024, the Company may voluntarily redeem all or a part of the 2030 Notes at the following redemption prices (expressed as percentages of principal amount), plus accrued and unpaid interest, if any, to, but excluding, the applicable redemption date:

Year	Percentage
2024	101.938 %
2025	100.969 %
2026 and thereafter	100.000 %

(3) Prior to November 1, 2024, the Company could have redeemed all or a part of the 2030 Notes at a redemption price equal to 100% of the principal amount of 2030 Notes redeemed, including accrued and unpaid interest, if any, plus the applicable "make-whole" premium set forth in the indenture governing the 2030 Notes (the "Indenture") as of the date of such redemption; and

(4) In connection with any tender offer for the 2030 Notes, including an offer to purchase (as defined in the Indenture), if holders of not less than 90% in aggregate principal amount of the outstanding 2030 Notes validly tender and do not withdraw such notes in such tender offer and the Company (or any third party making such a tender offer in lieu of the Company) purchases all of the 2030 Notes validly tendered and not withdrawn by such holders, the Company (or such third party) will have the right, upon not less than 10, but not more than 60 days' prior notice, given not more than 30 days following such purchase date to the holders of the 2030 Notes and the trustee, to redeem all of the 2030 Notes that remain outstanding following such purchase at a redemption price equal to the price offered to each holder of 2030 Notes (excluding any early tender or incentive fee) in such tender offer plus to the extent not included in the tender offer payment, accrued and unpaid interest, if any.

In certain circumstances involving a change of control triggering event (as defined in the Indenture), the Company will be required to make an offer to repurchase all, or at the holder's option, any part, of each holder's 2030 Notes at a repurchase price equal to 101% of the principal amount, plus accrued and unpaid interest, if any, to the applicable repurchase date.

The 2030 Notes are unsecured obligations and the Indenture contains covenants limiting the Company and its subsidiaries' ability to: (i) create certain liens and enter into sale and lease-back transactions; (ii) create, assume, incur, or guarantee certain indebtedness; or (iii) consolidate or merge with or into, or sell or otherwise dispose of all or substantially all of the Company and its subsidiaries' assets to another person. These covenants are subject to a number of limitations and exceptions set forth in the Indenture and noncompliance with these covenants may result in the accelerated repayment of the 2030 Notes and any accrued and unpaid interest.

As of September 30, 2026, the Company was in compliance with all of its covenants under the Indenture.

The net carrying amount of the 2030 Notes, which is presented as a component of long-term debt in the Company's condensed consolidated financial statements, was as follows (in millions):

	As of	
	September 30, 2026	December 31, 2025
Principal	$ 1,000	$ 1,000
Unamortized issuance costs	(6)	(7)
Net carrying amount	$ 994	$ 993

Interest expense related to the 2030 Notes, which includes amortization of debt issuance costs, was $10 million for each of the three months ended September 30, 2026 and 2025 and $30 million for each of the nine months ended September 30, 2026 and 2025.

The debt issuance costs for the 2030 Notes are amortized to interest expense over the term of the 2030 Notes using an annual effective interest rate of 4.05%.

As of September 30, 2026 and December 31, 2025, the estimated fair value of the 2030 Notes was approximately $917 million and $958 million, respectively, determined based on the last trading price of the 2030 Notes during the reporting period (a Level 2 input).

Joint Venture Financing

Refer to Note 12, "Joint Venture", in the notes to the condensed consolidated financial statements for additional information on debt issued by the Company's consolidated subsidiary, Roblox China Holding Corp.

8. Commitments and Contingencies

Lease Commitments—The Company leases office facilities and space for data center operations under operating leases expiring in various years through 2037 for leases that have commenced and 2041 for leases that have not yet commenced. Certain of these arrangements have free or escalating rent payment provisions and optional renewal clauses. All of the Company's leases are accounted for as operating leases. There has been no material change in the Company's lease commitments during the nine months ended September 30, 2026, except for lease commitments primarily related to office facilities and data centers in the ordinary course of business.

Purchase Obligations—Non-cancellable contractual purchase obligations primarily consist of contracts associated with data center hosting providers, software vendors, and payment processors. In June 2026, the Company executed agreements to purchase a total of $845 million of hosting services over three annual periods beginning July 1, 2026, with annual commitments ranging from $248 million to $296 million. There have been no other material changes in the Company's purchase obligations during the nine months ended September 30, 2026, other than non-cancellable purchase commitments made in the ordinary course of business, primarily related to data center hosting providers, software vendors, and payment processors.

Letters of Credit—The Company has letters of credit in connection with its operating leases which are not reflected in the Company's condensed consolidated balance sheets as of September 30, 2026 and December 31, 2025. There have been no material changes to the Company's letters of credit during the nine months ended September 30, 2026.

Legal Proceedings—The Company is and may in the future become involved in various legal matters, including investigations, proceedings, claims, litigation, and other legal matters, such as those described below. The Company intends to defend itself vigorously in all such matters. The Company has and may continue to incur substantial legal fees, which are expensed as incurred.

As of September 30, 2026 and December 31, 2025, the Company accrued for losses related to matters that the Company believes to be probable and for which an amount of loss can be reasonably estimated, certain of which are described in more detail below. The Company considered the progress of these matters, the opinions and views of its legal counsel and outside advisors, its experience and settlements in similar matters, and other factors in arriving at the conclusion that a potential loss was probable. For all other legal matters, the Company cannot determine a reasonable estimate of the maximum possible loss or range of loss given the inherent uncertainty based on the facts and circumstances of such matters at this time. The maximum amount of liability that may ultimately result cannot be predicted with absolute certainty and the ultimate resolution of one or more of these matters, whether in settlements or unfavorable rulings, could ultimately have a material adverse effect on the Company's business, including its financial condition, operating results, and reputation.

On August 1, 2023, a putative class action was filed against the Company in the United States District Court for the Northern District of California, captioned *Colvin v. Roblox* (the "Colvin matter"), asserting various claims arising from allegations that minors used third-party virtual casinos to gamble Robux. On December 15, 2023, the Company filed a motion to dismiss and on March 26, 2024, the motion to dismiss was granted in part and denied in part, allowing plaintiffs' negligence and California Unfair Competition Law claims to proceed. On March 28, 2024, a supplemental order clarified that plaintiffs' claims for unjust enrichment and equitable relief could proceed as well. On April 9, 2024, plaintiffs filed an amended complaint re-alleging the California Consumer Legal Remedies Act and New York General Business Law claims that had been dismissed.

Separately, on March 14, 2024, *Gentry v. Roblox* (the "Gentry matter") was filed in the United States District Court for the Northern District of California premised on substantially identical allegations as the Colvin matter. On April 18, 2024, the Gentry matter was consolidated with the Colvin matter. Plaintiffs filed a consolidated complaint on April 23, 2024. The consolidated complaint sought monetary damages, including actual, punitive, and statutory damages, restitution, attorneys' fees and costs, and declaratory and injunctive relief. The Company filed a motion to dismiss the consolidated complaint on May 14, 2024, which the court granted in part and denied in part on September 19, 2024. The court dismissed with prejudice plaintiffs' fraud-based claims and claims for injunctive relief, but allowed plaintiffs' claims under California's Unfair Competition Law and for negligence and unjust enrichment to proceed. On October 30, 2024, the Company filed an answer denying plaintiffs' claims. On November 20, 2024, the Company filed an Amended Answer, again denying plaintiffs' claims, and adding cross-claims against virtual casino defendants for intellectual property infringement, violation of the Computer Fraud and Abuse Act, breach of contract, tortious interference, and indemnification, among others. One of the cross-defendants, Based Plate Studios, LLC, moved to dismiss the Company's claims. On April 16, 2025, the court granted in part and denied in part Based Plate Studios' motion to dismiss, allowing the Company's claims against Based Plate Studios for trademark infringement, violation of the California Comprehensive Computer Data Access and Fraud Act, tortious interference with contract, breach of contract, and indemnification to proceed. On June 2, 2025, plaintiffs filed a Second Amended Complaint, adding new defendants and more detailed allegations regarding existing plaintiffs. The Company filed a motion to dismiss portions of the Second Amended Complaint on June 23, 2025. That motion was granted, and certain claims were dismissed as a result. Other claims remain pending and discovery is ongoing.

In recent periods, there has been increased regulatory and litigation focus on areas that impact the Company's business, including the protection of minors online, privacy, consumer protection, and digital safety overall. As a result, the Company has become subject to regulatory investigations and/or legal proceedings from both regulators and individuals relating to, among other things, claims arising from allegations that the Company has facilitated gambling by users of the Platform, including by minors, that the Platform is unsafe, that the Company has misrepresented the safety of the Platform, that the Company has failed to warn of or misrepresented the risk of encountering bad actors on the Platform, that the Company provides inadequate safety controls on the Platform, that the Platform is addictive, that the terms of use are not enforceable against minors, that the Company unlawfully or unfairly benefits from child labor, that the Company is in violation of child privacy laws and has misrepresented its compliance with such laws, and that the Company has failed to comply with consumer protection laws. Numerous regulators have filed claims, announced the intent to file claims, or commenced investigations against the Company based on various state, federal, or local laws and causes of action primarily relating to youth-related consumer protection, digital safety, and privacy matters. As of October 29, 2026, U.S. states that have filed suit include Arkansas, Florida, Indiana, Iowa, Kentucky, Louisiana, Nebraska, Oklahoma, Tennessee, and Texas. Los Angeles County, California and San Diego County, California have each filed suit as well.

These legal proceedings are still in the early stages of litigation. However, in *State of Texas v. Roblox Corp.*, the Travis County District Court granted in part and denied in part on March 6, 2026 the Company's motion to dismiss a complaint filed by the State of Texas on November 6, 2025. The complaint asserts claims for violations of the Texas Deceptive Trade Practices Act and Texas' common nuisance law, alleges that the Company failed to adequately protect children on the Platform, and seeks civil penalties, declaratory and injunctive relief, and attorneys' fees and costs. The court dismissed Texas' common nuisance claim but allowed the Deceptive Trade Practices Act claim to proceed. Similarly, in *State of Iowa v. Roblox Corp.*, the Polk County District Court granted in part and denied in part the Company's motion to dismiss on May 13, 2026. The complaint asserts a claim under the Iowa Consumer Fraud Act. The court's order dismissed certain factual allegations as non-actionable. In *State of Louisiana v. Roblox Corp.*, the Livingston Parish District Court denied the Company's dilatory exceptions of vagueness and ambiguity and sustained its exception of no cause of action in part on August 31, 2026. The court dismissed the State's negligence and unjust enrichment claims, but denied the exception as to the Louisiana Unfair Trade Practices Act claim. In response, the Company filed a supervisory-writ application in the Louisiana First Circuit on October 2, 2026 that is currently pending with the court. In *State of Tennessee ex rel. Jonathan Skrmetti v. Roblox Corp.*, the Williamson County Chancery Court denied the Company's motion to dismiss on September 17, 2026. The complaint asserts claims under the Tennessee Consumer Protection Act. In *The People of the State of California, acting by and through Los Angeles County Counsel v. Roblox Corp.*, the Los Angeles County Superior Court overruled the Company's demurrer and denied its anti-SLAPP (Strategic Lawsuits Against Public Participation) motion on September 23, 2026. The court allowed the public-nuisance, false-advertising, and Unfair Competition Law claims to proceed and declined to strike individual factual allegations, but limited the actionable time period for the false-advertising claim.

The Company anticipates filing or has filed motions to dismiss that are currently pending in the remainder of these cases. In addition, in October 2026, the Federal Trade Commission ("FTC") and the states of Pennsylvania and Utah notified the Company that as part of an ongoing investigation they are considering filing claims based on alleged violations of the Federal Trade Commission Act, the Children's Online Privacy Protection Act ("COPPA"), and certain state consumer protection laws seeking monetary damages and declaratory and injunctive relief. At this time, the Company is unable to reasonably estimate the loss or range of loss, if any, arising from any of the above-referenced matters.

In addition, the Company has entered into settlement agreements with certain U.S. states, including Alabama, Mississippi, Nevada, South Dakota, West Virginia, and Kansas as of October 29, 2026, and is in negotiations with certain other states and territories regarding similar youth-related consumer protection and digital safety matters. During the three and nine months ended September 30, 2026, the Company accrued $49 million and $140 million of expense, respectively, within general and administrative expense associated with both settlement agreements and settlement discussions that actually occurred, including developments through the date of this filing. The amounts accrued relate to cash payments owed to the states and territories with no future obligating events.

Certain elements of the settlements and/or settlement proposals have not been accrued as of September 30, 2026. These include commitments for public service campaigns, headcount for law enforcement liaisons, costs associated with implementing certain Platform and policy changes, and/or liquidated damages if certain settlement terms are deemed to be breached in the future. Such commitments will be expensed as incurred or in the case of liquidated damages, will be expensed only if a breach is considered probable to occur. Outside of the amounts accrued, the Company currently is unable to reasonably estimate the loss or range of loss, if any, arising from unasserted claims with other jurisdictions given the inherent uncertainty around future settlement discussions, including, but not limited to, structure and amount of settlement terms and the timing of any future Company commitments, as well as the diversity of applicable laws. Additionally, there can be no assurance that any settlement proposals will be accepted by any of the state attorney general and other counterparties with whom the Company is currently in negotiations or may engage with in the future.

Indemnification—In the ordinary course of business, the Company enters into agreements that may include indemnification provisions of varying scope and terms with other parties, including vendors and business partners. The Company has also entered into indemnification agreements with its directors, officers, and certain other employees. Pursuant to such agreements, the Company may indemnify, hold harmless, and defend an indemnified party for losses suffered or incurred by the indemnified party. The maximum potential amount of future payments the Company could be required to make under these provisions is not determinable. To date, the Company has not incurred material costs related to these indemnification provisions.

9. Stockholders' Equity/(Deficit)

Class A and Class B common stock are referred to as common stock throughout the notes to the condensed consolidated financial statements, unless otherwise noted.

The Company reserved shares of common stock for future issuance as follows (in thousands):

	As of	
	September 30, 2026	December 31, 2025
Stock options outstanding	6,834	9,178
Restricted Stock Units ("RSUs") and Unregistered Restricted Stock Awards ("RSAs") outstanding	28,452	24,524
Performance Stock Units ("PSUs") outstanding[(1)]	2,317	2,719
2020 Equity Incentive Plan	129,481	112,747
2020 Employee Stock Purchase Plan	32,368	26,072
Other awards and warrants outstanding or unreleased	354	342
Total	199,806	175,582

(1) For awards with ongoing performance periods as of the respective balance sheet date, the shares of common stock reserved for future issuance are reflected at maximum achievement levels.

Share Repurchase Program

In May 2026, the Company's Board of Directors authorized a share repurchase program for up to $3.0 billion of the Company's Class A common stock. Under the program, the Company may purchase shares from time to time through open market transactions, privately negotiated transactions, and other means in compliance with applicable securities laws, including through Rule 10b5-1 plans. The program does not have a fixed expiration date, may be suspended or discontinued at any time, and does not obligate the Company to acquire any amount of Class A common stock. The timing, manner, price, and amount of any repurchases will be determined by the Company at its discretion and depend on a variety of factors, including legal requirements, price, and economic market conditions.

The following table summarizes the Company's share repurchase activity (in millions):

	Three Months Ended	Nine Months Ended
	September 30, 2026	
Number of Class A common stock shares repurchased and subsequently retired	4.4	12.6
Aggregate repurchase amount	$ 200	$ 580

As of September 30, 2026, $2.4 billion remained available under the program authorization.

10. Stock-Based Compensation Expense

Stock-based compensation expense was as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Infrastructure and trust & safety	$ 34	$ 37	$ 103	$ 105
Research and development	205	195	592	561
General and administrative	40	42	118	127
Sales and marketing	19	13	42	38
Total stock-based compensation expense	$ 298	$ 287	$ 855	$ 831

Stock Options

The following table summarizes the Company's stock option activity:

	Stock Options Outstanding			
	Number of Shares Subject to Options (in thousands)	Weighted-Average Exercise Price (per Option)	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in millions)
Balances as of December 31, 2025	9,178	$ 3.64	3.07	$ 710
Cancelled, forfeited, and expired	(17)	$ 1.05		
Exercised	(2,327)	$ 3.58		
Balances as of September 30, 2026	6,834	$ 3.67	2.50	$ 265

RSUs, RSAs, and PSUs

The following table summarizes the Company's RSU, RSA, and PSU activities, excluding the 2024 CEO PSU Award, which is described in more detail below:

	Unvested RSUs and RSAs Outstanding		Unvested Management PSUs Outstanding[1]	
	Number of Shares (in thousands)	Weighted-Average Grant Date Fair Value (per Share)	Number of Shares (in thousands)	Weighted-Average Grant Date Fair Value (per Share)
Unvested as of December 31, 2025	24,524	$ 63.59	1,826	$ 51.78
Granted	22,383	$ 53.41	773	$ 72.52
Vested	(14,563)	$ 55.01	(581)	$ 42.30
Cancelled	(3,892)	$ 62.44	(312)	$ 52.36
Unvested as of September 30, 2026	28,452	$ 60.13	1,706	$ 64.30

(1) Includes PSUs issued to certain members of management (the "Management PSUs") in each of the years 2023 through 2026 and excludes the 2024 CEO PSU Award, which is described in more detail below. The Management PSUs include awards with financial performance-based targets and market performance-based targets. All PSUs granted are shown at the aggregate maximum number of shares that may be earned and issued with respect to each award over its full term. Stock-based compensation expense recognized related to the Management PSUs was $4 million and $13 million during the three and nine months ended September 30, 2026, respectively, and $10 million and $33 million during the three and nine months ended September 30, 2025, respectively.

Certain PSU and RSU Grants

CEO Long-Term Performance Award

In February 2021, the Leadership Development and Compensation Committee granted a PSU award (the "CEO Long-Term Performance Award") under the Company's 2017 Amended and Restated Equity Incentive Plan, which provided the Company's CEO, Mr. Baszucki, the opportunity to earn a maximum number of 11.5 million shares of Class A common stock. The CEO Long-Term Performance Award would have vested upon the satisfaction of a service condition and achievement of certain Class A common stock price targets over five years. The Leadership Development and Compensation Committee approved the cancellation of the CEO Long-Term Performance Award on March 1, 2024, as further discussed below. The Class A common stock price targets were not achieved and therefore no shares vested under the CEO Long-Term Performance Award prior to its cancellation.

2024 CEO PSUs and RSUs

On March 1, 2024 (the "Modification Date"), the Leadership Development and Compensation Committee concurrently (i) approved the cancellation of the CEO Long-Term Performance Award and (ii) granted Mr. Baszucki a new PSU award (the "2024 CEO PSU Award") and RSU award (collectively, the "2024 CEO Award"), which was determined to represent a modification of the CEO Long-Term Performance Award.

As of the Modification Date, total subsequent stock-based compensation expense to be recognized was measured as (i) the remaining unrecognized stock-based compensation expense related to the grant date fair value of the CEO Long-Term Performance Award of $84 million and (ii) the incremental fair value resulting from the modification, if any. To estimate the incremental fair value resulting from the modification (if any), the Company first estimated the fair value of the modified CEO Long-Term Performance Award immediately prior to the Modification Date using a model based on multiple stock price outcomes developed through the use of a Monte Carlo simulation that incorporated into the valuation the possibility that the stock price targets may not be satisfied. A Monte Carlo simulation model requires the use of various assumptions, including the underlying stock price, volatility, the risk-free interest rate as of the valuation date corresponding to the length of time remaining in the performance period, and expected dividend yield. On the Modification Date, the estimated fair value of the CEO Long-Term Performance Award immediately prior to the modification was greater than the estimated fair value of the 2024 CEO Award (which was generally estimated based on the Modification Date fair value of the Class A common stock underlying the 2024 CEO Award, with consideration of the probability of achievement against the pre-established performance measures). As a result, the modification did not result in any incremental stock-based compensation expense and therefore, as of the Modification Date, total subsequent stock-based compensation expense to be recognized totaled $84 million. Of the total estimated stock-based compensation expense, 75% of the value was allocated to the 2024 CEO PSU Award with the remaining 25% allocated to the RSUs, based on the relative value of the two awards on the Modification Date.

Under the 2024 CEO PSU Award, the number of shares earned ranged from 0% to 200% of the target number of shares based on the Company's performance against two independent performance measures relative to pre-established thresholds during a two-year performance period that ended on December 31, 2025. The two independent performance measures were the Company's cumulative (i) bookings during the performance period, as defined in the grant agreement with Mr. Baszucki and (ii) Adjusted EBITDA during the performance period, which correlates to the covenant Adjusted EBITDA calculation used in certain covenant calculations specified in the Indenture (the "PSU Adjusted EBITDA"). Further, the award is subject to Mr. Baszucki's continuous service with the Company through each vesting date. In the first quarter of 2026, 67% of the award earned vested and the remaining 33% of the award earned, vests in four equal quarterly installments thereafter beginning in the second quarter of 2026. The Company recognizes stock-based compensation expense for the 2024 CEO PSU Award on an accelerated attribution method over the requisite service period of each separately vesting tranche. Actual performance against the pre-established thresholds under the 2024 CEO PSU Award has no impact on the subsequent stock-based compensation expense recognized.

The target number of shares under the 2024 CEO PSU Award was 446,534 in aggregate, with 80% of the target number of shares allocated to the cumulative bookings performance measure and 20% of the target number of shares allocated to the cumulative PSU Adjusted EBITDA performance measure. Based on actual performance through the end of the performance period ending on December 31, 2025, a total of 893,068 shares were earned under the 2024 CEO PSU Award, with vesting subject to Mr. Baszucki's continued service with the Company through the applicable vesting date. In the nine months ended September 30, 2026, 745,711 of those shares vested.

The Company recorded $1 million and $8 million of stock-based compensation expense related to the 2024 CEO PSU Award during the three and nine months ended September 30, 2026, respectively, and $7 million and $22 million during the three and nine months ended September 30, 2025, respectively, within general and administrative expenses.

Under the 2024 CEO Award, Mr. Baszucki was granted 148,844 RSUs which vest quarterly over a three-year service period beginning March 1, 2024, subject to Mr. Baszucki's continued service with the Company through the applicable vesting date.

Employee Stock Purchase Plan

The Company recorded $8 million and $23 million of stock-based compensation expense related to the 2020 ESPP during the three and nine months ended September 30, 2026, respectively, and $4 million and $10 million during the three and nine months ended September 30, 2025, respectively.

11. Accumulated Other Comprehensive Income/(Loss)

The following table summarizes changes in accumulated other comprehensive income/(loss) by its components for the nine months ended September 30, 2026 (in millions):

	Foreign Currency Translation	Unrealized Gains/(Losses) on Available-For-Sale Debt Securities	Total
Balance as of December 31, 2025	$ 4	$ 13	$ 17
Other comprehensive income/(loss), net of tax, before reclassifications	(1)	(70)	(71)
Amounts reclassified from accumulated other comprehensive income/(loss), net of tax	—	—	—
Change in accumulated other comprehensive income/(loss), net of tax	(1)	(70)	(71)
Balance as of September 30, 2026	$ 3	$ (57)	$ (54)

12. Joint Venture

Background

In February 2019, the Company entered into a joint venture agreement with Songhua River Investment Limited ("Songhua"), an affiliate of Tencent Holdings Ltd., to create Roblox China Holding Corp. (in which the Company holds a 51% ownership interest as it relates to the voting shares). Songhua contributed $50 million in capital in exchange for a 49% ownership interest in Roblox China Holding Corp. The business of the joint venture (either directly or indirectly through the joint venture's wholly owned subsidiaries) is to engage in the (i) development, localization, and licensing of the Roblox application to Shenzhen Tencent Computer Systems Co., Ltd. for operation and publication as a game in China, and (ii) development, localization, and licensing to creators of a Chinese version of the Roblox Studio and to oversee relations with local Chinese creators.

The joint venture is consolidated into the Company's condensed consolidated financial statements as the Company maintains a controlling financial interest through voting rights, while the minority member of the joint venture does not have substantive participating rights or veto rights. The Company classifies the 49% ownership interest held by Songhua as a noncontrolling interest on its condensed consolidated balance sheets.

Joint Venture Financing

On May 10, 2023, Roblox China Holding Corp. (the "Borrower") issued $30 million aggregate principal debt which would have matured on May 10, 2026 (the "JV Notes"). In the first quarter of 2026, the Borrower extended the maturity date of the JV Notes by two years to May 10, 2028.

The JV Notes were funded by the Company and Songhua (collectively, the "Lenders") in the amounts of $15 million each. The JV Notes bear interest at a rate of 6.0% per annum, with accrued interest payable on the final maturity date.

At any point, the Lenders may voluntarily convert the JV Notes into voting shares of the Borrower, provided that immediately after such conversion, the Lenders continue to own the same percentage of voting shares in the Borrower as they did immediately prior to the conversion. The conversion ratio will be determined at the time of such conversion (if any), and will be determined by dividing the then fair value of the Borrower's voting shares (as mutually agreed to by the Lenders and Borrower) into the sum of the unpaid principal and accrued interest.

The portion of the JV Notes outstanding to Songhua is reflected in the Company's condensed consolidated financial statements as long-term debt, net as of September 30, 2026 and within accrued expenses and other current liabilities as of December 31, 2025, at its principal amount, while the portion outstanding to the Company – including any related interest expense – is eliminated upon consolidation. Interest expense related to the JV Notes was not material for any of the periods presented.

13. Income Taxes

The Company is subject to federal and state income tax in the United States, as well as foreign tax jurisdictions in which it conducts business. The Company does not provide for U.S. income taxes or foreign withholding taxes on the undistributed earnings of its profitable foreign subsidiaries because it intends to permanently reinvest such earnings in foreign operations.

The provision for/(benefit from) income taxes for the three and nine months ended September 30, 2026 and 2025 consisted of immaterial federal, state, and foreign income taxes. The Company continues to maintain a full valuation allowance on its federal, state, and certain foreign net deferred tax assets as it is not likely that the deferred assets will be utilized. The primary difference between the effective tax rate and the federal statutory tax rate relates to the valuation allowance on the Company's deferred tax assets.

14. Basic and Diluted Net Loss Per Common Share

The following table presents the calculation of basic and diluted net loss per share (in millions, except number of shares which are reflected in thousands and per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Basic and diluted net loss per share				
Numerator				
Consolidated net loss	$ (230)	$ (258)	$ (663)	$ (754)
Less: net loss attributable to noncontrolling interest	(3)	(2)	(7)	(5)
Net loss attributable to common stockholders	$ (227)	$ (256)	$ (656)	$ (749)
Denominator				
Weighted-average common shares used in computing net loss per share attributable to common stockholders, basic and diluted	715,936	697,282	714,815	684,702
Net loss per share attributable to common stockholders, basic and diluted	$ (0.32)	$ (0.37)	$ (0.92)	$ (1.09)

The potential shares of common stock that were excluded from the computation of diluted net loss per share because including them would have been anti-dilutive are as follows (in thousands):

	As of September 30,	
	2026	2025
Stock options outstanding	6,834	10,363
RSUs and RSAs outstanding	28,452	28,179
2020 ESPP	2,992	1,043
Other awards[(1)] and warrants outstanding or unreleased	1,161	1,008
Total	39,439	40,593

(1) Other awards include the actual or hypothetical number of unvested shares earned under the Company's PSU awards, based on actual performance as of the respective balance sheet date.

15. Reportable Segments

The following represents segment information for the Company's single operating segment, for the periods presented (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenue	$ 1,572	$ 1,360	$ 4,483	$ 3,476
Add (deduct):				
Cost of revenue[1]	(318)	(296)	(904)	(757)
Developer exchange fees	(403)	(428)	(1,189)	(1,026)
Adjusted infrastructure expenses[2]	(230)	(204)	(624)	(481)
Adjusted trust & safety expenses[2]	(96)	(72)	(278)	(210)
Personnel costs, excluding stock-based compensation expense and excluding infrastructure and trust & safety personnel costs	(247)	(219)	(747)	(642)
Stock-based compensation expense, excluding infrastructure and trust & safety stock-based compensation expense	(264)	(250)	(752)	(726)
Depreciation and amortization expense	(67)	(55)	(193)	(163)
Other segment items[3]	(225)	(135)	(598)	(338)
Interest income	60	52	174	147
Interest expense	(11)	(10)	(31)	(31)
(Provision for)/benefit from income taxes	(1)	(1)	(4)	(3)
Consolidated net loss	$ (230)	$ (258)	$ (663)	$ (754)

(1) Depreciation of servers and infrastructure equipment is included in infrastructure and trust & safety expenses in the Company's condensed consolidated statement of operations.

(2) Adjusted infrastructure and adjusted trust & safety expenses exclude depreciation and amortization expense.

(3) Other segment items primarily include expenses for professional services, facilities, advertising and promotions, transactional taxes, and other income/(expense), net.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of our financial condition, results of operations, and cash flows should be read in conjunction with our unaudited condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and our audited consolidated financial statements and the related notes and the discussion under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" for the fiscal year ended December 31, 2025 included in our Annual Report on Form 10-K filed with the SEC (the "2025 Annual Report"). This discussion and analysis and other parts of this Quarterly Report on Form 10-Q contain forward-looking statements, such as those relating to our plans, objectives, expectations, intentions, and beliefs, that involve risks, uncertainties, and assumptions. Our actual results could differ materially from these forward-looking statements as a result of many factors, including those discussed in the sections titled "Risk Factors," "Special Note Regarding Forward-Looking Statements," and "Special Note Regarding Operating Metrics" included elsewhere in this Quarterly Report on Form 10-Q. Our historical results are not necessarily indicative of the results that may be expected for any periods in the future. Unless the context otherwise requires, all references in this report to "Roblox," the "Company," "we," "our," "us," or similar terms refer to Roblox Corporation and its subsidiaries.

Because certain reported amounts are rounded, the sum of the respective components reported for these amounts may not equal the total amount reported and the percentages presented may not add to their respective totals. Additionally, certain columns and rows may be presented as zero or not presented at all due to rounding to zero.

Overview

People from around the world come to Roblox every day to connect. Together they create, play, work, learn, and connect with each other in games built by our global community of creators. Roblox is powered by user-generated content and draws inspiration from gaming, entertainment, social media, and even toys.

Our immersive gaming and creation Platform consists of the Roblox Client, the Roblox Studio, and the Roblox Cloud (collectively, the "Roblox Platform" or the "Platform"). Roblox Client is the free application that allows users to explore immersive games. Roblox Studio is the free toolset that allows creators to build, publish, and operate immersive games and other content accessed with the Roblox Client. Roblox Cloud includes the services and infrastructure that power our Platform. We are continually innovating our Platform by investing in high fidelity avatars, more realistic games, artificial intelligence ("AI") tools, and other connection features.

Our mission is to connect a billion users with optimism and civility. We are constantly improving the ways in which our Platform supports shared games, ranging from how these games are built by an engaged community of creators to how they are enjoyed and safely accessed by users across the globe. We also believe there is a strong potential to capture a greater percentage of the global gaming market within the Roblox ecosystem. Our goal is to make it as easy as possible for creators to build better and safer games, and ultimately reach more users. We continue to invest in creating tools for our creators designed to promote key game genres and deepen engagement on our Platform.

Consistent with our free to use business model, a small portion of our users have historically been payers. For example, in the three months ended September 30, 2026, of our 138 million average daily active users ("DAUs"), only approximately 1.8 million represented our average daily unique paying users. Similarly, in the three months ended September 30, 2026, our average daily bookings per DAU was $0.13, whereas our average daily bookings per daily unique paying user was $9.98. We believe that maintaining and growing our overall number of users, including the number of users who may not purchase and spend Robux, is important to the success of our business. As a result, we believe that the number of users who choose to purchase and spend Robux will continue to constitute a small portion of our overall users.

We are constantly innovating our safety tools and launching new safeguards to promote a safe and enjoyable environment for our users. As our safety teams continue to innovate and use advancements in technology to help users feel safe on our Platform, we expect to continue to implement Platform policy, product, technology and other changes, including in anticipation of and in response to regulatory requirements and evolving guidance from leading global organizations focused on child and internet safety in the U.S. and abroad. We continue to develop, test, and implement new systems designed to age-check users prior to accessing chat on our Platform. In the first half of 2026, we also launched Roblox Kids and Roblox Select, which are age-based account types designed to provide children and younger teens with age-appropriate games and safety features. Our safety changes have impacted and may continue to impact engagement, retention, revenue, and bookings.

Our primary areas of investment have been, and we expect will continue to be, our creator community, and the people, technology, and infrastructure, including our trust and safety systems, required to keep improving the Roblox Platform while maintaining and building a safe and civil digital community. These areas of focus are how we drive the business, and along with payment processing fees, represent our primary operating costs.

Key Metrics

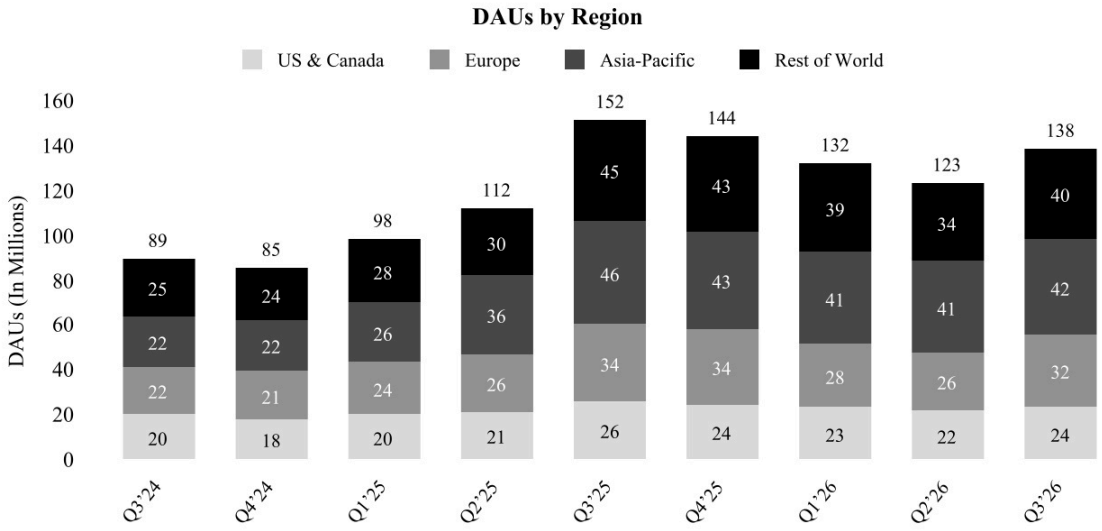
We believe our performance is dependent upon many factors, including the key metrics described below that we track and review to measure our performance, identify trends, formulate financial projections, and make strategic decisions.

Operating Metrics

We manage our business by tracking several operating metrics, including those outlined below. As a management team, we believe each of these operating metrics provides useful information to investors and others. For complete definitions and limitations of these metrics, refer to the section titled "Special Note Regarding Operating Metrics" in this Quarterly Report on Form 10-Q.

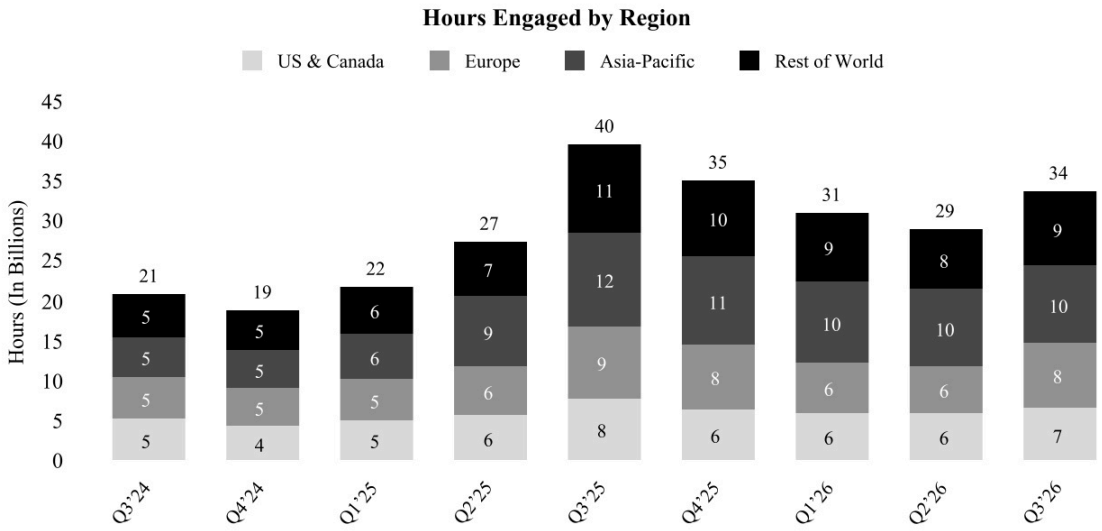
Average Daily Active Users ("DAUs")

We define a DAU as a user who has logged in and visited Roblox through our website or application on a unique registered account on a given calendar day. If a registered, logged-in user visits Roblox more than once within a 24-hour period that spans two calendar days, that user is counted as a DAU only for the first calendar day. We track DAUs as an indicator of the size of the audience engaged on our Platform. We believe that the long-term growth in DAUs reflects the increasing value of our Platform.



Hours Engaged

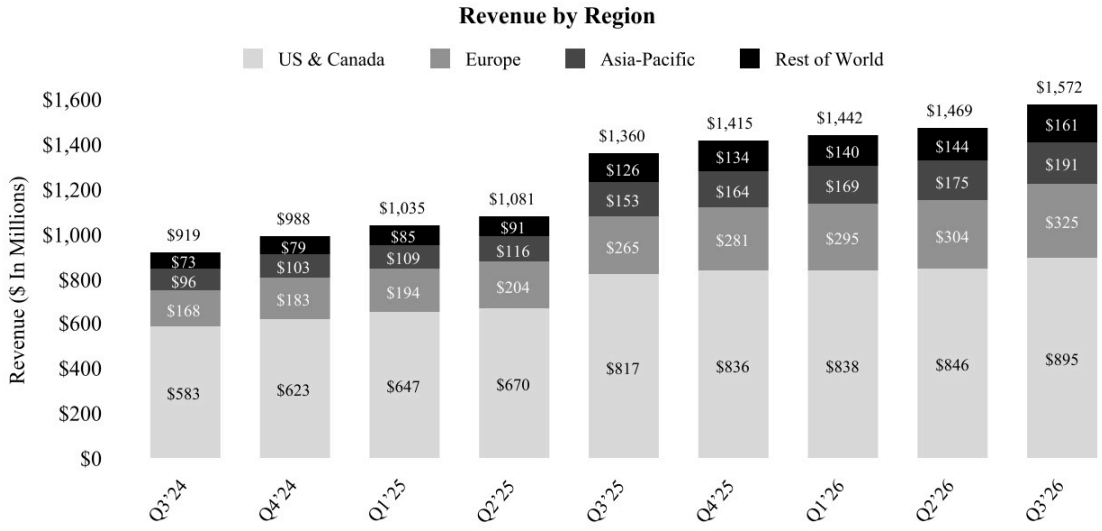
We define hours engaged as the time spent by our users on the Platform. We calculate total hours engaged as the aggregate of user session lengths in a given period. We estimate this length of time using internal company systems that track user activity on our Platform as discrete events, and aggregate these discrete activities into a user session. A given user session on our Platform may include, among other things, time spent in games, in Roblox Studio, in Platform features such as chat and avatar personalization, in the Creator Store, and some amount of non-active time due to limits within the tracking systems and our estimation methodology. We believe that the long-term growth in hours engaged reflects the increasing value of our Platform.

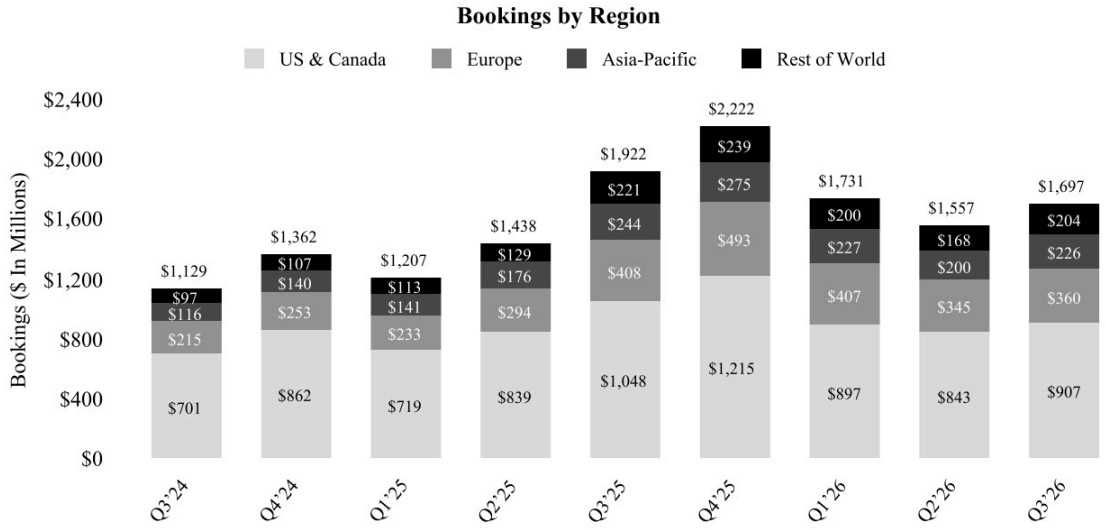


Bookings

Bookings is a non-GAAP financial measure and represents the sales activity in a given period without giving effect to certain non-cash adjustments. Bookings is presented for supplemental informational purposes only and should not be considered in isolation from, or as a substitute for, financial information presented in accordance with GAAP. Refer to the section "Non-GAAP Financial Measures" below for further discussion on this measure, including its limitations.

Below, we also include revenue calculated in accordance with GAAP, the most directly comparable financial measure to bookings.



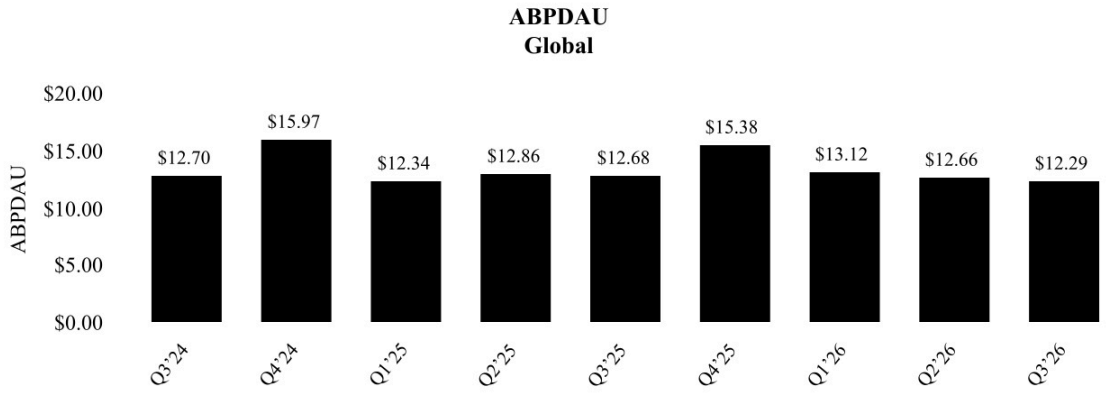


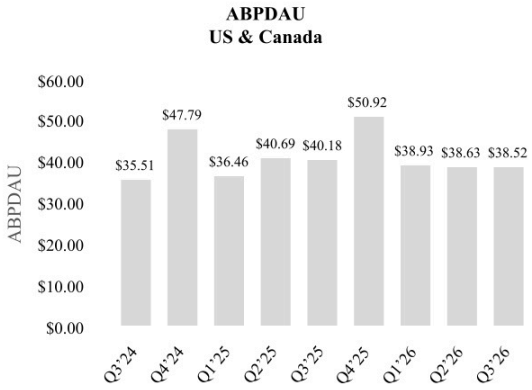
Generally over time, as the content and functionality of our Platform improves and DAUs increase in tenure, hours engaged tend to go up. Similarly, we expect more users to become payers. Further, we expect growth in our payers and improvements in our products and strategy to lead to growth in revenue and bookings. Within any given period, the relative behavior of the metrics has not been, and will not always be, consistent. Additionally, engagement and monetization trends may vary depending on a wide variety of factors, including, but not limited to, the popularity and virality of certain games, the mix of users from different regions, and Platform changes.

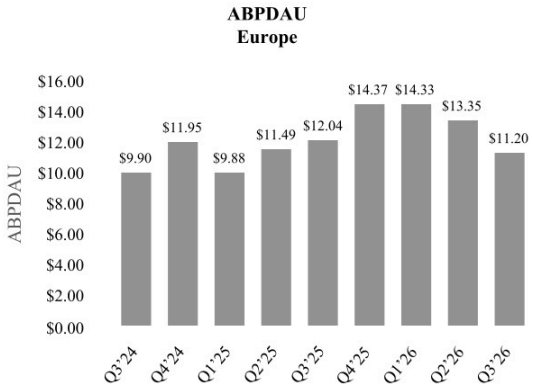
Average Bookings per DAU ("ABPDAU")

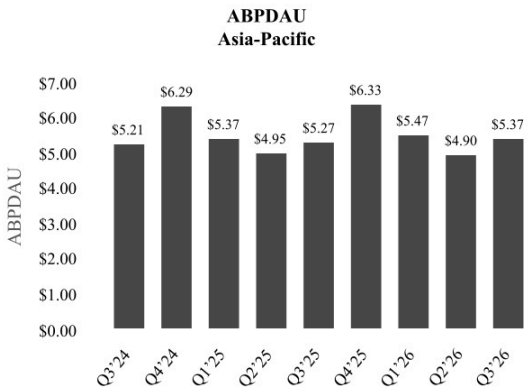
We define ABPDAU as bookings in a given period divided by the DAUs for the same period. We use ABPDAU as a way to understand our monetization across our users.

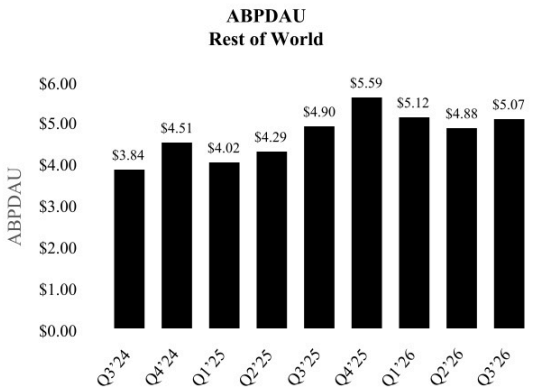
Refer to the section titled "Non-GAAP Financial Measures" for the definition of and discussion on bookings, including its limitations as a non-GAAP financial measure.





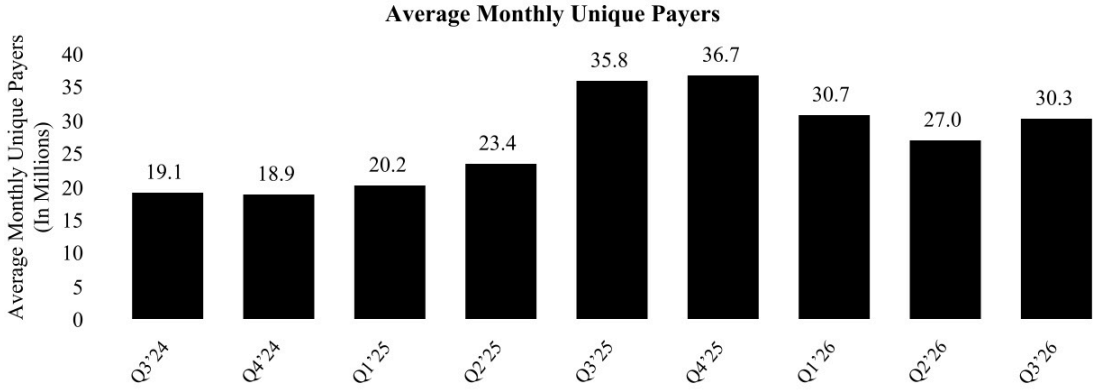






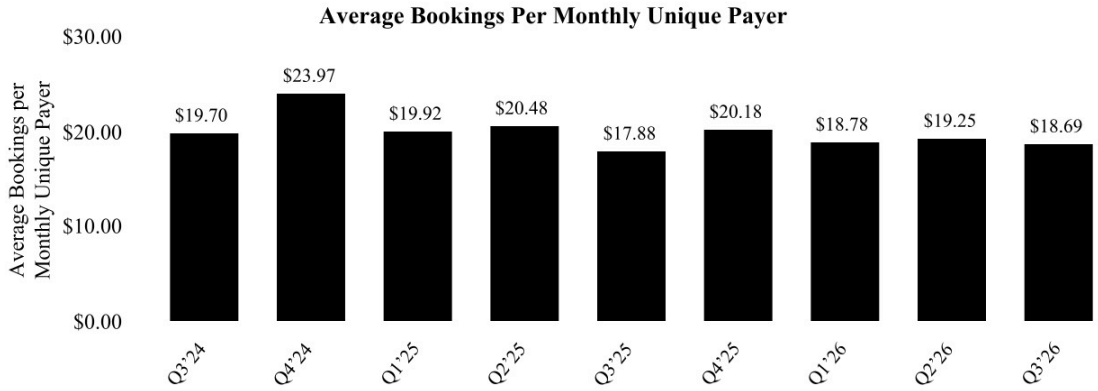
Average Monthly Unique Payers

We define monthly unique payers as user accounts that made a payment on the Platform or redeemed a prepaid card during a given month. Average monthly unique payers for a specified period is the average of the monthly unique payers for each month during that period. We use this measure to understand our monetization across our payers.



Average Bookings per Monthly Unique Payer

We define average bookings per monthly unique payer as bookings in the specified period divided by the average monthly unique payers for the same specified period. We use this measure to understand our monetization across our payers through the sale of virtual currency and subscriptions. Refer to the section titled "Non-GAAP Financial Measures" for the definition of and discussion on bookings, including its limitations as a non-GAAP financial measure.



Non-GAAP Financial Measures

In addition to our results determined in accordance with GAAP, we believe the following non-GAAP financial measures are useful in evaluating our performance: bookings, Adjusted EBITDA, and free cash flow. We use this non-GAAP financial information to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that this non-GAAP financial information may be helpful to investors because it provides consistency and comparability with past financial performance. However, non-GAAP financial measures have limitations in their usefulness to investors because they have no standardized meaning prescribed by GAAP and are not prepared under any comprehensive set of accounting rules or principles. In addition, other companies, including companies in our industry, may calculate similarly titled non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial information as a tool for comparison. As a result, our non-GAAP financial information is presented for supplemental informational purposes only and should not be considered in isolation from, or as a substitute for, financial information presented in accordance with GAAP.

Reconciliation tables of the most comparable GAAP financial measure to each non-GAAP financial measure used in this Quarterly Report on Form 10-Q are included below. We encourage investors and others to review our business, results of operations, and financial information in their entirety, not to rely on any single financial measure, and to view these non-GAAP measures in conjunction with the most directly comparable GAAP financial measures.

Bookings

Bookings represent the sales activity in a given period without giving effect to certain non-cash adjustments, as detailed below. Substantially all of our bookings are generated from sales of virtual currency, which can ultimately be converted to virtual items on the Roblox Platform. Sales of virtual currency reflected as bookings include one-time purchases or monthly subscriptions purchased via payment processors or through prepaid cards. Bookings are initially recorded in deferred revenue and recognized as revenues over the estimated period of time the virtual items purchased with the virtual currency are available on the Roblox Platform (estimated to be the average lifetime of a paying user) or as the virtual items purchased with the virtual currency are consumed. Bookings also include an insignificant amount from advertising and licensing arrangements.

We believe bookings provide a timelier indication of trends in our operating results that are not necessarily reflected in our revenue as a result of the fact that we recognize the majority of revenue over the estimated average lifetime of a paying user. The change in deferred revenue constitutes the vast majority of the reconciling difference from revenue to bookings. By removing these non-cash adjustments, we are able to measure and monitor our business performance based on the timing of actual transactions with our users and the cash that is generated from these transactions. Over the long term, the factors impacting our revenue and bookings trends are the same. However, in the short term, there are factors that may cause revenue and bookings trends to differ.

The following table presents a reconciliation of revenue, the most directly comparable financial measure calculated in accordance with GAAP, to bookings, for each of the periods presented (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Reconciliation of revenue to bookings:				
Revenue	$ 1,572	$ 1,360	$ 4,483	$ 3,476
Add (deduct):				
Change in deferred revenue	136	573	534	1,116
Other	(11)	(11)	(32)	(25)
Bookings	$ 1,697	$ 1,922	$ 4,985	$ 4,567

Adjusted EBITDA

Adjusted EBITDA represents our GAAP consolidated net loss, excluding interest income, interest expense, other (income)/expense, net, provision for/(benefit from) income taxes, depreciation and amortization expense, stock-based compensation expense, and certain other non-routine adjustments and differs from Covenant Adjusted EBITDA which is used in certain covenant calculations specified in the indenture governing our senior notes due 2030 (the "Indenture"). Refer to the section titled "Liquidity and Capital Resources" for the definition of and discussion on Covenant Adjusted EBITDA.

We believe that, when considered together with reported GAAP amounts, Adjusted EBITDA is useful to investors and management in understanding our ongoing operations and operating trends. Our definition of Adjusted EBITDA may differ from the definition used by other companies and therefore comparability may be limited.

The following table presents a reconciliation of consolidated net loss, the most directly comparable financial measure calculated in accordance with GAAP, to Adjusted EBITDA, for each of the periods presented (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Reconciliation of consolidated net loss to Adjusted EBITDA:				
Consolidated net loss	$ (230)	$ (258)	$ (663)	$ (754)
Add (deduct):				
Interest income	(60)	(52)	(174)	(147)
Interest expense	11	10	31	31
Other (income)/expense, net	(5)	3	(4)	(6)
Provision for/(benefit from) income taxes	1	1	4	3
Depreciation and amortization expense	67	55	193	163
Stock-based compensation expense	298	287	855	831
Legal settlement expenses[(1)]	49	—	140	—
Other charges	7	—	7	2
Adjusted EBITDA	$ 138	$ 46	$ 389	$ 122

(1) Includes legal expenses related to settlements and settlement negotiations with certain states and territories regarding youth-related consumer protection and digital safety matters. The Company has determined that these matters arise outside of the ordinary course of business, have limited historical precedent, are unpredictable in their magnitude, scope, and timing, and as a result are distinct from routine expenses incurred in ongoing operations.

Free cash flow

Free cash flow represents the net cash and cash equivalents provided by operating activities, less purchases of property and equipment, and intangible assets acquired through asset acquisitions. We believe that free cash flow is a useful indicator of our unit economics and liquidity that provides information to management and investors about the amount of net cash and cash equivalents generated from our core operations that, after the purchases of property and equipment, and intangible assets acquired through asset acquisitions, can be used for strategic initiatives.

The following table presents a reconciliation of net cash and cash equivalents provided by operating activities, the most directly comparable financial measure calculated in accordance with GAAP, to free cash flow, for each of the periods presented (in millions):

	Nine Months Ended September 30,	
	2026	2025
Reconciliation of net cash and cash equivalents provided by operating activities to free cash flow:		
Net cash and cash equivalents provided by operating activities	$ 1,342	$ 1,189
Deduct:		
Acquisition of property and equipment	(83)	(143)
Purchases of intangible assets	(5)	(1)
Free cash flow	$ 1,254	$ 1,046

Acquisition of property and equipment primarily includes leasehold improvements related to our leased office spaces and data centers, servers, infrastructure equipment, and capitalized software licenses.

Components of Results of Operations

Revenue

We generate substantially all of our revenue through the sale of or access to virtual items to users, enabling them to enhance their experience on the Roblox Platform. We recognize revenue over the estimated period of time the virtual items are available to the user on the Roblox Platform (estimated average lifetime of a paying user), which we refer to as durable virtual revenue, or at the time the virtual item is consumed, which we refer to as consumable revenue. We expect the mix of durable and consumable revenues to fluctuate based on user purchasing preferences, the variety of virtual content being offered by creators, and seasonal variations, amongst other factors, with higher consumable virtual item purchases resulting in higher revenue from bookings generated in the same period.

The estimated average lifetime of a paying user is calculated based on the monthly retention data for each paying user cohort. We then calculate the average retention period by determining the weighted-average period paying users have spent on the Platform and are projected to participate on the Roblox Platform.

Other revenue streams include an insignificant amount of revenue from advertising and licensing arrangements. We plan to invest in and expand our advertising business for the foreseeable future.

All of our revenue is recorded net of taxes assessed by a government authority that are both imposed on and concurrent with specific revenue transactions between us and our users, and estimated chargebacks and refunds.

Costs and expenses

We allocate shared costs, such as certain facilities (including rent and depreciation on equipment and leasehold improvements shared by all departments), software costs, and certain other operating expenses, to all departments based on headcount. As such, allocated shared costs are reflected in each expense category, with the exception of cost of revenue and developer exchange fees expense.

Personnel costs generally include employee expenses (salaries, benefits, and stock-based compensation expense) and contractor expenses, and are reflected in each expense category, with the exception of cost of revenue and developer exchange fees. In the three and nine months ended September 30, 2026, personnel costs were $579 million and $1,709 million, respectively, and during the three and nine months ended September 30, 2025, were $537 million and $1,564 million, respectively.

Cost of revenue

Cost of revenue primarily consists of third-party payment processing fees charged by the various distribution channels in connection with sales of our virtual currency. We initially defer payment processing fees and recognize them as expense over the same period as the respective revenue. Cost of revenue also includes sales tax expense for jurisdictions where the Company does not collect sales tax from the purchaser at the time of the sale and costs associated with the printing of prepaid cards.

Cost of revenue as a percentage of revenue is affected by shifts in user purchasing preferences and trends, including those influenced by Robux offerings made by the Company, such as differential Robux pricing. Differential Robux pricing offers more Robux for users purchasing Robux through payment processing channels with lower transaction processing fees. Since the introduction of differential Robux pricing, we have seen some shift of our sales towards distribution channels with lower transaction processing fees, such as desktop and prepaid cards. In the future, we expect the overall distribution channel mix to shift based on user purchasing preferences, including those influenced by Robux offerings made by the Company, demographics, and seasonal variations.

Developer exchange fees

Developer exchange fees expense represent the fiat currency amount that qualified and registered creators in the Developer Exchange Program are eligible to be paid. Creators that qualify for our Developer Exchange Program are eligible to be paid fiat currency by Roblox based on the amount of earned Robux the creator has accumulated through the Platform. Creators must meet certain conditions, such as having accumulated the minimum amount of earned Robux required to qualify for the program, and having a verified creator account in good standing to be eligible to participate in our Developer Exchange Program. Creators can accumulate earned Robux by monetizing a developed game, IP licensing, creating and selling avatar items, or creating and selling Roblox Studio plugins.

Through July 23, 2025, creators were also able to accumulate earned Robux through our Engagement-Based Payouts (“EBP”) Program which allowed creators to accumulate earned Robux based on the share of time that Roblox Premium subscribers engaged in their game. Beginning July 24, 2025, our EBP Program was replaced by our Creator Rewards Program that allows creators who publish games to accumulate earned Robux based on the achievement of various metrics that we believe drive user engagement and monetization supporting the long-term health of our Platform. We expect that moving forward, the aggregate developer exchange fee expense related to the Creator Rewards Program will exceed the aggregate developer exchange fee expense related to the legacy EBP Program.

On January 31, 2022, we reduced the minimum amount of earned Robux required to qualify for the Developer Exchange Program from 100,000 Robux to 50,000 Robux and on January 31, 2023 we further reduced the minimum requirement from 50,000 Robux to 30,000 Robux. We believe these reductions in the minimum amounts required incentivize our creator community, while promoting its long-term growth and health. As of September 30, 2026, over 45,000 creators qualified for and were registered in our Developer Exchange Program.

We continue to focus on increasing creator earnings by (i) creating new earnings methods and enhancing existing ones and (ii) passing on efficiencies realized in other areas of our business. For example, beginning September 5, 2025 and applying prospectively, we increased the amount creators can receive in fiat currency based on earned Robux by 8.5%. Furthermore, beginning June 8, 2026 and applying prospectively, we increased our Developer Exchange rate by 42% for eligible in-game spend generated by age-checked U.S. users 18 or older to further incentivize creation of novel games.

Infrastructure and trust & safety

Infrastructure and trust & safety expenses consist primarily of expenses related to the operation of our data centers and technical infrastructure. These costs include third-party service provider costs, such as cloud computing or other hosting and data storage, facilities-related expenses for our co-located data centers and edge data centers that we lease and operate, and network and bandwidth costs, as well as depreciation and associated support and maintenance costs of our servers and infrastructure equipment. Depreciation and amortization expense related to infrastructure and trust & safety in the three and nine months ended September 30, 2026 was $59 million and $171 million, respectively, and in the three and nine months ended September 30, 2025 was $46 million and $133 million, respectively.

We plan to continue increasing the capacity, capability, and reliability of our infrastructure to support more sophisticated content, more users, and increased engagement. In fiscal year 2023, we invested heavily in our infrastructure, and as a result, were able to moderate our investment in infrastructure throughout fiscal year 2024 and into the first quarter of 2025. Since that time, our investment in infrastructure has grown to meet the demands of continued Platform growth. Over the long term, we expect to increase our investment to support our global infrastructure. We intend to achieve scalability by building and maintaining our own technical infrastructure, while generating operating leverage over the long term.

Infrastructure and trust & safety expenses also include personnel costs, moderation and customer support related costs, trust & safety-related marketing, and allocated overhead expenses. We have been and expect to continue investing in AI and automation to increase the accuracy and efficiency of our safety moderation and customer support related efforts, which has increased the quality of our safety and civility systems.

Research and development

Research and development expenses consist primarily of personnel costs and allocated overhead expenses for our engineering, design, product management, data science, and other employees engaged in maintaining and enhancing the functionality of the Platform. We plan to increase research and development expenses for the foreseeable future primarily driven by increased headcount to develop new features, functionality, and innovation of our Platform.

General and administrative

General and administrative expenses consist primarily of personnel costs and allocated overhead for our finance and accounting, legal, human resources, talent acquisition, and other administrative teams. General and administrative expenses also include professional services fees such as outside legal, accounting, audit, outsourcing services, and other corporate expenses, as well as certain accruals and settlements associated with legal proceedings. We generally expect general and administrative expenses to increase for the foreseeable future, primarily to support the growth and increasing complexity of our business.

Sales and marketing

Sales and marketing expenses consist primarily of personnel costs and allocated overhead for our marketing, business development, brand partnerships, and developer relations functions, as well as user acquisition expenses. Other expenses include those associated with market research, branding, public relations, and developer relations programs, including our annual Roblox Developer Conference. We plan to increase our sales and marketing expenses for the foreseeable future, primarily to support the growth of our business.

Interest income

Interest income consists primarily of interest earned and accretion/(amortization) of our short-term investments, long-term investments, and cash equivalents.

Interest expense

Interest expense consists primarily of contractual interest and amortization of debt issuance costs on our 3.875% Senior Notes due 2030 (the “2030 Notes”).

Other income/(expense), net

Other income/(expense), net primarily includes foreign currency exchange gains/(losses) and realized gains/(losses) on our short-term and long-term investments.

Provision for/(benefit from) income taxes

Provision for/(benefit from) income taxes consists primarily of income taxes in foreign jurisdictions and U.S. federal and state income taxes. We maintain a full valuation allowance on our federal, state, and certain foreign deferred tax assets as we have concluded that it is not likely that the deferred assets will be utilized.

Results of Operations

The following tables set forth our results of operations for the periods presented in dollars and as a percentage of our revenue for each period presented (in millions, except number of shares which are reflected in thousands, per share data, and percentages):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026		2025		2026		2025	
Revenue	$ 1,572	100 %	$ 1,360	100 %	$ 4,483	100 %	$ 3,476	100 %
Costs and expenses:								
Cost of revenue[1]	318	20	296	22	904	20	757	22
Developer exchange fees	403	26	428	31	1,189	27	1,026	30
Infrastructure and trust & safety	385	24	321	24	1,072	24	824	24
Research and development	435	28	399	29	1,277	28	1,158	33
General and administrative	203	13	145	11	611	14	416	12
Sales and marketing	111	7	67	5	236	5	168	4
Total costs and expenses	1,855	118	1,656	122	5,289	118	4,349	125
Loss from operations	(283)	(18)	(296)	(22)	(806)	(18)	(873)	(25)
Interest income	60	4	52	4	174	4	147	4
Interest expense	(11)	(1)	(10)	(1)	(31)	(1)	(31)	(1)
Other income/(expense), net	5	—	(3)	—	4	—	6	—
Loss before income taxes	(229)	(15)	(257)	(19)	(659)	(15)	(751)	(22)
Provision for/(benefit from) income taxes	1	—	1	—	4	—	3	—
Consolidated net loss	(230)	(15)	(258)	(19)	(663)	(15)	(754)	(22)
Net loss attributable to noncontrolling interest[2]	(3)	—	(2)	—	(7)	—	(5)	—
Net loss attributable to common stockholders	$ (227)	(14)%	$ (256)	(19)%	$ (656)	(15)%	$ (749)	(22)%
Net loss per share attributable to common stockholders, basic and diluted	$ (0.32)		$ (0.37)		$ (0.92)		$ (1.09)	
Weighted-average shares used in computing net loss per share attributable to common stockholders—basic and diluted	715,936		697,282		714,815		684,702	

(1) Depreciation of servers and infrastructure equipment included in infrastructure and trust & safety.

(2) Our condensed consolidated financial statements include our majority-owned subsidiary Roblox China Holding Corp. The ownership interest of a minority investor, Songhua River Investment Limited, is recorded as a noncontrolling interest.

Comparison of the Three and Nine Months Ended September 30, 2026 and 2025

Revenue

	Three Months Ended September 30,		Year-Over-Year	Nine Months Ended September 30,		Year-Over-Year
	2026	2025	% Change	2026	2025	% Change
	(dollars in millions)			(dollars in millions)		
Revenue	$ 1,572	$ 1,360	16 %	$ 4,483	$ 3,476	29 %

Revenue increased $212 million, or 16%, for the three months ended September 30, 2026 compared to the three months ended September 30, 2025. The increase is primarily due to higher amortization of prior period deferred revenue. This increase was partially offset by a decrease in revenue recognized from current period bookings driven by a decrease in bookings and a decrease in consumable virtual item-related revenue, which accounted for 10% of virtual item-related revenue during the three months ended September 30, 2026 as compared to 22% in the three months ended September 30, 2025.

The decrease in bookings during the three months ended September 30, 2026 compared to the three months ended September 30, 2025 was primarily driven by a lower average number of daily unique paying users during the current period, which decreased to approximately 1.8 million during the three months ended September 30, 2026 from approximately 2.3 million during the three months ended September 30, 2025. The average number of daily unique paying users represents the number of user accounts that made a payment on the Platform, including redemption of prepaid cards for Robux, on an average daily basis during the respective period.

Revenue increased $1,007 million, or 29%, for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025. The increase is primarily due to higher amortization of prior period deferred revenue and an increase in revenue recognized from current period bookings. The increase in revenue recognized from current period bookings was driven by an increase in bookings. This increase in revenue was partially offset by a decrease in consumable virtual item-related revenue, which accounted for 10% of virtual item-related revenue during the nine months ended September 30, 2026, as compared to 14% in the nine months ended September 30, 2025.

The increase in bookings during the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025 was primarily driven by a higher average number of daily unique paying users during the current period, which increased to approximately 1.8 million during the nine months ended September 30, 2026 from approximately 1.7 million during the nine months ended September 30, 2025.

Cost of revenue

	Three Months Ended September 30,		Year-Over-Year	Nine Months Ended September 30,		Year-Over-Year
	2026	2025	% Change	2026	2025	% Change
	(dollars in millions)			(dollars in millions)		
Cost of revenue	$ 318	$ 296	7 %	$ 904	$ 757	19 %

Cost of revenue increased $22 million, or 7%, for the three months ended September 30, 2026 compared to the three months ended September 30, 2025. The increase is primarily due to an increase of $19 million in expense associated with payment processing fees, largely from higher amortization of prior period payment processing fees. Additionally, the increase in cost of revenue was supplemented by higher prepaid card printing costs. The increase in cost of revenue was partially offset by a decrease in current period payment processing fees driven by the related decline in bookings, a decrease in consumable virtual item-related revenue as the related payment processing fees are expensed over the same period as the respective revenue, and a mix shift toward payment processors with lower payment processing fees.

Cost of revenue increased $147 million, or 19%, for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025. The increase is primarily due to an increase of $154 million in expense for payment processing fees, largely from higher amortization of prior period payment processing fees, and an increase in expense associated with current period payment processing fees driven by the related growth in bookings. Additionally, the increase in cost of revenue was supplemented by higher prepaid card printing costs. The increase in cost of revenue was partially offset by the aforementioned decrease in consumable virtual item-related revenue, as the payment processing fees are expensed over the same period as the respective revenue, and by a mix shift toward payment processors with lower payment processing fees.

Developer exchange fees

	Three Months Ended September 30,		Year-Over-Year	Nine Months Ended September 30,		Year-Over-Year
	2026	2025	% Change	2026	2025	% Change
	(dollars in millions)			(dollars in millions)		
Developer exchange fees	$ 403	$ 428	(6)%	$ 1,189	$ 1,026	16 %

Developer exchange fees decreased $25 million, or 6%, for the three months ended September 30, 2026 compared to the three months ended September 30, 2025. The decrease is primarily driven by a decrease in amounts earned by creators due to the decline in bookings over the same period. The decrease was partially offset by an 8.5% increase in the amount creators in our Developer Exchange Program can receive in fiat currency based on earned Robux accumulated, from September 5, 2025 onwards, and by the increase in the Developer Exchange rate for eligible in-game spend generated by age-checked U.S. users 18 or older beginning June 8, 2026.

Developer exchange fees increased $163 million, or 16%, for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025. The increase is primarily driven by an increase in amounts earned by creators due to the growth in bookings over the same period. The growth in developer exchange fees exceeded the growth in bookings, primarily driven by the aforementioned 8.5% increase in the amount creators in our Developer Exchange Program can receive in fiat currency based on earned Robux accumulated and the launch of Creator Rewards in July 2025.

Infrastructure and trust & safety

	Three Months Ended September 30,		Year-Over-Year	Nine Months Ended September 30,		Year-Over-Year
	2026	2025	% Change	2026	2025	% Change
	(dollars in millions)			(dollars in millions)		
Infrastructure and trust & safety	$ 385	$ 321	20 %	$ 1,072	$ 824	30 %

Infrastructure and trust & safety expenses increased $64 million, or 20%, for the three months ended September 30, 2026 compared to the three months ended September 30, 2025. The increase is primarily driven by an increase of $47 million related to data center and technical infrastructure expenses (including depreciation and amortization) and hosting costs associated with providing the Platform to our users. The increase was supplemented by an increase of $7 million in trust & safety-related marketing expenses and an increase of $4 million in moderation and customer support related costs.

Infrastructure and trust & safety expenses increased $248 million, or 30%, for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025. The increase is primarily due to an increase of $189 million related to data center and technical infrastructure expenses (including depreciation and amortization) associated with providing the Platform to our users. The increase was supplemented by an increase of $26 million in trust & safety-related marketing expenses and an increase of $7 million in moderation and customer support related costs. Additionally, personnel costs increased by $14 million, primarily due to an increase in headcount.

Research and development

	Three Months Ended September 30,		Year-Over-Year	Nine Months Ended September 30,		Year-Over-Year
	2026	2025	% Change	2026	2025	% Change
	(dollars in millions)			(dollars in millions)		
Research and development	$ 435	$ 399	9 %	$ 1,277	$ 1,158	10 %

Research and development expenses increased $36 million, or 9%, for the three months ended September 30, 2026 compared to the three months ended September 30, 2025. The increase is primarily due to an increase of $28 million in personnel costs, primarily due to growth in headcount supporting our engineering, design, and product teams.

Research and development expenses increased $119 million, or 10%, for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025. The increase is primarily due to an increase of $110 million in personnel costs, which includes an increase of $31 million in stock-based compensation expense, primarily due to growth in headcount supporting our engineering, design, and product teams.

General and administrative

	Three Months Ended September 30,		Year-Over-Year	Nine Months Ended September 30,		Year-Over-Year
	2026	2025	% Change	2026	2025	% Change
	(dollars in millions)			(dollars in millions)		
General and administrative	$ 203	$ 145	40 %	$ 611	$ 416	47 %

General and administrative expenses increased $58 million, or 40%, for the three months ended September 30, 2026 compared to the three months ended September 30, 2025. The increase is primarily due to $49 million in legal settlement accruals related to settlements and settlement negotiations with various states and territories regarding youth-related consumer protection and digital safety matters. The increase also includes an increase of $4 million in professional services, primarily from legal fees associated with ongoing litigation and investigations.

General and administrative expenses increased $195 million, or 47%, for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025. The increase is primarily due to $140 million in legal settlement accruals related to settlements and settlement negotiations with various states and territories regarding youth-related consumer protection and digital safety matters. The increase also includes an increase of $37 million in professional services, primarily from legal fees associated with ongoing litigation and investigations, and an increase of $7 million in personnel costs, primarily due to growth in headcount.

Sales and marketing

	Three Months Ended September 30,		Year-Over-Year	Nine Months Ended September 30,		Year-Over-Year
	2026	2025	% Change	2026	2025	% Change
	(dollars in millions)			(dollars in millions)		
Sales and marketing	$ 111	$ 67	66 %	$ 236	$ 168	40 %

Sales and marketing expenses increased $44 million, or 66%, for the three months ended September 30, 2026 compared to the three months ended September 30, 2025. The increase is primarily due to an increase of $31 million in advertising and promotional expenses, and an increase of $9 million in personnel costs, primarily due to growth in headcount.

Sales and marketing expenses increased $68 million, or 40%, for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025. The increase is primarily due to an increase of $48 million in advertising and promotional expenses, and an increase of $14 million in personnel costs, primarily due to growth in headcount.

Interest income, interest expense, other income/(expense), net, and provision for/(benefit from) income taxes

	Three Months Ended September 30,		Year-Over-Year	Nine Months Ended September 30,		Year-Over-Year
	2026	2025	% Change	2026	2025	% Change
	(dollars in millions)			(dollars in millions)		
Interest income	$ 60	$ 52	15 %	$ 174	$ 147	18 %
Interest expense	$ (11)	$ (10)	10 %	$ (31)	$ (31)	0 %
Other income/(expense), net	$ 5	$ (3)	NM	$ 4	$ 6	(33)%
Provision for/(benefit from) income taxes	$ 1	$ 1	0 %	$ 4	$ 3	33 %

Interest income increased $8 million for the three months ended September 30, 2026 compared to the three months ended September 30, 2025 and increased $27 million for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025. The increase for both periods was primarily due to higher average investments in debt securities, partially offset by lower average interest rates.

Other income/(expense), net, interest expense, and provision for/(benefit from) income taxes were relatively flat (in terms of amount) for the three and nine months ended September 30, 2026 compared to the same periods of the prior year.

Liquidity and Capital Resources

As of September 30, 2026 and December 31, 2025, our principal sources of liquidity were cash and cash equivalents and short-term and long-term investments of $6.2 billion and $5.5 billion, respectively, which were primarily held for working capital purposes, capital expenditures, share repurchases, and acquisitions. Our investment policy and strategy are focused on the preservation of capital and supporting our liquidity requirements. We do not enter into investments for trading or speculative purposes.

Since our inception, we have financed our operations primarily through cash generated from operations and, to a lesser extent, sales of convertible preferred stock, borrowings under our credit facilities, and the sale of our 2030 Notes. We require payment upfront for substantially all of our bookings.

On October 29, 2021, we issued the 2030 Notes, which will mature on May 1, 2030, unless earlier repurchased or redeemed. Interest is payable semi-annually in arrears on May 1 and November 1 of each year, commencing on May 1, 2022. The net proceeds from the 2030 Notes issuance were approximately $988 million and we intend to use the net proceeds for general corporate purposes, which may include working capital purposes, capital expenditures, share repurchases, and acquisitions.

The 2030 Notes are unsecured obligations and the Indenture contains covenants limiting the Company and its subsidiaries' ability to: (i) create certain liens and enter into sale and lease-back transactions; (ii) create, assume, incur, or guarantee indebtedness; or (iii) consolidate or merge with or into, or sell or otherwise dispose of all or substantially all of the Company and its subsidiaries' assets to another person, all of which are limited to amounts not to exceed the greater of $4.0 billion and 3.5x "Consolidated EBITDA" (as defined in the Indenture and referred to as "Covenant Adjusted EBITDA" throughout this section). Noncompliance with these covenants may result in the acceleration of repayment of the 2030 Notes and any accrued and unpaid interest.

Accordingly, we present Covenant Adjusted EBITDA calculated in accordance with "Consolidated EBITDA" as that term is defined in the Indenture, which is not calculated in accordance with GAAP and may not conform to the calculation of Adjusted EBITDA by other companies. Covenant Adjusted EBITDA should not be considered as a substitute for a measure of our financial performance or other liquidity measures prepared in accordance with GAAP and is also not indicative of income or loss calculated in accordance with GAAP. Management believes that this calculation is useful to investors for purposes of analyzing our compliance with certain covenants specified in the Indenture.

The following table presents the calculation of Covenant Adjusted EBITDA in accordance with the terms of the Indenture, for each of the periods presented (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Calculation of Covenant Adjusted EBITDA:				
Consolidated net loss	$ (230)	$ (258)	$ (663)	$ (754)
Add (deduct):				
Interest income	(60)	(52)	(174)	(147)
Interest expense	11	10	31	31
Other (income)/expense, net	(5)	3	(4)	(6)
Provision for/(benefit from) income taxes	1	1	4	3
Depreciation and amortization expense	67	55	193	163
Stock-based compensation expense	298	287	855	831
Legal settlement expenses[(1)]	49	—	140	—
Other charges	7	—	7	2
Change in deferred revenue	136	573	534	1,116
Change in deferred cost of revenue	—	(115)	(23)	(210)
Covenant Adjusted EBITDA	$ 274	$ 504	$ 900	$ 1,029

(1) Includes legal expenses related to settlements and settlement negotiations with certain states and territories regarding youth-related consumer protection and digital safety matters. The Company has determined that these matters arise outside of the ordinary course of business, have limited historical precedent, are unpredictable in their magnitude, scope, and timing, and as a result are distinct from routine expenses incurred in ongoing operations.

As of September 30, 2026, contractual obligations related to the 2030 Notes are remaining payments of $19 million in 2026, $39 million each year from 2027 through 2029, and $1.0 billion due in 2030. These amounts represent principal and interest cash payments over the term of the 2030 Notes based on the stated maturity date. Any future redemption of the 2030 Notes could impact the amount or timing of our cash payments. For more information regarding the 2030 Notes, refer to Note 7, "Debt" to the notes to condensed consolidated financial statements.

For all periods presented, we have generated losses from our operations and positive cash flows from operating activities. A substantial source of our net cash and cash equivalents provided by operating activities is our deferred revenue, which is included in our condensed consolidated balance sheets as a liability. Deferred revenue consists of the unearned portion of bookings for which we have not yet satisfied our performance obligations. Our deferred revenue obligation is recognized as revenue over the estimated average lifetime of a paying user or as the virtual items are consumed.

In May 2026, our Board of Directors authorized a share repurchase program for up to $3.0 billion of our Class A common stock. During the three and nine months ended September 30, 2026, we repurchased and subsequently retired 4.4 million and 12.6 million shares of our Class A common stock, respectively, for an aggregate amount of $200 million and $580 million, respectively. Although we intend to repurchase up to $1.0 billion over the first 12 months of the program, the ultimate timing, manner, price, and amount of any repurchases will be determined by us at our discretion and will depend on a variety of factors, including business, economic and market conditions, prevailing stock prices, corporate and regulatory requirements, and other considerations. The program may also be suspended or discontinued at any time, and does not obligate us to repurchase any amount of Class A common stock. Refer to Note 9, "Stockholders' Equity/(Deficit)" in the notes to condensed consolidated financial statements, and "Purchases of Equity Securities by the Issuer and Affiliated Purchasers" included in Part II, Item 2 of this Quarterly Report on Form 10-Q for further details.

We also expect to continue making investments in our business, including, but not limited to, capital expenditures related to our technology infrastructure.

We believe our existing cash and cash equivalents and short-term investments, together with expected cash to be provided by future operations, will be sufficient to meet our needs for the next 12 months. Our future capital requirements, however, will depend on many factors, including our growth rate, investment in our headcount, capital expenditures to build out new facilities and purchase hardware for infrastructure, timing and extent of spending to support our efforts to develop our Platform, amongst other factors. We may in the future enter into arrangements to acquire or invest in complementary businesses, services, and technologies, including intellectual property rights. In the event that additional financing is required from outside sources, we may seek to raise additional funds at any time through equity, equity-linked arrangements, or debt. If we are unable to raise additional capital when desired and on favorable terms, our business, results of operations, and financial condition would be adversely affected. See the section titled "Risk Factors" for more information.

Cash Flows

The following table summarizes our cash flows for the periods presented (in millions):

	Nine Months Ended September 30,	
	2026	2025
Condensed Consolidated Statements of Cash Flow Data:		
Net cash and cash equivalents provided by operating activities	$ 1,342	$ 1,189
Net cash and cash equivalents used in investing activities	$ (923)	$ (973)
Net cash and cash equivalents provided by (used in) financing activities	$ (531)	$ 85

Operating activities

Our largest source of operating cash is cash collection from sales of Robux and monthly subscriptions. Our primary uses of net cash and cash equivalents for operating activities are for payment processing fees, personnel-related expenses, data center and infrastructure-related operations, developer exchange fees, and other operating expenses.

During the nine months ended September 30, 2026, net cash and cash equivalents provided by operating activities was $1,342 million, which consisted of consolidated net loss of $663 million, adjusted by non-cash charges of $1,102 million and net cash inflows from the change in net operating assets and liabilities of $903 million. The non-cash charges were primarily comprised of stock-based compensation expense of $855 million and depreciation and amortization expense of $193 million. The net cash and cash equivalents inflow from the change in our net operating assets and liabilities was primarily due to a $533 million increase in deferred revenue, primarily due to bookings generated in the current period, and a $410 million decrease in accounts receivable due to the timing of collection of prior period bookings. The overall increase was partially offset by a $52 million decrease in our developer exchange liability, primarily driven by the timing of payments, and a $109 million decrease in our operating lease liabilities, driven by lease payments.

Investing activities

During the nine months ended September 30, 2026, net cash and cash equivalents used in investing activities was $923 million, primarily consisting of $833 million of investment purchases – net of sales and maturities, and capital expenditures of $83 million.

Financing activities

During the nine months ended September 30, 2026, net cash and cash equivalents used in financing activities was $531 million, driven by settled repurchases of common stock of $576 million, partially offset by proceeds from the exercise of stock options and purchase of shares under our employee stock purchase plan of $45 million.

Off-Balance Sheet Arrangements

We have letters of credit primarily in connection with our office facilities in San Mateo, California and data center facilities in Ashburn, Virginia as of September 30, 2026, as well as data center facilities in Chicago, Illinois as of December 31, 2025, which are not reflected in our respective condensed consolidated balance sheets. There have been no material changes to our letters of credit during the nine months ended September 30, 2026. We did not have any relationships with unconsolidated entities or financial partnerships, such as structured finance or special purpose entities that were established for the purpose of facilitating off-balance sheet arrangements or other purposes.

Contractual Obligations and Commitments

Contractual commitments include obligations under operating leases for office facilities and data center operations. There have been no material changes to the nature of our operating lease commitments during the nine months ended September 30, 2026, except for lease commitments primarily related to office facilities and space for data center operations in the ordinary course of business.

Other purchase obligations primarily consist of non-cancellable obligations with our data center hosting providers, software vendors, and payment processors. There have been no material changes in our purchase obligations during the nine months ended September 30, 2026, other than for non-cancellable obligations primarily related to data center hosting providers, software vendors, and payment processors in the ordinary course of business. Refer to Note 8, “Commitments and Contingencies” in the notes to condensed consolidated financial statements for additional information regarding our contractual commitments.

See our 2025 Annual Report for additional information regarding our contractual commitments.

Contingencies

We are and, from time to time may in the future become, involved in legal proceedings, claims, and litigation. Discussion of legal matters and contingencies can be referred to under Note 8, “Commitments and Contingencies – Legal Proceedings” to the condensed consolidated financial statements.

Critical Accounting Policies and Estimates

The preparation of these condensed consolidated financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the reported amounts in our condensed consolidated financial statements and related notes. Our estimates are based on various factors that we believe are reasonable. Actual results may differ from these estimates. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations, and cash flows will be affected.

An accounting policy is considered to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the condensed consolidated financial statements.

There have been no material changes to our critical accounting policies and estimates as compared to those described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" set forth in our 2025 Annual Report.

Recent Accounting Pronouncements

See Note 2, "Basis of Presentation and Summary of Significant Accounting Policies" to the notes to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for a discussion of recent accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates.

Interest Rate Risk

As of September 30, 2026, our cash equivalents, short-term investments, and long-term investments primarily consist of debt securities, including corporate debt securities, commercial paper, money market funds, U.S. Treasury securities, and U.S. agency securities. Our debt securities are subject to market risk due to changes in prevailing interest rates that may cause their fair values to fluctuate in the future. Based on a sensitivity analysis, we have determined that a hypothetical 100 basis points increase in interest rates would have resulted in a decrease in the fair values of our debt securities of approximately $62 million as of September 30, 2026. Such losses would only be realized if we sold the investments prior to maturity.

We do not enter into investments for trading or speculative purposes. Our investment policy and strategy are focused on the preservation of capital and supporting our liquidity requirements.

In October 2021, we issued $1.0 billion aggregate principal amount of the 2030 Notes. The 2030 Notes were issued at par and we incurred approximately $12 million in debt issuance costs. Interest on the 2030 Notes is payable semiannually in arrears on May 1 and November 1 of each year, beginning on May 1, 2022, and the entire outstanding principal amount of the 2030 Notes is due at maturity on May 1, 2030. The 2030 Notes have a fixed interest rate; therefore, we have no financial statement risk associated with changes in interest rates with respect to the 2030 Notes. Additionally, on our balance sheet we carry the 2030 Notes at face value less unamortized discount and debt issuance costs, and we present the fair value for disclosure purposes only. The fair value of our 2030 Notes will fluctuate with movements in interest rates, increasing in periods of declining rates of interest and declining in periods of increasing rates of interest, as well as from other factors.

Foreign Currency Exchange and Inflation Risk

During the nine months ended September 30, 2026, there were no significant changes to our quantitative and qualitative disclosures about foreign currency exchange risk or inflation risk. For more information, refer to Item 7A. "Quantitative and Qualitative Disclosures About Market Risk" set forth in our 2025 Annual Report.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2026. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, our management recognizes that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable assurance that the objectives of the disclosure controls and procedures are met. Based on the evaluation of our disclosure controls and procedures as of September 30, 2026, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the three months ended September 30, 2026, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls and Procedures

In designing and evaluating the disclosure controls and procedures and internal control over financial reporting, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures and internal control over financial reporting must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

This information is set forth under Note 8, “Commitments and Contingencies – Legal Proceedings” to the condensed consolidated financial statements in this Quarterly Report on Form 10-Q and is incorporated herein by reference.

Item 1A. Risk Factors.

RISK FACTORS

A description of the risks and uncertainties associated with our business is set forth below. You should carefully consider the risks described below, as well as the other information in this Quarterly Report on Form 10-Q, including our condensed consolidated financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations." The occurrence of any of the events or developments described below could materially and adversely affect our business, financial condition, results of operations, and growth prospects. In such an event, the market price of our Class A common stock could decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently believe are not material may also impair our business, financial condition, results of operations, and growth prospects.

Risk Factors Summary

Below is a summary of the principal factors that make an investment in our Class A common stock speculative or risky:

- We have a history of net losses and we may not be able to achieve or maintain profitability in the future.
- Our business is affected by seasonal demands, and our financial condition and results of operations will fluctuate from quarter to quarter, which makes our financial results difficult to predict and may not fully reflect our underlying performance.
- We are subject to laws and regulations worldwide that are constantly evolving, which could increase our costs or adversely affect our business, including preventing our ability to operate our Platform in certain jurisdictions.
- We have experienced rapid growth at times, in part due to the virality of certain games on our Platform, and our growth rates may not be indicative of our future growth or the growth of our market.
- The success of our business model is contingent upon maintaining a strong reputation and brand, including our ability to provide a safe digital environment for our users, many of whom are children, and if we are not able to provide such an environment, our business will suffer dramatically.
- We depend on effectively operating with third-party operating systems, hardware, and networks that may make changes affecting our operating costs, as well as our ability to maintain our Platform, which would hurt our business.
- We are subject to numerous legal proceedings that are costly and time consuming to defend and could harm our business, financial condition, or results of operations.
- If we fail to retain users or add new users, or if our users decrease their level of engagement with our Platform, our revenue, bookings, and operating results will be harmed.
- We depend on our creators to create digital content that our users find compelling, and if we fail to properly incentivize our creators to develop and monetize content, our business will suffer.
- If we are unable to further monetize our Platform and user base, our business will suffer.
- The loss of one or more of our key personnel, or our failure to attract and retain other highly qualified personnel in the future, could harm our business.
- If we experience loss of availability or degradation in our services, Platform support, and/or technological infrastructure, our ability to provide sufficiently reliable services to our users and maintain the performance of our Platform could be negatively impacted, which could harm our relationships with our creators and users, and consequently, our business.
- Security compromises of our Platform, our private information, and our users' private information could disrupt our internal operations, harm public perception of our Platform, and lead to regulatory fines, which could cause our business and reputation to suffer..
- The operation of our Platform outside the United States exposes us to risks inherent in international operations.
- Our continued success significantly depends on our ability to effectively navigate the integration of rapidly evolving technologies such as AI into our business and address their impact on our threat landscape.
- Because we recognize revenue from bookings over the estimated average lifetime of a paying user or as the virtual items are consumed, changes in our business may not be immediately reflected in our operating results.
- Our user metrics and other estimates are subject to inherent challenges in measurement, and real or perceived inaccuracies in those metrics may significantly harm and negatively affect our reputation and our business.

- We may incur liability as a result of content published using our Platform or as a result of claims related to content generated by our creators and users, including copyright infringement, and legislation regulating content on our Platform may require us to change our Platform or business practices.
- The market price of our Class A common stock has fluctuated and could decline regardless of our operating performance.
- The dual class stock structure of our common stock has the effect of concentrating voting control in David Baszucki, our Founder, President, CEO, and Chair of our Board of Directors, which limits or precludes your ability to influence corporate matters, including the election of directors and the approval of any change of control transaction.

Risks Related to our Business

We have a history of net losses and we may not be able to achieve or maintain profitability in the future.

We have incurred net losses since our inception, and we expect to continue to incur net losses in the foreseeable future. We incurred net losses attributable to common stockholders of $1,065 million, $935 million, and $1,152 million for the years ended December 31, 2025, 2024, and 2023, respectively. As of September 30, 2026, we had an accumulated deficit of $5,717 million. We also expect our operating expenses to continue to increase, and if our growth does not increase to offset these anticipated increases in our operating expenses, our business, results of operations, and financial condition will be harmed, and we may not be able to achieve or maintain profitability. We expect our costs and investments to continue to increase in future periods as we intend to continue to make investments to grow our business. These efforts may be more costly than we expect and may not result in increased revenue or growth of our business. If we fail to increase our revenue to sufficiently offset the increases in our operating expenses, we will not be able to achieve or maintain profitability in the future.

Our business is affected by seasonal demands, and our financial condition and results of operations will fluctuate from quarter to quarter, which makes our financial results difficult to predict and may not fully reflect our underlying performance.

Historically, our business has been highly seasonal, with the highest percentage of our bookings occurring in the fourth quarter when holidays permit our users to spend increased time on our Platform and lead to increased spend on prepaid gift cards, and we expect this trend to continue. We also typically see higher levels of engagement in the months of June, July, and August, which are summer periods in the northern hemisphere, and lower levels of engagement in the post-summer months of September, October, and November. However, school holidays around the world differ in timing year-over-year and therefore have impacted and may continue to impact our quarterly results. Similarly, other periods of seasonality include holidays such as Lunar New Year, Easter, and Ramadan, each of which may differ in timing year-over-year, and therefore have impacted and may continue to impact our quarterly results. In addition, beginning in January 2026, we implemented mandatory age-check systems in all chat-enabled regions designed to check a user's age prior to accessing chat on our Platform, which led to an unexpected decline in the rate of growth. Further changes in our Platform may have a negative impact on bookings, revenue, or our financial performance. We also have experienced and may continue to experience fluctuations due to external factors that we are unable to predict or control that affect user or creator engagement with our Platform as further described in our other Risk Factors in this Quarterly Report on Form 10-Q. Accordingly, we expect our quarterly results of operations will continue to fluctuate and you should not rely on our past quarterly results of operations as indicators of future performance. You should take into account the risks and uncertainties frequently encountered by companies in rapidly evolving market segments.

We are subject to laws and regulations worldwide that are constantly evolving, which could increase our costs or adversely affect our business, including preventing our ability to operate our Platform in certain jurisdictions.

As a global platform, we are subject to a myriad of laws and regulations that affect our business, including but not limited to, laws and regulations regarding digital gaming, user-generated content, digital safety, privacy, AI, digital platform liability, social media platforms, content moderation, intellectual property ownership and infringement, consumer protection, protection of minors, anti-competition, taxation, labor, real estate, export and national security, requirements related to the use of parental consent, biometrics, cybersecurity, privacy, data protection, and data localization, the use of prepaid cards, subscriptions, advertising, electronic marketing, illegal content, escheatment, tariffs, anti-corruption, campaign finance, gambling, loot boxes, ratings, telecommunications, and payments regulation, all of which are continuously evolving and developing. In recent periods, there has been increased regulatory scrutiny, investigations, and litigation on areas that impact our business including the protection of minors online, privacy, consumer protection, addictive design, and digital safety overall. The scope and interpretation of laws, regulations, and other requirements that are or may be applicable to us are often uncertain and may differ or conflict from jurisdiction to jurisdiction. We have policies and procedures designed to promote compliance with applicable laws and regulations, but we cannot assure you that authorities will not assert or determine that our practices violate such laws and regulations.

The widespread availability of digital user-generated content, and particularly to minors, is relatively new, and the regulatory framework is new and continuously evolving with increased legislative initiatives and regulatory focus on areas including the protection of minors online and users' personal information, among other areas. The scope and interpretation of these laws, regulations, and other requirements that are or may be applicable to us, are often uncertain, may differ and even conflict from jurisdiction to jurisdiction and compliance may be burdensome and expensive. Moreover, in some cases these new regulations can be enforced by private parties in addition to governmental agencies.

We are subject to global laws and regulations that address digital safety, content moderation, and online platforms with social features. For example, the United Kingdom's ("U.K.") Online Safety Act ("OSA") introduced, among other things, duties to protect children and other users online, complete risk assessments, remove illegal content, and address content harmful to children. On July 10, 2026, we were designated as a Category 1 and 2B Service under the OSA by the Office of Communications, or Ofcom, which imposes additional compliance requirements on us, including publishing a summary of our risk assessments. Noncompliance with the OSA could lead to investigations and other proceedings, substantial fines of up to £18 million or 10% of the prior year's global revenues, as well as the imposition of product requirements and other measures that could restrict access to the Platform. The EU's Digital Services Act ("DSA") imposes content moderation obligations, notice and transparency obligations, protection of minors obligations, advertising restrictions, and other requirements on digital platforms to protect consumers and their rights online. Guidelines for the DSA's requirements specific to children include, among other matters, age assurance measures, default settings obligations and various other aspects of product design and function, risk assessment obligations, measures to improve moderation and reporting tools, and requirements for parental control tools. Allegations of noncompliance with the DSA can and have led to investigations and other proceedings, such as the Roblox investigation announced in January 2026 by the Netherlands. The DSA imposes significant penalties for noncompliance including fines of up to 6% of annual global revenues, in addition to the ability of civil society organizations and non-governmental organizations to commence class action lawsuits where permitted under applicable law. In addition, a digital platform that reaches at least 45 million monthly active users in the EU may be designated by the European Commission as a Very Large Online Platform ("VLOP") under the DSA. On August 31, 2026, the European Commission designated Roblox as a VLOP, which subjects us to additional rules and compliance obligations, including but not limited to, submitting to an annual audit of our DSA compliance, undertaking assessments of systemic risks and mitigating them, and providing researchers access to data. These additional obligations will become applicable to Roblox starting January 1, 2027. Brazil's Digital Statute for Children and Adolescents took effect in March 2026 and includes a number of obligations around default settings, parental controls, transparency, risk assessments, advertisement, localization, and harm prevention. Indonesia has also introduced a series of children's online safety requirements for digital platforms, with a particular emphasis on the protection of minors, harmful content, addictive design, consumer risks, and contact with unknown persons. Starting March 2026, Indonesia began requiring platforms considered to be high-risk for minors, including Roblox, to implement product changes to lower platform risks or deactivate accounts for children under 16 and submit risk assessments. Australia's Online Safety Act of 2021 ("AU OSA") also includes a number of content and product design requirements. Pursuant to the AU OSA, we entered into an enforceable undertaking with Australia's eSafety Commissioner in August 2026 pursuant to which we agreed to, among other things, implement more stringent child safety controls and an external audit of our compliance. We expect such laws and regulations to continue to evolve over time. As our user base in key jurisdictions continues to grow, we expect to be subject to more stringent compliance obligations and increased costs, including annual independent audits, mandatory risk assessments of online safety risks (such as illegal content and negative effects on minors), increased transparency requirements, increased content takedown demands, and potentially additional supervisory fees.

In addition to these international laws and regulations, we are subject to U.S. federal and state regulation of digital services accessed and used by children, which vary significantly. Further, states such as Utah, Louisiana, Alabama, and Texas have enacted restrictions, including requiring, among other product changes, parental consent for minors to download applications such as Roblox and/or purchase digital items; age assurance for feature access; and restrictions on spending, communications with strangers, and/or personalized recommendations. Additional states and the federal government are continuing to consider similar or more restrictive proposals. Pending the outcome of relevant constitutional challenges, these additional restrictions may have an adverse impact on our revenue and bookings.

There are also evolving laws and regulations relating to social media. For example, Australia has implemented a ban on social media for children under 16. Similar discussions and legislative efforts are ongoing around the world related to restricting minors' access to social media platforms, including across Europe and Asia, with a particular emphasis on restricting access to features that may be considered addictive or harmful to minors, with certain legislation and regulation addressing these matters having been enacted. Depending on the scope of covered services, laws and regulations such as these may affect how we configure and present our Platform or our ability to offer our Platform to certain demographics entirely, which may in turn have an adverse impact on our bookings and revenue.

In the U.S. and abroad there are ongoing discussions and legislative and executive efforts to remove or restrict the protections from liability for third-party content found under Section 230 of the Communications Decency Act ("CDA") and similar laws and regulations in other jurisdictions. For example, in May 2026, Brazil passed the Platform Liability Decree, creating platform liability for third-party content in certain instances. As a result, platforms that host third-party content like Roblox are subject to presumptive civil liability in Brazil for certain categories of content, as well as to new regulatory requirements around localization, content moderation, transparency, risk assessment and management, and customer support.

In addition, there are ongoing discussions and legislative efforts in the U.S. and abroad regarding whether certain mechanisms that may be on our Platform, such as features referred to as "loot boxes" or "random item generators" and certain genres of games, such as social casino, that may reward gambling-like behavior, should be limited and/or restricted to protect consumers, and particularly minors and persons susceptible to addiction. For example, in countries such as Belgium, the Netherlands, and Brazil, "loot box" mechanics may be considered gambling, resulting in restrictions such as minimum age and game rating requirements. Additionally, we are subject to regulations with respect to advertising, in particular, advertising to minors, and advertising regulations could differ based on the jurisdiction of a user. For example, in the U.S. the FTC and other regulators restrict deceptive or unfair commercial activities, including in relation to targeted advertising and advertising to minors.

Our efforts to comply with these evolving laws and regulations, as well as uncertainty over their scope and interpretation, have led to, and will continue to lead to, increased operational costs for us, have exposed and will continue to expose us to litigation, fines, or other injunctive and monetary penalties, and harm our brand and reputation if we are, or are alleged to be, unable to comply. To comply with these regulations, in certain jurisdictions and for subsets of our users, we have been required to and could in the future be required to modify or remove certain content on our Platform, change the default settings of our Platform, including for specific account types, modify, restrict access to, or disable certain features or tools on our Platform, including communication features, change our business model for specific jurisdictions or subsets of our users, and take on more onerous obligations, including, but not limited to, applying for government-issued licenses to operate our Platform or offer certain content, establishing a local presence, implementing specified age rating systems, developing localized product offerings and practices, storing user information on servers in a jurisdiction within which users are located, and developing local education initiatives. In addition, certain government authorities have restricted access to or blocked our Platform entirely. These requirements may impact user engagement, the functionality and effectiveness of our Platform, our ability to operate across demographics and geographies, our creators' ability to monetize their games in some jurisdictions, and reduce the overall use or demand for our Platform, which would harm our business, financial condition, and results of operations. We expect the costs of compliance with, and other burdens imposed by, these laws, regulations, standards, and obligations, to continue to increase and the costs could become prohibitively expensive. Required product or Platform changes may also make our Platform less attractive for or restrict availability to younger users and harm our business, financial condition, and results of operations. We are partnering with the International Age Rating Coalition to facilitate age and content rating assignments for our games by rating authorities from various countries and regions. As we further develop our game rating systems, ratings-based restrictions limiting access to specific content due to factors such as age or region may make our Platform less attractive and harm our business, financial condition, and results of operations. Moreover, the adoption of any laws or regulations adversely affecting the growth, popularity, or use of the internet, including laws impacting internet neutrality, could decrease the demand for our Platform and/or increase our operating costs.

We have experienced rapid growth at times, in part due to the virality of certain games on our Platform, and our growth rates may not be indicative of our future growth or the growth of our market.

We have experienced rapid growth in prior periods relative to our quarterly forecast and historic trends, which may not be indicative of our financial and operating results in future periods. For example, historically we experienced periods of increased activity levels due in part to the COVID-19 lockdowns, prepaid gift card partnerships, and the emergence of viral hits, each of which led to increased demand for and engagement with our Platform. These periods of increased activity levels, while significant, have generally not been sustainable. For periods of increased engagement impacted by viral games, our results have generally moderated as peak engagement of viral games naturally declines. The long-term impact of these increased activity levels to our business, operations, and financial results will depend on numerous evolving factors that we may not be able to accurately predict and therefore our results have and may continue to fluctuate. In addition, our growth has and could continue at times to be affected to the extent certain users only engage with our Platform due to viral games which may not remain popular. We believe our overall market acceptance, revenue growth, and increases in bookings depend on a number of factors, some of which are not within our control. There can be no assurance that users will not reduce their usage or engagement with our Platform or reduce their discretionary spending on our Platform, particularly if the popularity of viral or other key games wanes, which would adversely impact our revenue and financial condition. If we are unable to continue to maintain the attractiveness of our Platform to creators and users, including through a diverse and continuously engaging set of games, they may no longer seek new games on our Platform, which would result in decreased market acceptance, lower revenue, fewer bookings, and could harm our results of operations.

The success of our business model is contingent upon maintaining a strong reputation and brand, including our ability to provide a safe digital environment for our users, many of whom are children, and if we are not able to provide such an environment, our business will suffer dramatically.

Our Platform hosts games intended for users of varying ages, many of whom are children. As a user-generated content platform, it is relatively easy for creators and users to upload content that can be viewed broadly and we continue to make significant efforts to provide a safe, civil, and enjoyable experience for users of all ages. Although illicit activities violate our terms and policies, and we attempt to block objectionable material and ban bad actors from our Platform, we are unable to prevent all such violations from occurring and banned actors have, at times, been able to evade our detection systems and regain access to our Platform through alternative accounts.

We invest significant technical and human resources to proactively identify inappropriate content and activity on our Platform, including leveraging text-filtering, voice moderation, content moderation, and other automated systems powered by AI. We provide our users with the ability to report activity that they find objectionable or which they believe violates our terms of use or Community Standards, and also provide customizable controls for parents and caregivers to restrict children's access to games and communication features. In the first half of 2026, we also launched Roblox Kids and Roblox Select, which are age-based account types designed to provide children and younger teens with age-appropriate games and safety features. We work closely with regulators, authorities, and safety groups in many countries to promptly report illegal content, and also partner with leading global organizations and members of our community for continued input on the safety features of our Platform.

Notwithstanding our efforts and significant investment, bad actors have and may continue to circumvent our moderation and safety systems by engaging in activities including, but not limited to, uploading or generating inappropriate content, bypassing our text-filtering and chat moderation systems, creating inappropriate environments or content in otherwise non-violative games by engaging in offensive behavior, or directing users off-Platform to less moderated third-party platforms to engage in inappropriate behavior. The occurrence of these activities can and has led to reputational harm, regulatory scrutiny, and legal actions, which could adversely affect our business and financial results. Such activities have and will continue to evolve in their complexity as bad actors become more sophisticated, including through the use of AI, which will require us to continue investing significant technical and human resources.

Some activities and content on our Platform have been and may continue to be considered objectionable by certain users, parents, or members of our community, even if it does not violate our Community Standards or terms of use and may not be considered objectionable by certain demographics. Although permitting such content to remain on our Platform is consistent with our policies, this has resulted in and could in the future result in negative publicity or user backlash, which may damage our brand and reputation, lead to a decline in user engagement and growth, and negatively impact our business, financial condition, and operating results. Additionally, violative content that has been removed from our Platform, at times, continues to be shared on social media, resulting in negative publicity and damage to our brand and reputation.

Measures intended to make our Platform more attractive to an older audience, including, but not limited to, games with mature content, could fail to gain sufficient market acceptance by their intended audience and have created and may continue to create the perception that our Platform is not safe for younger users. This in turn has caused and may continue to cause some operating system providers, application stores, or regulatory agencies to require a higher age rating for our Platform, which could cause our Platform to become less available to younger users and harm our business, financial condition, and results of operations. For example, USK, who are responsible for game ratings in Germany, increased our age rating from USK12 to USK16 in January 2025.

Beginning in January 2026, we implemented mandatory age-check systems in all chat-enabled regions designed to check a user's age prior to accessing chat on our Platform. Notwithstanding our efforts, from time to time users have been able to evade our systems and our age-check methodology has misclassified a user's age. Evasion of our systems, misrepresentations of user age, or inaccuracies with our age-checking technology or policies have led to and may continue to lead to users being exposed to inappropriate content or behavior by participating in games that are not age-appropriate or gaining access to features we have restricted to older users. We have experienced negative media coverage related to content that may be age-inappropriate but younger users have accessed, and inaccuracies with our age-checking technology. In addition, as more of our brand partners and creators offer physical products for sale through our Platform, younger users may be able to purchase products that may not be age-appropriate. Unintentional access to content or physical products could cause harm to our audience and to our reputation of providing a safe environment for younger users.

In addition, we have statutory obligations under U.S. federal law to block access to and remove child pornography and report apparent offenses to the National Center for Missing and Exploited Children. In the U.K. and Australia, among other jurisdictions, we have additional obligations regarding content relating to child sexual abuse and exploitation ("CSEA") on our Platform, including preventing individuals from encountering CSEA content, swiftly taking down such content if we are made aware of it, and reporting detected CSEA content to the relevant authorities. While we have dedicated technology and trained human moderator staff that can detect and remove sexual content involving children, there have been instances where such content has been uploaded, and any unintentional future noncompliance by us or allegations of noncompliance by us with respect to applicable domestic and international laws and regulations relating to child pornography and the sexual exploitation of children could significantly harm our reputation, create liability, and be costly and time consuming to address or defend. We expect laws and regulations relating to CSEA content to continue to evolve over time and we expect to be subject to increased scrutiny as a result.

We believe that maintaining, protecting, and enhancing our reputation and brand is critical to grow the number of creators and users on our Platform, especially given the safe and civil atmosphere that we strive to achieve for our users, many of whom are children. Maintaining, protecting, and enhancing our brand will depend largely on our ability to continue to provide reliable high-quality, engaging, and shared content on our Platform. If users or creators do not perceive our Platform to be reliable or of high quality, the value of our brand could diminish, thereby decreasing the attractiveness of our Platform. Further, we have faced and are currently defending against claims by private parties as well as regulators such as state attorneys general alleging that our Platform has been used by criminal offenders to identify and communicate with children and to possibly entice them to interact off-Platform, outside of the restrictions of our moderated chat, content blockers, and other on-Platform safety measures. While we devote considerable resources to prevent this from occurring, we are unable to prevent all such interactions from taking place. We have also received and expect to continue to receive a high degree of media coverage alleging the use of our Platform for illicit or objectionable ends. For example, we have experienced negative media publicity from traditional media sources and self-described short seller investors related to the age of some of our creators, the content that creators produce, our operating metrics and disclosures, the strength of our moderation practices, and the conduct of users on our Platform that may be deemed illicit, explicit, profane, or otherwise objectionable. Additional unfavorable publicity has covered, and may in the future cover, our privacy, cybersecurity or data protection practices, terms of use, including our advertising policies, product changes, product quality, litigation or regulatory activity, our trust and safety efforts, accusations that certain of our trust and safety efforts favor certain viewpoints or suppress freedom of expression, our use of and policies regarding generative AI, and the actions of our users and creators.

Our reputation and brand could also be negatively affected by the actions of creators, contractors, and users that are hostile, inappropriate, or illegal, whether on or off our Platform. Actual or perceived incidents or misuses of user data or other privacy or security incidents, the substance or enforcement of our Community Standards, the quality, integrity, characterization, and age-appropriateness of content shared on our Platform, or the actions of other companies that provide similar services to ours, have and could adversely affect our reputation and lead to scrutiny and inquiries, investigations, and other actions and proceedings from governments and regulators. Criminal incidents or allegations involving the use of our Platform have and could continue to adversely affect our reputation as a safe place for children and hurt our business. Negative publicity has and could continue to create the perception that we do not provide a safe digital environment and may have an adverse effect on the size, engagement, and loyalty of our creator and user community, which would adversely affect our business and financial results. Maintaining, protecting, and enhancing our reputation and brand has required us to make substantial investments, and these investments may not be successful.

We depend on effectively operating with third-party operating systems, hardware, and networks that may make changes affecting our operating costs, as well as our ability to maintain our Platform, which would hurt our business.

For the three months ended September 30, 2026, 24% of our revenue was attributable to Robux sales through the Apple App Store and 15% of our revenue was attributable to Robux sales through the Google Play Store. Because of the significant use of our Platform on mobile devices, our application must remain interoperable with these and other popular mobile app stores and platforms, and related hardware. We are subject to the standard policies and terms of service of these operating systems, as well as policies and terms of service of the various software application stores that make our application and games available to our creators and users. These policies and terms of service govern the availability, promotion, distribution, content, and operation of applications and games on such operating systems and stores. Each provider of these operating systems and stores has broad discretion to change and interpret its terms of service and policies with respect to our Platform and those changes may be unfavorable to us and our creators' and users' use of our Platform. If an operating system provider or application store limits or discontinues access to, or changes the terms governing, its operating system or store for any reason, it could adversely affect our business, financial condition, or results of operations.

Additionally, an operating system provider or application store could also limit or discontinue our access to its operating system or store if it establishes more favorable relationships with one or more of our competitors, launches a competing product itself, or it otherwise determines that it is in its business interests to do so. If competitors control the operating systems and related hardware our application runs on, they could make interoperability of our Platform more difficult or display their competitive offerings more prominently than ours. There is no guarantee that new devices, platforms, systems, and software application stores will continue to support our Platform or that we will be able to maintain the same level of service on these new systems. If it becomes more difficult for our users or creators to access and engage with our Platform, our business and user retention, growth, and engagement could be significantly harmed.

Similarly, at any time, our operating system providers or application stores can change their policies on how we operate on their operating system or in their application stores by, for example, applying content moderation for applications and advertising or imposing technical or code requirements. These actions by operating system providers or application stores may affect our ability to collect, process, and use data as desired and could negatively impact our ability to leverage data about the games our creators develop which in turn could impact our resource planning and feature development planning for our Platform.

We rely on third-party distribution channels and third-party payment processors to facilitate purchases by our Platform users and payments to creators. If we are unable to maintain a good relationship with such providers, if their terms and conditions change, or if we fail to process or ensure the safety of payments, our business will suffer.

Purchases of Robux and other products (e.g., prepaid gift cards) or services on our Platform are facilitated through third-party online distribution channels and third-party payment processors. We utilize these distribution channels, such as Amazon, Apple, Blackhawk, ePay, Google, InComm, PayPal, Stripe, Microsoft, Sony's PlayStation Network, and Xsolla, to receive cash proceeds from purchases of Robux. For our games accessed through mobile platforms such as the Apple App Store and the Google Play Store and consoles, we are required to share a portion of the proceeds from in-game sales with the platform and console providers. For operations through the Apple App Store, Google Play Store, Microsoft Xbox, and Sony PlayStation, we are obligated to pay up to 30% of any money paid by users on our Platform to the respective providers and this amount could increase. These costs are expected to remain a significant operating expense for the foreseeable future. If the amount these providers charge increases, it could have a material impact on our ability to pay creators and our results of operations. Each provider of an operating system, application store, or console may also change its fee structure or add fees associated with access to and use of its operating system, which could adversely impact our business. There has been litigation, as well as governmental inquiries over application store fees, and the providers could modify their platform in response to such litigation and inquiries in a manner that may harm us. Any scheduled or unscheduled interruption in the ability of our users to transact with these distribution channels could adversely affect our payment collection and, in turn, our revenue and bookings.

In addition to purchases made on our Platform, payments to our creators are processed by third-party financial services providers. Information related to those purchases and payments (e.g., debit and credit card numbers and expiration dates, personal information, including tax identification number, bank account information, and billing addresses) is disclosed to the third-party online platforms and service providers. We do not have control over the security measures of those providers, and their security measures may not be adequate. We could be exposed to litigation, possible liability, and/or regulatory notification obligations if our users' or creators' transaction information is compromised, which could harm our reputation and our ability to attract users and may materially adversely affect our business.

We also rely on the stability of such distribution channels and their payment transmissions, and third-party payment processors for the continued payment services provided to our users and creators. If any of these providers fail to process or ensure the security of users' payments for any reason, our reputation may be damaged and we may lose our paying users, creators may lose interest in our Developer Exchange Program or other creator payment programs we may introduce in the future, such as Roblox Wallet, creators may be discouraged from creating on our Platform, and users may be discouraged from making purchases on our Platform. The occurrence of these and other factors could materially and adversely affect our business, financial condition, and prospects.

In addition, from time to time, we or our partners encounter fraudulent use of payment methods, which could impact our results of operations and if not adequately controlled and managed could create negative consumer perceptions of our Platform services. If we are unable to maintain our fraud and chargeback rate at acceptable levels, card networks may impose fines, our users' card approval rate may be impacted, and we may be subject to additional card authentication requirements. The termination of our ability to process payments on any major payment method would significantly impair our ability to operate our business.

We are subject to numerous legal proceedings that are costly and time consuming to defend and could harm our business, financial condition, or results of operations.

We are subject to numerous legal proceedings and expect to continue to be the target of litigation and regulatory scrutiny globally. The legal proceedings have involved or could involve claims by private parties as well as regulators, including state attorneys general and federal agencies, that arise in the ordinary course of business, including intellectual property, privacy, biometrics, cybersecurity, data protection, consumer protection, product liability, addictive design, false and misleading advertising, employment, class action, fiduciary duty and governance matters, whistleblower, contract, securities, tort, the civil provisions of the Racketeer Influenced and Corrupt Organizations Act, human trafficking, unfair competition, the False Claims Act, unclaimed property, the use of generative AI, and our reincorporation from Delaware to Nevada that was completed in May 2025. We are and may continue to be subject to legal proceedings asserting claims arising from allegations that we have facilitated gambling by users of our Platform, including by minors, that our Platform is unsafe, that we have misrepresented the safety of our Platform, that we have failed to warn of or misrepresented the risk of encountering bad actors on our Platform, that we provide inadequate safety controls on our Platform, that our Platform is addictive, that our terms of use are not enforceable against minors, that we unlawfully or unfairly benefit from child labor, that we are in violation of child privacy laws and have misrepresented our compliance with such laws, that we have failed to comply with consumer protection laws, that we have misrepresented information about our user base, that we have engaged in copyright infringement and/or other violations of intellectual property laws, that we have engaged in unlawful employment practices, and suits related to our refund policies. A number of cases have been filed in federal or state court against us alleging that our Platform design, moderation systems, and safety safeguards have been insufficient to protect minor users from predatory behavior and sexual exploitation and asserting various claims including negligence, design defect, failure to warn, and fraudulent or negligent misrepresentation. Additional cases have been filed in federal or state court against us related to allegations of addictive design. We have been and may continue to be subject to legal proceedings asserting claims on behalf of stockholders related to allegations that discussions of our growth prospects have been misleading and unsustainable due to concerns related to safety, our implementation of parental controls, age-check systems, other trust and safety efforts, and the impact of viral content, as well as claims that our leadership has engaged in insider trading. Numerous regulators, including state attorneys general and the FTC, have commenced investigations, filed claims, or announced the intent to commence investigations or file claims against us based on various state, federal, or local laws and causes of action primarily relating to youth-related consumer protection, digital safety, and privacy matters. We have entered into settlement agreements and are in negotiations or considering entering into settlement negotiations in certain of these matters. For a more detailed description of certain of such legal matters, see Note 8, “Commitments and Contingencies – Legal Proceedings” to the condensed consolidated financial statements in this Quarterly Report on Form 10-Q. Any such legal proceedings, claims, investigations, or other proceedings have been and in the future may be time consuming, divert management’s attention and resources, cause us to incur material expenses or liability, or require us to change our business practices. The expenses related to such legal proceedings, claims, investigations, or other proceedings and the timing of these expenses from period to period are difficult to estimate, subject to change, and could adversely affect our financial condition and results of operations. Because of the potential risks, expenses, and uncertainties of legal proceedings, claims, investigations, or other proceedings, we expect to, from time to time, settle disputes, even where we have meritorious claims or defenses, by entering into settlement agreements, such as those referenced above. Any of the foregoing could materially adversely affect our business, including our financial condition, results of operations, and reputation.

If we fail to retain users or add new users, or if our users decrease their level of engagement with our Platform, our revenue, bookings, and operating results will be harmed.

We view DAUs as a critical measure of our user engagement, and adding, maintaining, and engaging users has been and will continue to be necessary to our continued growth. Accordingly, we have made and continue to make investments to enable our creators to design and build compelling content and deliver it to our users on our Platform in order to grow and maintain their user base. Our DAU growth rate has fluctuated in the past and may slow in the future due to various factors including:

- the introduction of new or updated games or content on our Platform;
- changes designed to make our Platform safer for all of our users;
- the variety of games and genres on our Platform;
- the virality of games or content on our Platform;
- our ability to personalize and feature relevant games to our users;
- performance issues with our Platform;
- delays in releasing new products, features, or enhancements;
- the modification and/or removal of popular games or other content on our Platform due to factors that may or may not be within our control;

- the availability of our Platform across markets and user demographics, which has continued to be impacted by regulatory and legal requirements, including the use of parental consent and age-check technologies and policies;
- changes to the default settings, account types, features, and/or tools on our Platform overall, or for specific user groups;
- if we are not successful in our efforts to develop virtual Platform-wide events or live games on our Platform;
- changes to our terms of use, advertising policies, and generative AI policies; and
- higher market penetration rates and competition from a variety of sources for our users and their time.

In addition, our strategy seeks to expand the demographic makeup of our user base. If and when we achieve maximum market penetration rates among any particular user cohort overall and in particular geographic markets, future growth in DAUs will need to come from other demographic cohorts, which may be difficult, costly, or time consuming for us to achieve. As we are better able to estimate the demographic makeup of our user base, our product and growth strategies may need to evolve. We continue to expand safety initiatives on our Platform, and such initiatives have impacted and may continue to impact our business in any given period, including overall user engagement, the potential popularity and virality of content, and our financial performance. Although we continue to believe that increasing safety on our Platform is a long-term strategic advantage, there can be no guarantee that our current and future safety efforts will not materially harm our business in the long term. Accessibility to the internet and bandwidth or connectivity limitations as well as regulatory requirements, may also affect our ability to further expand our user base in a variety of geographies, and we may not be able to achieve our goal of capturing 10% of the global gaming content market. Fluctuations or declines in the growth rate of any of our key metrics, such as DAUs or hours engaged, could significantly harm our financial performance.

Our business plan assumes that the demand for interactive entertainment offerings will increase for the foreseeable future. However, if this market shrinks or grows more slowly than anticipated or if demand for our Platform does not grow as quickly as we anticipate, whether as a result of competition, product obsolescence, budgetary constraints of our creators and users, technological changes, unfavorable economic conditions, uncertain geopolitical or regulatory environments, or other factors, we may not be able to increase our revenue and bookings sufficiently to ever achieve profitability and our stock price would decline. We compete to attract and retain our users' attention and their hours engaged with other global technology leaders such as Amazon, Apple, Meta Platforms, Google, Microsoft, and Tencent, global entertainment companies such as Comcast, Disney, Paramount Global, and Warner Bros Discovery, global gaming companies such as Activision Blizzard (now owned by Microsoft), Electronic Arts, Take-Two, Epic Games, Krafton, NetEase, and Valve, digital content platforms such as Netflix, Spotify, and YouTube, as well as platforms such as Facebook, TikTok, Instagram, WhatsApp, Pinterest, X, Reddit, Discord, and Snap. We expect competition to continue to increase in the future. Many of our existing competitors have, and some of our potential competitors could have, substantial competitive advantages, such as larger sales and marketing budgets and resources; broader and more established relationships with our target demographics; greater resources to make acquisitions and enter into strategic partnerships; lower labor and research and development costs; larger and more mature intellectual property portfolios; and substantially greater financial, technical, and other resources. Moreover, a large number of our users are under the age of 13. This demographic may be less brand loyal and more likely to follow trends, including viral trends, than other demographics. These and other factors may lead users to switch to another entertainment option rapidly, which can interfere with our ability to forecast usage or DAUs and would negatively affect our user retention, growth, and engagement. We also may not be able to penetrate other demographics in a meaningful manner to compensate for the loss of DAUs in this age group.

We depend on our creators to create digital content that our users find compelling, and if we fail to properly incentivize our creators to develop and monetize content, our business will suffer.

Our Platform relies on our creators to create games and virtual items on our Platform for our users, and we believe the interactions between and within the creator and user communities on our Platform create a thriving and organic ecosystem. To facilitate and incentivize the creation of games and virtual items by creators, our Platform offers creators an opportunity to accumulate Robux, a virtual currency on our Platform, which, as described in our terms of use, is a license to engage in games and/or obtain virtual items. When virtual items are acquired on our Platform, the originating creator accumulates a portion of the Robux paid for the item. Creators are currently paid fiat currency based on the amount of earned Robux they have accumulated under certain conditions outlined in our Developer Exchange Program. As we shift to Roblox Wallet in the future, eligible creators will be able to opt into receiving their revenue share in fiat currency directly instead of accumulating and exchanging Robux earned through our Developer Exchange Program. In addition, we have paid access games where creators can offer access to their games to users for a set price in fiat currency and in exchange earn a higher revenue share of these user purchases.

While we have millions of creators on our Platform, a substantial portion of user engagement is concentrated in a relatively small number of highly popular games. For example, 51% of in-game hours engaged were spent in the top 50 games in the month ended December 31, 2025. If the popularity of such games decreases and our users do not consider other content to be appealing, our DAUs and engagement could decline, which would have a material impact on our business, financial condition, and results of operations.

We compete to attract and retain creators with gaming and metaverse platforms such as Epic Games, Unity, Meta Platforms, Valve, and Google, which also give creators the ability to create or distribute interactive content, and we expect competition to continue to increase in the future. We generally do not have any agreements with our creators that require them to continue to use our Platform for any time period. Some of our creators have developed attractive businesses in developing content, including games, on our Platform. Many of our existing competitors have, and some of our potential competitors could have, substantial competitive advantages, such as larger sales and marketing budgets and resources; broader and more established relationships with our target demographics; greater resources to make acquisitions and enter into strategic partnerships; lower labor and research and development costs; larger and more mature intellectual property portfolios; and substantially greater financial, technical, and other resources. We continue to update our Platform and policies in an effort to increase creator earnings to further incentivize them to build on our Platform, but there can be no guarantee that these efforts will be successful. If we are unable to continue attracting and retaining creators and they elect to develop content on other platforms, this could result in an overall reduction in the quantity and quality of our content, make our Platform less appealing for creators, and harm our results of operations.

In addition, we continuously review and revise our Platform and policies to enhance regulatory compliance and the trust and safety of our Platform, such as implementing age-check systems, eligibility requirements for publishing and updating content, and new account types. However, we have received negative feedback from certain of our creators on some of our Platform or policy changes because of their perceived impact to creator monetization and profitability. If our creators believe any of our Platform or policy changes will materially impact the monetization and profitability of their content, they may stop developing content on our Platform, which could harm our results of operations, and particularly if such creators are responsible for a substantial portion of our user engagement.

We spend substantial amounts of time and money to evolve our Platform to incorporate additional features, improve functionality, and make other enhancements to meet the rapidly evolving demands of our creators and users while also prioritizing safety and security. Developments and innovations on our Platform may rely on new or evolving technologies which may at times be still in development and may never be fully developed. Maintaining adequate research and development resources, such as the appropriate personnel and development technology, to meet the demands of the market is essential. Despite our efforts, creators may become dissatisfied with our Platform technology or policies, billing or payment policies, our handling of personal data, or other aspects of our Platform, such as our efforts to control botting and other forms of automated play on our Platform. If we fail to adequately address these or other complaints, negative publicity about us or our Platform could diminish confidence in and the use of our Platform. If we do not provide the right technologies, education, or financial incentives to our creators, they may develop less or lower quality content or choose not to monetize their content, which could decrease engagement on our Platform and adversely affect our revenue and bookings. Furthermore, when we develop new or enhanced features for our Platform, we typically incur expenses and expend resources upfront to develop, market, promote, and sell new features, and we may not be able to realize some or all of the anticipated benefits of these investments.

If we are unable to further monetize our Platform and user base, our business will suffer.

Only a small portion of our users regularly purchase Robux compared to all users who use our Platform in any period. If our efforts to attract and retain paying users are not successful, our business, operating results, and financial condition may be adversely impacted. We may not succeed in further monetizing our Platform and user base, which would harm our ability to grow revenue and our financial performance generally due to various factors including, but not limited to, if:

- our user growth outpaces our ability to monetize our users, and particularly as our user growth occurs in markets that are not profitable or less profitable;
- we fail to provide the tools and education to our creators to enable them to monetize their games and creators do not create engaging or new games for users;
- we fail to continue to incentivize creators on our Platform to develop content that our users consider to be of value;
- we launch new features on our Platform that cannot be monetized;
- we fail to accurately predict which specific Platform features encourage users to become paying users;
- we introduce new or adjust existing features or pricing in a manner that is not favorably received by our users, including trust and safety features;
- we fail to establish a successful advertising model;
- we fail to increase or maintain the amount of time spent on our Platform;
- we fail to increase the number of games or content that our users are willing to pay for;
- we fail to increase the features of our Platform, allowing it to more broadly serve the entertainment, education, communication, and business markets;

- we fail to increase penetration and engagement across all demographics, including our goal of reaching 10% of the global gaming content market;
- measures intended to make our Platform more attractive to older users create the perception that our Platform is not safe for younger users;
- our paying users stop interacting with our Platform and purchasing Robux as they increase in age; and
- our paying users reduce their spend on our Platform due to reasons such as the need to reduce household expenses or the perception that competitive services provide better value.

The loss of one or more of our key personnel, or our failure to attract and retain other highly qualified personnel in the future, could harm our business.

We depend on the continued services and performance of our Founder, President, CEO, and Chair of our Board of Directors, David Baszucki, members of our senior management team, and other key personnel. Mr. Baszucki has been responsible for our strategic vision, and should he stop working for us for any reason, it is unlikely that we would be able to immediately find a suitable replacement. We do not maintain key man life insurance for Mr. Baszucki, and do not believe any amount of key man insurance would allow us to recover from the harm to our business if Mr. Baszucki were to leave us for any reason. Similarly, members of our senior management team and other key personnel are highly sought after and others may attempt to encourage these individuals to leave us. The loss of one or more of the members of the senior management team or other key personnel for any reason, or the inability to attract new or replacement members of our senior management team or other key personnel could disrupt our operations, create uncertainty among investors, adversely impact employee retention and morale, and significantly harm our business.

If we experience loss of availability or degradation in our services, Platform support, and/or technological infrastructure, our ability to provide sufficiently reliable services to our users and maintain the performance of our Platform could be negatively impacted, which could harm our relationships with our creators and users, and consequently, our business.

Our users expect fast, reliable, and resilient systems to enhance their experience and support their activity on our Platform, which depends on the continuing operation and availability of our Platform from our global network of data centers controlled and operated by us and our external service providers, including third-party “cloud” computing services. Our reliance on these third-party providers introduces inherent risks, as their actions, security practices, and operational resilience directly impact our ability to deliver services. We also provide services to our creator community through our Platform, including Developer Forum and Creator Hub for tutorials, hosting, customer service, regulatory compliance, and translation, among many others. The technology powering our Platform and the games created on our Platform are complex and maintaining the sophisticated internal and external technological infrastructure required to reliably deliver both is expensive and complex. The reliable delivery and stability of our Platform, referred to collectively as availability, has been, and could in the future be, adversely impacted by outages, disruptions, failures, or degradations in our network and related infrastructure or those of our partners or service providers, including those stemming from the malicious activities of threat actors such as the exploitation of vulnerabilities or via social engineering attacks such as phishing which may be enhanced through the malicious use of AI and other evolving technologies, or due to non-malicious root causes such as misconfigurations, insufficient capacity, or the inherent complexity of managing microsystems architecture.

We have experienced outages from time to time since our inception when our Platform is unavailable for all or some of our users and creators. In addition, there may be times when access to our Platform for users and creators may be limited. Outages or service degradation can be caused by a number of factors, including as a result of proactive actions we take while we provide critical updates or an unexpected outcome of routine maintenance, a move to a new technology, exploitation of security vulnerabilities in new or existing technologies, the demand on our Platform exceeding the capabilities of our technological infrastructure (e.g., spikes in usage volume), delays or failures resulting from natural disasters, manmade disasters, or other catastrophic events, the migration of data among data centers and to third-party hosted environments, a decision to close our facilities without adequate notice, our inability to secure additional or replacement data center capacity as needed, increased energy consumption as a result of AI-related growth, a cyber event or act of terrorism, and issues relating to our reliance on third-party software, third-party application stores, and third parties that host our Platform in areas where we do not operate our own data centers. The unavailability of our Platform, particularly if outages should become more frequent or longer in duration, could cause our users to seek other entertainment options, including those provided by our competitors, which may adversely affect our financial results. If we or our partners or third-party service providers experience outages and our Platform is unavailable or if our creators and users are unable to access our Platform within a reasonable amount of time or at all, as a result of any such events, our reputation and brand may be harmed, creator and user engagement with our Platform may be reduced, we could be subject to fines, and our revenue, bookings, and profitability could be, and has been in the past, negatively impacted. We may also experience a negative impact to our financial results due to decreased usage on our Platform or decrease in payouts to creators, as well as potential monetary penalties. Despite a reliability program focused on anticipating and solving issues that may impact the availability of our Platform and precautions taken at our data centers, we may not have full redundancy for all of our systems and data at all times and our disaster recovery planning may not be sufficient to mitigate the risks of technological exploitation by threat actors, address all aspects of any consequence or incident, or allow us to maintain business continuity at profitable levels or at all. Further, in the event of damage or service interruption, our insurance policies may not adequately compensate us for losses that we may incur.

In addition to the events described above, our data and our technological infrastructure may also be subject to laws, administrative actions or regulations, changes to legal or permitting requirements, and litigation that could stop, limit, or delay operations, particularly as we expand operations globally. Accordingly, the occurrence of any or all of these factors could result in interruptions or delays on our Platform, impede our ability to scale our operations or have other adverse impacts upon our business, and adversely impact our ability to serve our creators and users.

Customer support personnel and technologies are critical to resolve issues and to allow creators and users to realize the full benefits that our Platform provides and deliver an excellent customer experience. High-quality support is important for retaining our creators and users and encouraging the expansion of their use of our Platform. We rely on third-party service providers for a variety of services, including to assist in our customer support, content moderation, and age-check systems. We cannot maintain complete control over the security practices of our third-party service providers, nor can we fully eliminate security risks posed by our employees, creators, and users. Consequently, these individuals and entities have been and may in the future be exploited by threat actors or otherwise cause the inadvertent or intentional exposure of our systems to unauthorized access, data breaches, or other cyber events. The occurrence of any of these events has in the past and could compromise our systems or personal information of our users, which could materially impact our business, results of operations, and our reputation.

We must continue to invest in the infrastructure required to support our Platform. If we do not help our creators and users quickly resolve issues and provide effective ongoing support, our ability to maintain and expand our Platform to existing and new creators and users could suffer. In addition, if we do not make sufficient investments in servers, software, or personnel in support of our infrastructure, to scale effectively and accommodate increased demands placed on our infrastructure, the reliability of our underlying infrastructure will be harmed and our ability to provide a quality experience for our creators and users will be significantly harmed. This would lead to a reduction in the number of creators and users on our Platform, a reduction in our revenues, bookings, and ability to compete, and our reputation with existing or potential creators or users could suffer.

The lack of comprehensive encryption for communications on our Platform may increase the impact of a security breach or incident.

Communications on our Platform are not comprehensively encrypted at this time. As such, any security breach or incident that involves unauthorized access, acquisition, disclosure, or use of communications on our Platform may be particularly impactful to our business. We may experience greater incident response forensics, data recovery, legal fees, and costs of notification related to any such potential incident or vulnerabilities, and we may face an increased risk of reputational harm, regulatory enforcement, and consumer litigation, which could further harm our business, financial condition, results of operations, and future business opportunities.

Security compromises of our Platform, our private information, and our users' private information could disrupt our internal operations, harm public perception of our Platform, and lead to regulatory fines, which could cause our business and reputation to suffer.

We collect and store personal data and certain other sensitive, confidential, and proprietary information in the operation of our business, including creator, user, and employee information. While we have implemented measures designed to prevent unauthorized access to or loss of our confidential data, attacks such as malware, ransomware, viruses, hacking, social engineering, spam, and phishing attempts across our organization have occurred and may continue to occur on our Platform, our systems, and those of our third-party service providers. Because of the popularity of our Platform, we believe that we are an attractive target for these sorts of attacks and have seen the frequency of these types of attacks increase over time.

The techniques used by malicious actors to obtain unauthorized access to, or to sabotage, our systems or networks, or to utilize our systems maliciously, are constantly evolving and generally are not identified as a threat vector until launched against a target. Threat actors are also increasingly leveraging AI, including agentic AI systems, to conduct reconnaissance, identify and exploit vulnerabilities, craft highly personalized social engineering attacks, and adapt their methods in real time without human intervention. These AI-driven techniques may enable attackers to operate at a speed, scale, and degree of sophistication that outpaces our ability to detect and respond to threats. In addition to actions by individuals, such attacks could also potentially be launched by nation states, state-sponsored bad actors, or other well-funded and highly sophisticated individuals. Despite the measures we have taken, we at times have not been able to anticipate these techniques by implementing preventive measures, detecting, or reacting in a timely manner, which has resulted in and could continue to result in, delays in our detection or remediation of, or other responses to, security breaches and other security-related incidents. In addition, the use of open source and third-party software in our Platform has exposed us to security vulnerabilities in the past and will likely continue to expose us to security vulnerabilities in the future.

The use of AI in our products and business practices may increase or create additional cybersecurity and privacy risks, including risks of unauthorized disclosure or exposure of data, breaches, and other security incidents. In particular, the deployment of agentic AI introduces new attack surfaces and risk profiles for us to address. Prompt injection attacks, in which malicious instructions cause an AI agent to take unintended or unauthorized actions, are an emerging threat vector for which established defenses are still developing. As AI use expands across our products and operations, we expect the scale, frequency, and sophistication of AI-targeted attacks to increase. Beyond external threats, agentic AI systems operating with limited human oversight at each step may also inadvertently expose proprietary or confidential information by autonomously executing tasks across data boundaries without explicit human authorization.

Our Platform and services operate in conjunction with, and we are dependent upon, third-party products, services, and components. Our reliance on third-party service providers, including cloud infrastructure providers, payment processors, analytics tools, distribution channels, and customer support providers and platforms, introduces significant and evolving risks related to cybersecurity and data privacy. These risks extend to the third-party AI models, tools, and services that we and our service providers increasingly incorporate into our operations. AI components sourced from third parties may contain vulnerabilities, behave in unintended ways, or be compromised before or after integration with our systems. As AI systems become more autonomous and interconnected, a security failure in a third-party AI component could have cascading effects across our Platform. We do not have complete visibility into or control over the development, training, and security practices of all third-party AI providers in our supply chain, and our contractual protections, vendor assessments, and monitoring capabilities may not be sufficient to prevent or promptly identify such issues in all cases.

Our ability to influence and monitor our third-party service providers' cybersecurity is limited, and in any event, attackers may be able to circumvent our third-party service providers' cybersecurity measures. There have been and may continue to be significant attacks on certain of our third-party providers, and we cannot guarantee that our or our third-party providers' systems and networks have not been breached or that they do not contain exploitable defects or bugs that could result in a breach of or disruption to our systems and networks or the systems and networks of third parties that support us. Specifically, these third parties have been and may in the future be targeted by threat actors seeking to gain access to our data or systems through a less secure entry point; experience their own security incidents, data breaches, or operational failures, even if unrelated to our specific data, which could still impact our services or expose our users' information; or employ individuals who are bad actors and could intentionally compromise data or systems, or who may be susceptible to social engineering or other tactics by malicious individuals. Additionally, these third parties may have inadequate security protocols, policies, or infrastructure, creating security weaknesses that we cannot directly control, or fail to promptly identify or remediate vulnerabilities, leading to prolonged exposure.

Actual or alleged security vulnerabilities, errors, or other bugs in these third-party products, services, or components, and security exploits targeting them have at times caused and could continue to cause us to face increased costs, regulatory fines, claims, liability, reduced revenue, and harm to our reputation or competitive position. We and our service providers may be unable to anticipate these techniques, react, remediate, or otherwise address any security vulnerability, breach, or other incident in a timely manner, or implement adequate preventative measures.

If any unauthorized access to our network, systems, or data, including our sensitive and proprietary information, personal data from our users or creators, or other data, or any other loss or unavailability of, or unauthorized use, modification, disclosure, or other processing of personal data or any other security breach or incident occurs or is believed to have occurred, whether as a result of third-party action, employee negligence, error, or malfeasance, defects, social engineering techniques, ransomware attacks, or otherwise, our reputation, brand, and competitive position could be damaged, our and our users' and creators' data and intellectual property could potentially be lost or compromised, and we could be required to spend capital and other resources to alleviate problems caused by such actual or perceived breaches or incidents and remediate our systems. In the past, we have experienced social engineering and phishing attacks aimed at compromising sensitive data, and if similar attacks occur and are successful, this could have a negative impact on our business or result in unfavorable publicity. Additionally, unauthorized access to sensitive data may occur due to user behavior outside of our control, which can nonetheless create the perception that our systems are not secure against third-party access. For example, users may accidentally disclose their passwords or store them on a mobile device that is "SIM swapped," lost, or stolen, resulting in the disclosure of their personal data and potential account takeovers by bad actors.

We incur significant costs in an effort to detect and prevent security breaches and other security-related incidents, including those to secure our product development, test, evaluation, and deployment activities, and we expect our costs will increase as we make improvements to our systems and processes to prevent future breaches and incidents. The economic costs to us to reduce cyber or other security problems, such as spammers, errors, bugs, flaws, "cheating" programs, defects, or corrupted data, could be significant and may be difficult to anticipate or measure. Even the perception of these issues may cause creators and users to use our Platform less or stop using it altogether, and the costs could divert our attention and resources, any of which could result in claims, demands, and legal liability to us, regulatory investigations and other proceedings, and otherwise harm our business, reputation, financial condition, or results of operations. There could also be regulatory fines or non-monetary penalties imposed in connection with certain cyber incidents or data breaches that take place around the world.

In addition, global laws and regulations relating to cybersecurity continue to evolve in their scope and complexity. For example, the EU's Network and Information Systems Directive 2 ("NIS2") and its implementing laws impose mandatory cybersecurity risk-management and incident reporting obligations on entities operating in a number of sectors, including social networking service platforms. Noncompliance may result in fines of up to the greater of €10 million or 2% of total worldwide annual turnover. NIS2 also introduces personal liability for management personnel, who may face temporary prohibition from exercising managerial functions for serious noncompliance. The EU's Cyber Resilience Act also imposes mandatory cybersecurity requirements on products with digital elements placed on the EU market, including actively exploited vulnerability reporting, incident reporting, and core product obligations. Noncompliance may result in fines of up to the greater of €15 million or 2.5% of total worldwide annual turnover, and market surveillance authorities may order product withdrawal from the EU market. Our efforts to comply with evolving laws and regulations such as these have and could continue to lead to increased operational costs and we could be exposed to fines, product withdrawal orders, reputational harm, and other adverse impacts to our business if we are, or are alleged to be, unable to comply.

Further, certain laws and regulations relating to privacy, biometrics, cybersecurity, and data protection, such as the California Consumer Privacy Act ("CCPA"), allow for a private right of action, which may lead to consumer litigation for various matters, including certain data breaches that relate to specified categories of personal information. From time to time, we identify product vulnerabilities, including through our bug bounty program. Although we have policies and procedures in place designed to promptly characterize the potential impact of such vulnerabilities and develop appropriate patching or upgrade recommendations and also maintain policies and procedures related to vulnerability scanning and management of our internal corporate systems and networks, such policies and procedures may not be followed or detect every issue, and from time to time, we have, and may in the future again, need to proactively disable access to our Platform in order to provide necessary patching or upgrades.

Although we maintain cyber and privacy insurance, subject to applicable deductibles and policy limits, such coverage may not extend to all types of incidents relating to privacy, data protection, or cybersecurity, and it may be insufficient to cover all costs and expenses associated with such incidents. Further, such insurance may not continue to be available to us in the future on economically reasonable terms, or at all, and insurers may deny us coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, including our financial condition, operating results, and reputation.

The operation of our Platform outside the United States exposes us to risks inherent in international operations.

We operate our Platform throughout the world and are subject to risks and challenges associated with international business which require considerable management attention and resources. For the three months ended September 30, 2026, approximately 83% of our DAUs and 43% of our revenue was derived from outside the U.S. and Canada region. We intend to continue to expand internationally, and this expansion is a critical element of our future business strategy. However, as we continue to expand internationally, including into developing countries where consumer discretionary spending is relatively weak, while our DAUs increase, the growth rate of our bookings could decelerate due to weaker spending by users from those regions, and our ABPDAU has been and may continue to be negatively impacted. While we have data centers, contractors, creators, and users outside of the U.S., we have limited offices located outside of the U.S. and Canada, and there is no guarantee that our international expansion efforts will be successful. The risks and challenges associated with expanding our international presence and operations include the below, and the occurrence of these and other factors could harm our ability to generate revenue and bookings outside of the U.S. and, consequently, adversely affect our business, financial condition, and results of operations:

- greater difficulty in enforcing contracts and accounts receivable collection, and longer collection periods;
- higher costs of doing business internationally, including increased accounting, travel, infrastructure, security, legal, and compliance costs;
- double taxation of our international earnings and potentially adverse tax consequences due to changes in the tax laws of the U.S. or the foreign jurisdictions in which we operate;
- compliance with multiple, ambiguous, or evolving laws and regulations, including those relating to employment, tax, child protection, consumer protection, content regulation, digital safety, privacy, data protection, anti-corruption, import/export, customs, anti-boycott, sanctions and embargoes, antitrust, data transfer, storage and security, content monitoring, preclusion, and removal, digital entertainment offerings, advertising, social media, and industry-specific laws and regulations, particularly as these requirements apply to users under the age of 18;
- increased cybersecurity, technology, and physical security risks to the data, systems, facilities, and people supporting the operation of the Platform;
- uncertainty regarding the imposition of and changes in the trade regulations of the U.S. and other governments, trade wars, tariffs or other restrictions, and responsive retaliatory actions as a result thereof or other geopolitical events, including, without limitation, the evolving relations between the U.S. and China, the issuance of new executive orders and related national security-based data transfer restrictions, and geopolitical conflicts such as in Ukraine and the Middle East;
- expenses related to monitoring and complying with differing labor and employment regulations, especially in jurisdictions where labor and employment laws may be more favorable to employees than in the U.S.;
- increased exposure to fluctuations in exchange rates between the U.S. dollar and foreign currencies in markets where we do business;
- challenges inherent to efficiently recruiting and retaining qualified employees in foreign countries and maintaining our company culture and employee programs across all of our offices;
- management communication and integration problems resulting from language or cultural differences and geographic dispersion;
- the uncertainty of protection for intellectual property in some countries;
- the uncertainty of our exposure to third-party claims of intellectual property infringement and the availability of statutory safe harbors in some countries;
- foreign exchange controls that might prevent us from repatriating cash earned outside the U.S.;
- risks associated with trade restrictions and foreign legal requirements, and greater risk of unexpected changes in regulatory requirements, tariffs and tax laws, trade laws, foreign investment restrictions, and export controls (including data export) and other trade restrictions;
- negative perceptions of U.S.-based companies in regions where we operate or plan to operate;
- risks relating to the implementation of exchange controls, including restrictions promulgated by the Office of Foreign Assets Control (“OFAC”), and other similar trade protection regulations and measures;
- exposure to regional or global public health issues, and to travel restrictions and other measures undertaken by governments in response to such issues;
- general economic and political conditions in these foreign markets, including political and economic instability in some countries and regions;

- modifying our Platform in certain jurisdictions, including modifying or removing certain content, making certain games inaccessible, changing default settings, including for specific account types, and modifying, restricting access to, or disabling certain features or tools, including but not limited to communication on-Platform, and implementing age-check technology;
- the need to apply for government-issued licenses to operate our Platform or offer certain content;
- localization of our services, including translation into foreign languages and associated expenses and the ability to monitor and moderate our Platform in new and evolving markets and in different languages to confirm that we maintain standards, including trust and safety standards, consistent with our brand and reputation;
- our Platform being blocked in certain countries entirely, such as the Republic of Türkiye and certain Middle Eastern and North African countries;
- regulatory frameworks or business practices favoring local competitors;
- changes in the perception of our Platform by governments in the regions where we operate or plan to operate; and
- natural disasters, acts of war, and terrorism, and resulting changes to laws and regulations, including changes oriented to protecting local businesses.

Our continued success significantly depends on our ability to effectively navigate the integration of rapidly evolving technologies such as AI into our business and address their impact on our threat landscape.

The market for an immersive platform for connection and communication is a new and evolving market characterized by rapid, complex, and disruptive changes in technology and user and creator demands that could make it difficult for us to effectively compete. The expectations and needs of our users and creators are constantly evolving. Our future success depends on a variety of factors, including our continued ability to innovate, introduce new products and services efficiently, enhance and integrate our products and services in a timely, safe, secure, and cost-effective manner, extend our core technology into new applications, and anticipate technological developments. If we are unable to react quickly to new technology trends compared to our competitors — such as the continued growth of AI solutions which affect the ways creators create games, the way users consume virtual content, or the degree to which we can safely integrate AI systems — it may harm our business and results of operations. Conversely, our adoption of AI solutions and changes to our AI policies may not be favored by our community of creators and users, and may result in diminished engagement on our Platform. For example, creators may view the increased deployment of AI tools on our Platform as competitive with human-created content or that AI-created content is inferior to human-created content. AI tools may also make it easier for third parties to replicate popular content both on and off our Platform, which could result in unauthorized or infringing content and divert engagement from creators and our Platform generally. Expertise in AI, as well as other emerging technologies, is difficult and costly to obtain given the increasing focus on AI development and competition for talent. Further, legal, social, and ethical issues relating to the use of new and evolving technologies such as AI in our offerings, may result in reputational harm and liability, and may cause us to incur additional legal, security, and research and development costs to resolve such issues. If we enable or offer solutions that draw controversy due to their perceived or actual impact on society, we may experience brand or reputational harm, competitive harm, or legal liability. Failure to address AI ethics issues by us or others in our industry could undermine public confidence in our use of AI.

We have incorporated, and are continuing to develop and deploy, AI in our products and the operations of our business. Our use of AI in aspects of our Platform may present risks and challenges that could increase as AI solutions become more prevalent. The Roblox Cloud may be more relied upon in the future to facilitate increasingly complex decision-making as it integrates hardware and accelerated machine learning and other AI, for a broad range of compute tasks, including improved personalization, synthetic content generation, enhanced automation of the player experience, and AI systems deployed through our Platform. However, AI algorithms may be flawed and datasets may be insufficient or contain biased information. Even with safeguards in place and oversight, AI systems may make decisions unpredictably or autonomously, such as by generating incorrect, offensive, and/or infringing content and may take actions beyond their intended scope. This can raise new or exacerbate existing ethical, technological, legal, and other challenges, and may negatively affect the performance or the perception of our Platform and the user and creator experience. Certain users have and may in the future attempt to manipulate AI systems to create violative content on our Platform. In addition, threat actors have used and in the future may use AI to enhance the effectiveness of their attacks against our Platform which may cause the loss of availability of the Platform, degradation in services, or compromises to user or company data. Our employees or contractors, or AI agents themselves, may also make errors using AI in the operation of our business which could result in proprietary or other confidential information being exposed externally and other negative outcomes. While we have and will continue to implement safeguards, these deficiencies and potential failures of AI systems due to their nature as increasingly complex and autonomous technology, or the use of AI by threat actors to enhance their attacks, could subject us to increased security risk, competitive harm, regulatory action, legal liability, and reputational harm, especially as the regulatory landscape around AI continues to rapidly develop.

There are also many new and evolving laws and regulations focused on the use of AI, which require us to continually evaluate our obligations and design our systems with compliance in mind. For example, the EU's Artificial Intelligence Act ("AI Act") entered into force in August 2024. Certain of its obligations entered into effect in February 2025, and many of its applicable provisions became effective in August 2026. The European Commission adopted the Digital Omnibus on AI, a legislative package that, among other things, delays the application of certain high-risk AI system deadlines to December 2027 and August 2028, respectively. The AI Act establishes a framework of prohibitions as well as disclosure, transparency, and other regulatory obligations based on various levels of risk for businesses introducing AI systems in the EU, and the Digital Omnibus proposes to expand the scope of prohibited AI practices under the AI Act. Provisions of the AI Act require us to design or restrict our use of AI both in features or products available to our users and in our systems that interact with our users, depending on respective levels of risk-categorization, types of systems, and manner of use, as set forth in the AI Act. The AI Act also requires us to comply with monitoring and reporting requirements. As a result, we expect to devote substantial time and resources to continue to evaluate our obligations under the AI Act, develop our systems and tools, and execute plans designed to promote compliance. Noncompliance with the AI Act could result in fines of up to the greater of €35 million or 7% of annual global turnover for the previous year. There have been numerous other laws and bills proposed at the domestic and international level aimed at regulating the deployment or provision of AI systems and services. For instance, different states have proposed bills or enacted laws relating to aspects of the development and use of AI, including Texas, Colorado, and California. In addition, President Trump released an executive order in December 2025 seeking to establish national standards for AI that would supersede conflicting state laws.

Our user metrics and other estimates are subject to inherent challenges in measurement, and real or perceived inaccuracies in those metrics may significantly harm and negatively affect our reputation and our business.

We regularly review metrics, including our DAUs, hours engaged, unique payers, user demographics, and ABPDAU to evaluate growth trends, measure our performance, and make strategic decisions. These metrics are calculated using internal data gathered on an analytics platform that we developed and operate and have not been validated by an independent third party. Our metrics are based on estimates and may also differ from estimates published by third parties or from similarly titled metrics of our competitors due to differences in methodology or underlying assumptions. If our metrics are inaccurate or perceived to be inaccurate, then investors will have less confidence in our company and our prospects, which could cause the market price of our Class A common stock to decline, and our reputation and brand could be harmed.

There are inherent challenges in measuring how our Platform is used. As a result, our metrics may misstate the number of DAUs, monthly unique payers, hours engaged, ABPDAU, and average bookings per monthly unique payer. The methodologies used to measure these metrics require significant judgment and are also susceptible to algorithm or other technical errors. In addition, we continually seek to improve our metrics and such metrics have changed and may continue to change due to improvements or changes in our methodology, systems, or underlying assumptions. We regularly review our processes and assumptions for calculating these metrics, and from time to time we discover inaccuracies in our metrics or make adjustments to improve their accuracy, which can result in our use of updated metrics in a current period and corresponding adjustments to our historical metrics. Our ability to recalculate our historical metrics to reflect any change in methodology of a metric in a current period may be impacted by data limitations, limitations in functionality of and user behaviors on different platforms, or other factors that require us to apply different methodologies for such adjustments over current and historic periods. As a result of these improvements and changes, our current and future period metrics may not be comparable to those in prior periods.

Additionally, there are users who have multiple accounts, fake user accounts, or fraudulent accounts created by bots. These actions may be done to inflate user activity in order to make a creator's game or other content appear more popular than it really is or to enable users to level up or otherwise progress in a game more rapidly. Detecting and taking action with respect to such issues requires considerable judgment and is technically challenging. We strive to detect and minimize fraud, the use of bots, and unauthorized use of our Platform, and while these practices are prohibited in our terms of use and we implement systems and measures to detect and suppress that behavior, when we are unsuccessful, our operating results may be negatively affected. Users may also disagree with our rationale for terminating, suspending, or taking other actions on accounts, which has and could continue to lead to reputational harm and further negatively impact our operating results.

In addition, some of our demographic data may also be incomplete or inaccurate. We have changed and may continue to change the methodologies by which we calculate user metrics, the information we report, or the breakdown of our reported age demographics based on the data that is available to us at the time. For example, historically our reported age demographics were based on age information self-reported by our users. We continue to develop, test, and implement new systems designed to check the ages of our users, which we refer to as "age-checking," and currently we incorporate facial age estimation technology, identity verification, and parent or caregiver provided age data. Age-checked metrics are not comparable to historical periods that relied on self-reported data. In addition, since our age-check systems are only mandatory for users seeking to access chat features on our Platform, our future reported age-demographic data will not include all of our users, including those who engage on our Platform but do not use our chat features or users in geographies in which chat is not enabled. Therefore, there is no guarantee that the population of users who access chat is representative of our entire user base. As the number of users that choose to undergo age-check processes, the features or tools that require age-check, and our methodologies for age-checking continue to develop, prior period demographics may not be comparable to future ones. Our age demographic data could differ from users' actual ages due to the functionality of our age-check systems, policies, and technology. Users seeking to evade our age estimation systems and tools may also be more likely to create alternate or multiple accounts which would inflate our user activity.

Errors or inaccuracies in our metrics or data could also result in incorrect business decisions and inefficiencies. For instance, if a significant understatement or overstatement of active users, hours engaged, or our reported age demographics were to occur, we may expend resources to implement unnecessary business measures or fail to take required actions to attract a sufficient number of users to satisfy our growth strategies. If our investors or creators do not perceive our user, geographic, or other demographic metrics to be accurate representations of our user base, or if we discover material inaccuracies in our user, geographic, or other demographic metrics, our reputation may be seriously harmed. Our estimates have changed and may continue to change as our methodologies and Platform evolve, including through the application of new data sets, the introduction of new metrics or technologies, or as our Platform changes with new features and enhancements. Such changes could lead to investor confusion or the perception that our estimates, methodologies, and underlying assumptions are unreliable, which could also cause our creators and partners to be less willing to allocate their budgets or resources to our Platform, which could seriously harm our business.

Additionally, we have and continue to innovate and expand our safety initiatives, including the launch of our age-checking systems. These and any future safety changes have and may continue to impact engagement, retention, revenue, and bookings.

We rely on suppliers for data center capacity and certain components of the equipment we use to operate our Platform and any disruption in the availability of data center capacity or components could delay our ability to expand or increase the capacity of our Platform or replace defective equipment.

We rely on suppliers for data center capacity and certain components of the equipment we use to operate our Platform. Our reliance on these suppliers exposes us to risks, including reduced control over costs and constraints based on the current availability, terms, and pricing of these components and data center capacity. While the network equipment and servers we purchase generally are commodity equipment and we believe an alternative supply source for network equipment and servers on substantially similar terms could be identified quickly, our business could be adversely affected until those efforts are completed. In addition, the technology equipment industry has experienced component shortages and delivery delays, and we have and may in the future experience shortages or delays, including as a result of increased demand in the industry, such as due to rapid growth in AI demand, data center natural disasters, trade control and restrictions, or our suppliers lacking sufficient rights to supply the components in all jurisdictions in which we have data centers and edge data centers that support our Platform. For example, supply chain constraints for servers, memory, and other networking equipment required for our operations have resulted and could in the future result in disruptions and delays for these components and the delivery and installation of such components at our data centers and edge data centers. If our supply of certain components is disrupted or delayed, there can be no assurance that additional supplies or components can serve as adequate replacements for the existing components or that supplies will be available on terms that are favorable to us, if at all. Any disruption or delay in the supply of hardware components or data center availability may delay the opening of new data centers, edge data centers, co-location facilities or the creation of fully redundant operations, limit capacity expansion, or replacement of defective or obsolete equipment at existing data centers and edge data centers or cause other constraints on our operations that could damage our ability to serve our creators and users.

Some creators and users on our Platform may make unauthorized, fraudulent, or illegal use of Robux and other digital goods or games on our Platform, including by use of unauthorized third-party websites or "cheating" programs.

Robux and digital goods on our Platform have no authorized market, value, or application outside of our Platform. Creators that participate in our Developer Exchange Program can be paid fiat currency based on the amount of Robux they have accumulated, subject to eligibility. However, users have made and may in the future make unauthorized, fraudulent, or illegal sales, transfers, and/or purchases of Robux, other digital goods, and Roblox accounts on or off of our Platform, including by use of unauthorized third-party websites in exchange for fiat currency or to facilitate digital wagers. For example, some users have made fraudulent use of credit cards owned by others to purchase Robux and offer the purchased Robux for sale at a discount on third-party websites. For the three months ended September 30, 2026, total chargebacks and refunds to us, some of which may have been related to fraud, were approximately 2.1% of bookings.

While we regularly monitor and screen usage of our Platform with the aim of identifying and preventing fraudulent activities, and regularly monitor third-party websites for unauthorized Robux or digital goods offers as well as regularly send cease-and-desist letters to operators of these third-party websites, we are unable to control or stop all unauthorized, fraudulent, or illegal transactions in Robux or other digital goods that occur on or off of our Platform. Although we are not responsible for such third-party activities, our user experience may be adversely affected, and users and/or creators may choose to leave our Platform, if these activities are pervasive. These activities have resulted and may in the future result in negative publicity, disputes, regulatory scrutiny, and legal claims, and measures we take in response may be expensive, time consuming, and disruptive to our operations. Moreover, as we shift to Roblox Wallet in the future, our exposure to these risks may be increased and we will be required to update our systems and controls for preventing and minimizing unauthorized, fraudulent, and illegal payment activity on our Platform, which may be difficult to implement and restrict our operations. The new payment structure of Roblox Wallet may expose us to risks such as account takeovers, unauthorized use of payment credentials, and increased regulatory scrutiny, as well as other risks that are difficult to anticipate. Notwithstanding our efforts, there can be no assurance that our systems and controls will operate as intended or that we will be successful in preventing or mitigating such risks.

In addition, unauthorized, fraudulent, and/or illegal purchases, transfers, and/or sales of Robux, Roblox accounts, or other digital goods on or off of our Platform, including through third-party websites, bots, fake accounts, or "cheating" or malicious programs that enable users to exploit both vulnerabilities and legitimate mechanics in the games on our Platform or our partners' websites and platforms, could reduce our revenue and bookings by, among other things, decreasing revenue from authorized and legitimate transactions, increasing chargebacks from unauthorized credit card transactions, or causing us to lose revenue and bookings from dissatisfied users who stop engaging with the games on our Platform. Additionally, such prohibited activity could increase costs that we incur to develop technological measures to curtail unauthorized transactions and other malicious programs, or could reduce other operating metrics.

Under our Community Standards, which creators and users are obligated to comply with, we reserve the right to temporarily or permanently ban individuals for breaching our terms of use or Community Standards, including by engaging in any illegal activity on our Platform. We have banned individuals as a result of unauthorized, fraudulent, or illegal use of our Platform, Robux, or other digital goods on our Platform, which has and may continue to lead to reputational harm in cases where users disagree with our enforcement decisions. We have also employed technological measures to help detect unauthorized Robux transactions and continue to develop additional methods and processes through which we can identify unauthorized transactions and block such transactions. However, there can be no assurance that our efforts to prevent or minimize these unauthorized, fraudulent, or illegal transactions will be successful.

We have made and are continuing to make investments in privacy, data protection, user safety, cybersecurity, and content review efforts to combat misuse of our services and user data by third parties, including investigations of individuals we have determined to have attempted to access and, in some cases, have accessed, user data without authorization. Our internal teams also continually monitor and work to address any identified unauthorized attempts to access data stored on servers that we own or control or data available to our third-party customer service providers. As a result of these efforts, we have discovered and disclosed, and anticipate that we will continue to discover and disclose, incidents of misuse of or unauthorized access of user data or other undesirable activity by third parties. We have taken steps to protect the data that we have access to, but despite these efforts, our security measures, or those of our third-party service providers, could be insufficient or breached as a result of third-party action, malfeasance, employee errors, service provider errors, technological limitations, defects, or vulnerabilities in our Platform or otherwise. Additionally, many of our employees and third-party service providers with access to user data currently are and may in the future be working remotely, or in higher risk geographic regions as we expand our global footprint, which may increase our employees' or our third-party service providers' risk of security breaches or incidents. Moreover, the risk of state-supported and geopolitical-related cyber-attacks may increase with geopolitical events. We have sometimes failed to discover and in the future may not discover all such incidents or activity or be able to respond to or otherwise address them, promptly, in sufficient respects or at all. Such incidents and activities have in the past, and may in the future, involve the use of user data or our systems in a manner inconsistent with our terms, contracts, or policies, the existence of false or undesirable user accounts, theft of in-game currency or virtual items in valid user accounts, and activities that threaten people's safety on- or offline. We may also be unsuccessful in our efforts to enforce our policies or otherwise remediate any such incidents. Any of the foregoing developments, whether actual or perceived, may negatively affect user trust and engagement, harm our reputation and brand, require us to change our business practices in a manner adverse to our business, and adversely affect our business and financial results. Any such developments have and may continue to subject us to future litigation and regulatory inquiries, investigations, and proceedings, including from data protection authorities in countries where we offer services and/or have users, which could subject us to monetary penalties and damages, divert management's time and attention, and lead to enhanced regulatory oversight.

We focus our business on our creators and users, and acting in their interests in the long term may conflict with the short-term expectations of analysts and investors.

A significant part of our business strategy and culture is to focus on long-term growth and creator and user experience over short-term financial results. We expect our expenses to continue to increase in the future as we broaden our creator and user community, as creators and users increase the amount and types of games and virtual items they make available on our Platform and the content they consume, as we continue to seek ways to increase payments to our creators, and as we develop and further enhance our Platform, expand our technical infrastructure and data centers, and hire additional employees to support our expanding operations. As a result, in the near- and medium-term, we may continue to operate at a loss, or our near- and medium-term profitability may be lower than it would be if our strategy were to maximize near- and medium-term profitability. We expect to continue making significant expenditures to grow our Platform and develop new features, integrations, capabilities, and enhancements to our Platform for the benefit of our creators and users. We will also be required to invest in our internal IT systems, technological operations infrastructure, financial infrastructure, and operating, compliance, and administrative systems and controls. Such expenditures may not result in improved business results or profitability over the long term and certain of such expenditures have and may continue to adversely impact our business results in the near- and medium-term. If we are ultimately unable to achieve or improve profitability at the level or during the time frame anticipated by securities or industry analysts, investors, and our stockholders, the market price of our Class A common stock may decline.

The popularity of our Lua-based scripting language is a key driver of content creation and engagement with our Platform, and if other programming languages or platforms become more popular with our creators, it may affect engagement with and content creation for our Platform.

Roblox games are programmed using our Lua-based scripting language on the Roblox Platform. In order to enhance the attractiveness of our Platform to potential creators, we have made our scripting language available without charge. Our scripting language permits creators on our Platform to develop customized add-on features for their own or others' use, and we have provided education to our creators on how to write add-on programs using our scripting language. As part of this strategy, we have encouraged the development of an active community of programmers similar to those which have emerged for other software platforms. The widespread use and popularity of our Lua-based scripting language is critical to creating engaging content on and demand for our Platform. If creators do not find our scripting language or our Platform simple and attractive for developing content or determine that our scripting language or other features of our Platform are undesirable or inferior to other scripting languages or platforms, or the scripting language becomes unavailable for use by the creators for any reason, they may shift their resources to developing content on other platforms, and our business may be harmed.

We rely on Amazon Web Services for a portion of our cloud infrastructure in certain areas, and as a result any disruption of AWS would negatively affect our operations and significantly harm our business.

We rely on Amazon Web Services ("AWS") as a third-party provider for a portion of our backend services, including for some of our high-speed databases, scalable object storage, and message queuing services, as well as virtual cloud infrastructure. For location-based support areas, we outsource certain aspects of the infrastructure relating to our cloud-native Platform. As a result, our operations depend, in part, on AWS' ability to protect their services against damage or interruption from natural or manmade disasters. Our creators and users need to be able to access our Platform at any time, without interruption or degradation of performance. Although we have disaster recovery plans that utilize multiple AWS availability zones to support our cloud infrastructure, any incident affecting their infrastructure that may be caused by natural or manmade disasters and other similar events beyond our control, could adversely affect our cloud-native Platform. Any disruption of or interference with our use of AWS could impair our ability to deliver our Platform reliably to our creators and users.

Additionally, if AWS were to experience a hacking attack or other security incident, it could result in unauthorized access to, damage to, disablement or encryption of, use or misuse of, disclosure of, modification of, destruction of, or loss of our data or our creators' and users' data, or disrupt our ability to provide our Platform or service. A prolonged AWS service disruption affecting our cloud-native Platform for any of the foregoing reasons would adversely impact our ability to serve our users and creators and could damage our reputation with current and potential users and creators, expose us to liability, regulatory action under NIS2 requirements, result in substantial costs for remediation, cause us to lose users and creators, or otherwise harm our business, financial condition, or results of operations. We may also incur significant costs for using alternative hosting cloud infrastructure services or taking other actions in preparation for, or in reaction to, events that damage or interfere with the AWS services we use.

We have entered into an enterprise agreement with AWS and a supplemental private pricing addendum that will remain in effect until June 2029. If our AWS service agreements are terminated, or there is a lapse of service, elimination of AWS services or features that we utilize, we could experience interruptions in access to our Platform, especially during peak times for concurrent users, as well as significant delays and additional expense in arranging for or creating new facilities or re-architecting our Platform for deployment on a different cloud infrastructure service provider, which would adversely affect our business, financial condition, and results of operations.

Our business and results of operations are affected by fluctuations in currency exchange rates.

As we continue to expand our international operations, we become more exposed to the effects of fluctuations in currency exchange rates. We generally collect revenue from our international markets in the local currency. For the three months ended September 30, 2026, approximately 83% of our DAUs and 43% of our revenue was derived from outside the U.S. and Canada region. While we periodically adjust the price of Robux to account for the relative value of this local currency to the U.S. dollar, these adjustments are not immediate nor do they typically exactly track the underlying currency fluctuations. As a result, rapid appreciation of the U.S. dollar against these foreign currencies has harmed and may continue to harm our reported results and cause the revenue derived from our foreign users and overall revenue to decrease. In addition, even if we do adjust the cost of our Robux in foreign markets to fluctuations in the U.S. dollar, such fluctuations could change the costs of purchasing Robux to our users outside of the U.S., which may adversely affect our business, results of operations, and financial condition, or improve our financial performance.

We also incur capital expenditures as well as expenses for employee compensation and other operating expenses at our non-U.S. locations in the local currency. Additionally, global events as well as geopolitical developments and inflation have caused, and may in the future cause, uncertainty about the global economy and interest rate environment, which could amplify the volatility of currency fluctuations. Fluctuations in the exchange rates between the U.S. dollar and other currencies could result in the dollar equivalent of our expenses being higher which may not be offset by additional revenue earned in the local currency. This could impact our reported results of operations. To date, we have not engaged in any hedging strategies and any such strategies, such as forward contracts, options, and foreign exchange swaps related to transaction exposures that we may implement in the future to mitigate this risk may not eliminate our exposure to foreign exchange fluctuations. Moreover, the use of hedging instruments may introduce additional risks if we are unable to structure effective hedges with such instruments.

We plan to continue to make acquisitions and investments in other companies, which could require significant management attention, disrupt our business, dilute our stockholders, and significantly harm our business.

As part of our business strategy, we have made and intend to make acquisitions and investments to add or access specialized employees and complementary companies, products, features, and technologies. Our ability to acquire and successfully integrate larger or more complex companies, products, features, and technologies is unproven. In the future, we may not be able to find other suitable acquisition or investment candidates, and we may not be able to complete acquisitions, investments, or similar strategic transactions on favorable terms, if at all. The risks and challenges associated with acquisitions and investments include:

- The pursuit of potential acquisitions or investments may divert the attention of management and cause us to incur significant expenses related to identifying, investigating, and pursuing suitable targets, whether or not they are consummated.

- Our previous and future acquisitions and investments may not achieve our goals, and any future acquisitions or investments we complete could be viewed negatively by users, creators, partners, or investors.
- If we fail to successfully close transactions or integrate new teams into our corporate culture, or fail to integrate the products, features, and technologies associated with acquisitions or investments in a timely fashion, our business and reputation could be significantly harmed.
- Any integration process may require significant time and resources, and we may not be able to manage the process successfully.
- We may not successfully evaluate or use the acquired products, technology, and personnel, or accurately forecast the financial impact of an acquisition, including accounting charges which could be recognized as a current period expense.
- We may not achieve the anticipated benefits of synergies from the target business, may encounter challenges with incorporating the acquired products, features, and technologies into our Platform while maintaining quality and security standards consistent with our brand, or may fail to identify security vulnerabilities in acquired technology prior to integration with our technology and Platform.
- We may incur unanticipated liabilities that we assume as a result of acquiring companies, including claims related to the acquired company, its offerings, or technologies or potential violations of applicable law or industry rules and regulations arising from prior or ongoing acts or omissions by the acquired business that were not discovered or deemed material during diligence.
- We will pay cash, incur debt, or issue equity securities to pay for any acquisitions or investments, any of which could reduce our ability to make future acquisitions or investments and significantly harm our financial results. In addition, if target companies view our Class A common stock unfavorably, we may be unable to consummate key acquisitions or investments.
- It generally takes several months after the closing of an acquisition to finalize the purchase price allocation. Therefore, it is possible that our valuation of an acquisition may change and result in unanticipated write-offs or charges, impairment of our goodwill, or a material change to the fair value of the assets and liabilities associated with a particular acquisition, any of which could significantly harm our business.
- Selling equity to finance any acquisition or investment would dilute our stockholders, and incurring debt would increase our fixed obligations and could also include covenants or other restrictions that would impede our ability to manage our operations.

In addition, the U.S. government introduced regulations effective January 2025 that require notification of or prohibit certain transactions by U.S. persons with entities in China or with linkages to China (the "Outbound Investment Rules"). The Outbound Investment Rules could apply to certain intracompany activities between Roblox and Roblox China Holding Corp or Luobu, as well as other Roblox investments or activities with entities in China or with linkages to China. The Outbound Investment Rules regulations could also limit the ability of others to transact certain business with us if those transactions involve or benefit, directly or indirectly Roblox China Holding Corp, Luobu, or our other operations in China. Furthermore, the FY 2026 National Defense Authorization Act expands on the existing Outbound Investment Rules and directs new or updated regulations to be published by early 2027. Where the Outbound Investment Rules apply to a given transaction, it might limit our ability to carry out our long-term business strategy.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited, which could significantly harm our business.

As of December 31, 2025, we had federal net operating loss carryforwards of $3,242 million, which do not expire, federal net operating loss carryforwards of $33 million, which begin to expire in 2037, state net operating loss carryforwards of $1,718 million, which begin to expire in 2028, and foreign net operating loss carryforwards of $62 million, which begin to expire in 2026. Utilization of our net operating loss carryforwards and other tax attributes may be subject to limitations on utilization or benefit due to the ownership change limitations provided by Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the "Code"), and other similar provisions. $3,242 million of our federal net operating losses are carried forward indefinitely but the deductibility of these losses is generally limited to 80% of current year taxable income. Our net operating loss carryforwards and other tax attributes may also be subject to limitations under state law. For example, California legislation limits the use of state net operating loss carryforwards and tax credits for tax years beginning on or after January 1, 2024. If our net operating loss carryforwards and other tax attributes expire before utilization or are subject to limitations, our business and financial results could be harmed.

If our estimates or judgments relating to our critical accounting policies are based on assumptions that change or prove to be incorrect, our results of operations could fall below expectations of securities analysts and investors or our publicly announced guidance, and changes in our business may not be immediately reflected in our operating results.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in our financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as described in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations." For example, the majority of the virtual items available on our Platform are durable virtual items, which, when acquired, are recognized ratably over the estimated period of time the virtual items are available to the user (estimated to be the average lifetime of a paying user). Every quarter, we complete an assessment of our estimated average lifetime of a paying user, which is used for revenue recognition of durable virtual items and calculated based on historical monthly retention data for each paying user cohort to project future participation on our Platform. We calculate the average historical monthly retention data by determining the weighted average of monthly paying users that have spent time on our Platform. Our estimated average lifetime of a paying user has changed at times in the past following such assessments and may change based on future assessments, which has and could result in future material changes to the timing of our revenue and cost of revenue recognition.

Much of the revenue we report in each quarter is the result of purchases of Robux during previous periods. Consequently, a decline in purchases of Robux in any one quarter will not be fully reflected in our revenue and operating results for that quarter. Any such decline, however, will negatively impact our revenue and operating results in future quarters. Accordingly, the effect of significant near-term downturns in purchases of Robux for a variety of reasons may not be fully reflected in our results of operations until future periods.

In addition to revenue recognition and estimates of the average lifetime of a paying user, our accounting policies involve other significant estimates and assumptions as described under Note 1, "Overview and Summary of Significant Accounting Policies", to our consolidated financial statements included in the 2025 Annual Report. Our management believes that such estimates, and judgments upon which they rely, are reasonable based upon information available to them at the time that these estimates and judgments are made. However, if our assumptions change or if actual circumstances differ from those in our assumptions, our results of operations could be adversely affected, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the market price of our Class A common stock.

Our results of operations may be harmed if we are required to collect sales, value added, or other similar taxes for the purchase of our virtual currency, for the sale of digital content, or purchase of physical goods, between our creators and users.

Although we, either directly or through our third-party distribution channels, collect and remit taxes from users in certain countries and regions on the sale of our virtual currency, there are some jurisdictions in which we operate where we do not currently collect taxes from users. The application of tax laws pertaining to the collection of sales, value added, and similar taxes to e-commerce businesses, such as ours, is a complex and evolving area. Jurisdictions may classify our product offerings differently such as intangible property, digital goods, or services, each with different tax rules and requirements. For example, many countries have enacted tax laws that require non-resident providers to register for and levy value added taxes on electronically provided services to such country's residents. This would require us to calculate, collect, and remit value added taxes in some jurisdictions, even if we have no physical presence in such jurisdictions. Further, we may need to invest substantial amounts to modify our solutions or our business model to be able to collect and remit sales, value added, or similar taxes under such tax laws in the future.

Further, many jurisdictions have also adopted or are considering adopting marketplace facilitator laws that shift the burden of tax collection to digital marketplaces. In certain jurisdictions, we may be characterized as a marketplace facilitator for the sale of digital content or physical goods between our creators and users, and in such instances, we may need to invest substantial amounts to modify our solutions or business model to be able to meet any reporting and collection obligations with respect to sales, value added, or similar taxes. A successful assertion by a jurisdiction that we should have been or should be collecting additional sales, value added, or other taxes for the sale of content or physical goods between our creators and users, could, among other things, result in substantial tax payments, create significant administrative burdens for us, discourage potential users or creators from subscribing to our Platform, or otherwise harm our business, results of operations, and financial condition.

We may not realize the benefits expected through our China joint venture.

In February 2019, we entered into a joint venture agreement with Songhua River Investment Limited, referred to as Songhua, an affiliate of Tencent Holdings Limited ("Tencent Holdings"), under which we created Roblox China Holding Corp (the "China JV"), of which we own a 51% ownership interest. Through a wholly-owned subsidiary based in Shenzhen, branded as "Luobu," the China JV is engaged in the development, localization, and licensing to Chinese creators of a Chinese version of Roblox Studio. Luobu also develops and oversees relations with local Chinese creators and helps them build and publish games and content for our global Platform. In December 2020, Shenzhen Tencent Computer Systems Co. Ltd ("Tencent") received a required publishing license from the Chinese government, which enabled Tencent to publish a localized version of the Roblox Client as a game in China under the name "Luobulesi." The license could be withdrawn if Tencent fails to comply with applicable existing or future regulations. Such withdrawal could significantly impair or eliminate the ability to publish and operate Luobulesi in China. The Luobulesi app is not currently available to users in China while we and Tencent build the next version of Luobulesi.

Tensions between the U.S. and China have resulted in trade restrictions that could harm our ability to participate in Chinese markets and numerous additional such restrictions have been threatened by both countries. For example, the U.S. government has imposed significant tariffs upon the import of almost all foreign items, including those of Chinese-origin, subject to certain exemptions. The tariff policies and responses of both countries are currently fluid, and it is unclear whether or at what level tariff policies will stabilize. Sustained uncertainty about, or worsening of, current global economic conditions, as well as continued or further escalation of trade tensions between the U.S. and China, could result in a global economic slowdown and long-term impacts on global trade, including the imposition of retaliatory trade restrictions that could restrict our ability to participate in the China JV. As another example, the U.S. Department of Justice has promulgated new rules on Access to U.S. Sensitive Personal Data and Government-Related Data by Countries of Concern or Covered Persons (colloquially the "Data Security Program"), which place limitations, and in some cases prohibitions, on certain transfers of or grants of access to sensitive personal data to business partners located in China and other designated countries, or with other specified links to China and other designated countries. The Data Security Program may impact our ability to share certain kinds of data, platform access, or other important resources with Tencent or the China JV, or the China JV's ability to interact with Tencent. We may find it difficult or impossible to comply with these or other conflicting regulations in the U.S. and China, which could make it difficult or impossible to achieve our business objectives in China or realize a return on our investment in this market.

Relations may also be compromised if the U.S. pressures the Chinese government regarding its monetary, economic, or social policies. Changes in political conditions in China and changes in the state of China-U.S. relations are difficult to predict and could adversely affect the operations or financial condition of the China JV. In addition, because of our proposed involvement in the Chinese market, any deterioration in political, economic, or trade relations might result in our products being perceived as less attractive in the U.S. or elsewhere. In January 2025, the U.S. Department of Defense ("DOD") added Tencent Holdings to its list of Chinese military companies operating directly or indirectly in the U.S. under section 1260H of the National Defense Authorization Act for Fiscal Year 2021 ("1260H List"). Effective June 2026, this has added restrictions that would affect our ability to resell goods and services of Tencent Holdings to the DOD. The designation may also result in negative publicity for us and the China JV. Further regulatory changes adding Tencent Holdings to additional lists or export and sanctions related restricted or prohibited parties or further controls on entities viewed as connected to the Chinese military could impact our ability to continue working with Tencent Holdings. The Committee on Foreign Investment in the U.S. ("CFIUS") has continued to apply a more stringent review of certain foreign investment in U.S. companies, including investment by Chinese entities, and has made inquiries to us with respect to Tencent Holdings' equity investment in us and involvement in the China JV. We cannot predict what effect any further inquiry by CFIUS into our relationship with Tencent and Tencent Holdings, developments with respect to the 1260H List, or changes in China-U.S. relations overall may have on our ability to effectively support the China JV or on the operations or success of the China JV.

The Chinese economic, legal, and political landscape also differs from other countries in many respects, including the level of government involvement and regulation, control of foreign exchange, and uncertainty regarding the practical enforceability of intellectual property rights. The laws, regulations, and legal requirements in China are also subject to frequent changes and the exact obligations under and enforcement of laws and regulations are often subject to unpublished internal government interpretations and policies which makes it challenging to ascertain compliance with such laws. We may incur increased operating expenses related to cybersecurity and data protection in China, including with respect to access to Chinese user data and confidential company information as well as any network interconnections and cross border system integrations.

In addition to market and regulatory factors, any future success of the China JV will require a collaborative effort with Tencent to build and operate Luobu and Luobulesi as together, they will form the exclusive basis for growing our penetration in the China market. In addition, upon the occurrence of certain events, such as a termination of certain of the contractual relationships applicable to Luobu, a change of control of us, or the acquisition of 20% of our outstanding securities by certain specified Chinese industry participants, we may be required to purchase Songhua's interest in the China JV at a fair market value determined at the time of such purchase. Any future requirement to purchase the interest in the China JV from Songhua may have a material adverse effect upon our liquidity, financial condition, and results of operations both as a result of the purchase of such interests and the fact that we would need to identify and partner with an alternative Chinese partner in order for operations to continue in the China market.

We may require additional capital to meet our financial obligations and support business growth, and this capital might not be available on acceptable terms or at all.

We intend to continue to make significant investments to support our business growth and may require additional funds to respond to business challenges, improve our Platform and operating infrastructure or acquire complementary businesses, personnel, and technologies. Accordingly, we may need to engage in additional equity or debt financings. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences, and privileges superior to those of our Class A common stock. Any debt financing that we secure in the future could involve offering security interests and undertaking restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. General market conditions including trading volatility affecting technology companies may reduce our ability to access capital on favorable terms or at all. Also, to the extent outstanding additional shares subject to options and warrants to purchase our capital stock are authorized and exercised, there will be further dilution. The amount of dilution could be substantial depending on the size of the issuance or exercise. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired, and our business, financial condition, or results of operations may be harmed.

We may not realize the anticipated value of our share repurchase program, and any failure to repurchase our Class A common stock after we have announced our intention to do so may negatively impact our stock price.

In May 2026, our Board of Directors authorized the repurchase of up to $3.0 billion of our Class A common stock from time to time through a share repurchase program. Under our program, we may make repurchases of stock from time to time through open market transactions, privately negotiated transactions, and other means in compliance with applicable securities laws, including through Rule 10b5-1 plans. As of September 30, 2026, $2.4 billion remained available for purchase under the program. Our program does not have a fixed expiration date, does not obligate us to repurchase any specific number of shares, and may be suspended or discontinued at any time at our discretion and without prior notice. The timing, manner, price, and amount of any repurchases, if any, will be determined by us at our discretion and will depend on a variety of factors, including legal requirements, price, and economic market conditions. Any failure to repurchase stock after we have announced our intention to do so may negatively impact our reputation and investor confidence in us and may negatively impact our stock price.

The existence of our program could cause our stock price to be higher than it otherwise would be and could potentially reduce the market liquidity for our stock. Although our program is intended to partially offset dilution from employee equity grants while preserving flexibility to invest in future growth opportunities, there is no assurance that it will do so because the market price of our Class A common stock may decline below the levels at which we repurchase shares, and short-term stock price fluctuations could reduce the effectiveness of the program.

Repurchasing our Class A common stock reduces the amount of cash we have available to fund working capital, capital expenditures, strategic acquisitions or business opportunities, and other general corporate purposes, and we may fail to realize the anticipated long-term stockholder value of any share repurchase program.

Risks Related to Government Regulations

Because we store, process, and use data, some of which contains personal information, we are subject to complex and evolving domestic and international laws and regulations regarding privacy, cybersecurity, data protection, and related matters. Many of these laws and regulations are subject to change and uncertain interpretation, and could result in investigations, claims, changes to our business practices, increased cost of operations, and declines in user growth, retention, or engagement, any of which could significantly harm our business.

We are subject to a variety of evolving and uncertain laws and regulations in the U.S. and abroad related to privacy, cybersecurity, data protection, intellectual property, and related matters. The impact of any current and potential future regulations are far-reaching, create a patchwork of overlapping but different requirements, and have required and may continue to require us to, modify practices, policies, features and Platform defaults, incur substantial costs and expenses, and at times restrict our operations.

Certain privacy, biometric information, cybersecurity, and data protection laws and regulations have placed and will continue to place significant privacy, data protection, and cybersecurity obligations on organizations such as ours and may require us to continue to change our policies and procedures. For example, the EU's General Data Protection Regulation ("GDPR") imposes stringent data protection requirements regarding EU personal data, and EU regulators may impose fines of up to the greater of €20 million or 4% of total global turnover for the most serious breaches or instances of noncompliance. Such fines would be in addition to (i) the rights of individuals to sue for damages in respect of any data privacy breach that causes them to suffer harm, (ii) the right of individual member states to impose additional sanctions under local privacy laws over and above the administrative fines specified in the GDPR, and (iii) the ability of supervisory authorities to impose orders requiring companies to modify their practices. Further, the EU's Data Act (the "Data Act") became applicable in September 2025. Compliance with the Data Act may require us to adjust contract terms with business partners and enable data sharing in some situations. These changes may result in additional compliance and operational costs, which may affect our business.

The U.K.'s data protection regime (UK GDPR and Data Protection Act 2018) imposes significant compliance obligations and penalties of up to the greater of £17.5 million or 4% of global revenue. The European Commission granted the U.K. an 'adequacy' decision allowing free data transfer from the EEA in 2021 and renewed the decision in 2025, extending the adequacy decision through December 27, 2031, with the possibility of renewal. Any loss of adequacy or divergence between U.K. and EU laws could disrupt our data flows and increase compliance costs.

Because a large number of our DAUs are historically under 13, we face significant risks under the Children's Online Privacy Protection Act ("COPPA"), Article 8 of the GDPR, and similar regulations. COPPA imposes requirements on operators of websites or online services directed to children under 13 years of age to obtain verifiable parental consent before collecting personal information from children under the age of 13, unless specific exceptions apply, and imposes data retention and information security obligations. As mentioned above, the FTC and certain states are currently investigating our compliance with COPPA and may consider filing claims based on alleged violations of COPPA and other matters. No assurances can be given that our compliance efforts will be sufficient to avoid liability for alleged COPPA violations, and any noncompliance or allegations of noncompliance could expose us to significant liability, penalties, and loss of revenue, significantly harm our reputation, and could be costly and time consuming to address or defend, which could materially adversely affect our business, including our financial condition, operating results, and reputation. To the extent we rely on consent for processing personal data under the GDPR, consent or authorization from the holder of parental responsibility is required in certain cases for the processing of personal data of children under the age of 16, and member states may enact laws that lower that age to 13. Additionally, in certain jurisdictions the law may allow minors to disaffirm their contracts, including our terms of use. If minors on our Platform are able to avoid enforcement of our terms of use under applicable law, it could have a material adverse impact on our business, financial condition, results of operations, and cash flow.

We continue to monitor the development of new digital regulations and laws in the U.K. We are observing ongoing developments and guidance from the U.K.'s Information Commissioner's Office ("ICO") on the Age Appropriate Design Code ("AADC"), which focuses on online safety and protection of children's privacy online. Noncompliance with the AADC may result in publicized investigations, substantial fines, audits, or other proceedings by the ICO and other regulators in the EEA or Switzerland, as noncompliance with the AADC may indicate noncompliance with applicable data protection law. We may incur liabilities, expenses, costs, and other operational losses under the GDPR and laws and regulations of applicable EU member states and the U.K. relating to privacy, cybersecurity, and data protection in connection with any measures we take to comply with them.

Other jurisdictions have adopted laws and regulations addressing privacy, data protection, and cybersecurity, many of which share similarities with the GDPR. For example, Law no. 13.709/2018 of Brazil, the Lei Geral de Proteção de Dados Pessoais or LGPD, applies to our processing of data for users in Brazil, regardless of our location, and grants users rights similar to the GDPR, including a private right of action. Noncompliance could result in fines of up to 2% of our revenue in Brazil or 50 million reais (approximately $9.5 million) per violation. Similarly, the Personal Information Protection Law ("PIPL") of the People's Republic of China ("PRC") imposes extraterritorial obligations similar to the GDPR, including strict data localization requirements. Violations can result in corporate fines of up to 50 million RMB or 5% of prior-year revenue. Notably, the PIPL also imposes personal liability on responsible individuals, including fines up to 1 million RMB and potential bans on serving as a director or senior manager.

Our approach with respect to regimes such as the LGPD, PIPL, and other foreign legislation may be subject to further evaluation and change, our compliance measures may not be fully adequate and may require modification, we may expend significant time and cost in developing and maintaining a privacy governance program, data transfer or localization mechanisms, or other processes or measures to comply with such regimes, and any implementing regulations or guidance under these regimes, and we may potentially face claims, litigation, investigations, or other proceedings or liability regarding such regimes and may incur liabilities, expenses, costs, and other operational losses under such regimes and any measures we take to comply with them. In addition to the changing international landscape, U.S. regulations on the restrictions on transfers of personal data to foreign jurisdictions continue to evolve and may increase operational complexity and compliance costs.

In addition, the CCPA as modified and supplemented by the California Privacy Rights Act ("CPRA"), requires companies like Roblox to modify their data processing practices and policies, incur compliance-related costs and expenses, and gives California residents the ability to opt out of the selling and sharing of personal information and limit the use of their sensitive personal information. As new regulations are promulgated, we expect to incur further costs and expenses due to additional compliance obligations. The CCPA also provides for civil penalties for violations, as well as a private right of action for data breaches, which may increase the likelihood and cost of data breach litigation. The CCPA has prompted similar legislative developments in other states, including Virginia, Colorado, Utah, Connecticut, Florida, Iowa, Indiana, Montana, Tennessee, Oregon, Delaware, Texas, New Hampshire, New Jersey, Kentucky, Maryland, Nebraska, Rhode Island, Minnesota, Alabama, and Oklahoma.

We face a growing patchwork of states imposing substantial new obligations upon companies that offer online services, products, or features "likely to be accessed" by children 17 years of age or under, or certain types of social media and digital services, respectively. These state-level requirements include, among other things, data protection impact assessments, the implementation of privacy by design, restrictions and obligations in connection with users who are, or are deemed to be, under 18, including access restrictions, verifiable parental consent requirements, and other restrictions on abilities for minors to create accounts. Certain states such as New York and California are also considering or implementing laws that prohibit or restrict covered social media companies from providing individuals under 18 with allegedly "addictive feeds" or "chronological feeds." Any or all of these restrictions and requirements may limit the use of our Platform or reduce overall demand for our Platform, which could harm our business, financial condition, and results of operations. Some countries also are considering or have passed legislation requiring local storage and processing of data, or similar requirements, which could further increase the cost and complexity of operating our products and services and other aspects of our business.

We have policies and procedures designed to promote compliance with applicable laws, regulations, and certain industry codes of conduct but we cannot assure you that authorities will not assert or determine that our practices violate such requirements. In addition, it is possible that the obligations imposed on us may be interpreted and applied in inconsistent manners and may conflict with other rules or our practices in certain jurisdictions. Any failure or perceived failure by us to comply with such requirements, our privacy policies, our obligations to users or other third parties relating to privacy, cybersecurity, data protection, or related matters, or our other policies or actual or asserted obligations relating to privacy, cybersecurity, data protection, or related matters, or any actual or perceived compromise of security, including any such compromise that results in the unauthorized loss, unavailability, modification, release, transfer, or other processing of personal information or other user or creator data, have and may continue to result in governmental investigations, enforcement actions, inquiries, data requests, requests for information, actions, audits, and other actions and proceedings by domestic and international authorities and regulators, as well as litigation, claims, or public statements against us by consumer advocacy groups or others and could cause our creators and users to lose trust in us, any or all of which could have an adverse effect on our business, financial condition, or results of operations.

Legal and regulatory restrictions on virtual currencies like Robux, prepaid gift cards, and payment-related activities may adversely affect our Platform, games, and virtual items on our Platform, which may negatively impact our revenue, bookings, business, and reputation.

The global regulatory landscape around payment-related activities is characterized by a lack of uniformity and increasing scrutiny especially when younger users are involved. Examples of payment-related activities on our Platform include the purchase of prepaid gift cards, Robux, and subscriptions. In addition, our Developer Exchange Program allows creators to be paid in fiat currency based on the amount of earned Robux they have accumulated under certain conditions. We have seen and may continue to see increased application of laws and regulations typically applicable to financial institutions such as regulations around money transmission, virtual currency, unclaimed property, and gift cards, many of which include anti-money laundering, KYC, and sanction screening obligations to digital game and social media companies. Regulators may impose restrictions or bans on our ability to operate our Developer Exchange Program, creator payment programs we may offer in the future, such as Roblox Wallet, or on the sale of prepaid gift cards. Any such restrictions or prohibitions may adversely affect our Platform, business, revenue, bookings, and our creators. In the U.S., the SEC, its staff, and similar state regulators have deemed certain virtual currencies to be securities subject to regulation under the federal and state securities laws. While we do not consider Robux to be a regulated virtual currency, money transmission, or security, if Robux were deemed to be subject to such federal or state laws, we may be required to redesign our Platform in a manner that would be disruptive to operations and costly to implement, which may threaten the viability of the Platform. We may also be subject to enforcement or other regulatory actions by federal or state regulators, as well as private litigation, which could be costly to resolve. For example, some existing laws regarding the regulation of currency, money transmitters and other financial institutions, and unclaimed property have been interpreted to cover virtual currencies, and could potentially be viewed as covering Robux.

The increased use of interactive entertainment offerings like ours by consumers, including younger consumers, has prompted and may continue to prompt calls for more stringent consumer protection laws and regulations throughout the world that may impose additional burdens on companies such as ours making virtual currencies like Robux available for sale. For example, in the EU, consumer regulatory authorities issued the Consumer Protection Guidelines, which are new interpretations of existing law regarding virtual currencies that would treat certain virtual currencies as a representation of value and therefore impose strict disclosure and other requirements on the offer and acquisition of those virtual currencies. The European Commission has also indicated that it will seek to enact new legislation in the near future to provide additional protections for consumers online, including in the context of video games and e-commerce. In the U.K., the ICO has published industry guidance for game developers on how to comply with the AADC, including recommendations relating to in-game purchases, and the U.K. Digital Markets, Competition and Consumers Act also introduces specific obligations regarding transparent pricing and subscription contracts. These regulations and guidance could require us to make changes to our Platform, products, or policies or how we operate our business in certain jurisdictions and could have a material adverse effect on our business, financial condition, or results of operations. Increased regulatory scrutiny globally may increase compliance obligations and require us to devote legal and other resources and make changes to our Platform to address such regulations or otherwise become subject to fines or other penalties, which may negatively impact our business and results of operations.

Although we have structured our virtual currency, prepaid gift cards, and Developer Exchange Program with applicable laws and regulations in mind, in some jurisdictions, the application or interpretation of applicable laws and regulations is not clear and a regulator could subject us to monetary fines or other penalties such as a cease and desist order, or we may be required to make product changes, any of which could be unpopular with or burdensome on our users or creators, or could have an adverse effect on our business and financial results. If a relevant regulator disagreed with our analysis of and compliance with applicable laws, we may be required to seek licenses, authorizations, or approvals from those regulators, which may be dependent on us meeting certain capital and other requirements and may subject us to additional regulation and oversight, all of which could significantly increase our operating costs.

We are subject to various governmental export control, trade sanctions, and import laws and regulations that require our compliance and may subject us to liability if we violate these controls.

In some cases, our software and games are subject to export control laws and regulations, including the Export Administration Regulations administered by the U.S. Department of Commerce, Data Security Program, and trade and economic sanctions, including those administered by OFAC, which we collectively refer to as Trade Control Laws and Regulations. Thus, we are subject to laws and regulations that could limit our ability to offer access or full access to our Platform and games to certain persons and in certain countries or territories. For example, certain U.S. laws and regulations administered and enforced by OFAC may limit our ability to give certain users and creators access to aspects of our Platform and games. Trade Control Laws and Regulations are complex and dynamic, and monitoring and ensuring compliance can be challenging. In addition, we rely in part on our payment processors for compliance with certain of these Trade Control Laws and Regulations, including preventing paid activity by users and creators that attempt to access our Platform from various jurisdictions comprehensively sanctioned by OFAC, including Cuba, Iran, North Korea, and sanctioned regions of Ukraine. While we implement risk-based controls to limit access to users and creators from certain of these countries and territories where appropriate, there can be no guarantee we will be found to have been in full compliance with Trade Control Laws and Regulations during all relevant periods. Any failure by us or our payment processors to comply with the Trade Control Laws and Regulations may lead to violations of the Trade Control Laws and Regulations that could expose us to liability. Additionally, following Russia's invasion of Ukraine, the U.S. and other countries imposed certain economic sanctions and severe export control restrictions against Russia and Belarus and have continued to strengthen these controls. These countries could continue to increase these sanctions and export restrictions or take other actions that could impact our business. Any failure to comply with applicable laws and regulations could have negative consequences for us, including reputational harm, government investigations, and monetary penalties. In addition, various foreign governments may also impose controls, export license requirements, and/or restrictions applicable to our Platform and games. Compliance with such applicable regulatory requirements may create delays in the introduction of our Platform in some international markets or prevent certain international users and creators from accessing our Platform.

Changes in tax laws and unclaimed property audits by governmental authorities could have a material adverse effect on our business, cash flow, results of operations, or financial condition.

We are subject to tax laws, regulations, and policies of several taxing jurisdictions. Changes in tax laws, among other factors, may lead to fluctuations in our tax liability, reporting obligations, and effective tax rates. These changes could also adversely affect our tax positions and increase our cost of compliance. For example, evolving U.S. tax policy, including new tax reform provisions and future guidance, could affect our overall tax strategy, and we continue to evaluate the potential impact. Certain jurisdictions, such as Italy, the U.K., and France, have enacted digital services taxes on certain digital revenue streams, which could subject us to additional tax liabilities. Other jurisdictions, such as Brazil, have enacted or proposed indirect tax reform which may impose value added tax on sales of electronically supplied services. Further, in response to new or additional U.S. tariffs or taxes, countries may impose retaliatory digital services taxes or other similar measures. In addition, certain U.S. states and localities have enacted or proposed new taxes and fees targeting digital advertising, social media, and other online platforms, some of which are calculated based on the number of users in the jurisdiction or restrict our ability to pass such costs through to users. Such laws and other attempts to impose taxes on e-commerce activities would likely increase the cost to us of operating our business, discourage users from engaging with our Platform, or otherwise adversely affect our business, results of operations, or financial condition. A number of U.S. states, the U.S. federal government, and foreign jurisdictions have also implemented and may impose reporting or record-keeping obligations for digital platforms. These new requirements may require us to modify our data processing and reporting practices and policies, which may cause us to incur substantial costs and expenses to comply with. Any failure by us to comply with these and similar information reporting and withholding obligations could result in substantial liabilities, monetary penalties, and other sanctions, adversely impact our ability to do business in certain jurisdictions, and harm our business.

In addition, the Organisation for Economic Co-operation and Development (the "OECD") has proposed the OECD/G20 Base Erosion and Profit Shifting Project, which contains a two-pillar solution to address tax challenges arising from the digitalization of the economy. Pillar One would revise existing profit allocation and nexus rules to require profit allocation based on location of sales versus physical presence for certain large multinational businesses, but if implemented, could result in the removal of unilateral digital services tax initiatives described above.

Pillar Two provides for a global minimum tax that establishes a floor for tax competition among jurisdictions. Pillar Two has been implemented into the domestic laws of EU members, among other jurisdictions, and is being considered for implementation by other countries. On January 5, 2026, the OECD announced a side-by-side elective safe harbor that exempts U.S.-parented multinational businesses from certain provisions of Pillar Two for fiscal years beginning on or after January 1, 2026. We currently operate in countries that have digital services taxes and that have enacted all or portions of the Pillar Two framework. Any developments or changes in federal, state, or international tax laws or tax rulings, with respect to the foregoing or otherwise, could adversely affect our compliance costs, effective tax rate, and operating results.

In addition, we are subject to unclaimed property escheat laws which require us to turn over to certain government authorities the property of others held by us that has been unclaimed for a specified period of time. We are subject to state audits with regard to our escheatment practices. The legislation and regulations related to unclaimed property matters tend to be complex and subject to varying interpretations by government authorities. Although we believe that the positions we have taken are reasonable, authorities may challenge certain of the positions we have taken, which may also potentially result in additional liabilities for unclaimed property, interest, and penalties in excess of accrued liabilities. An unfavorable resolution of assessments by a governmental authority could have a material adverse effect on our financial condition, results of operations, and cash flows in future periods.

We are subject to the Foreign Corrupt Practices Act and similar anti-corruption and anti-bribery laws, and anti-money laundering laws, and noncompliance with such laws can subject us to criminal or civil liability and harm our business, financial condition, and results of operations.

We are subject to the Foreign Corrupt Practices Act, U.S. domestic bribery laws, the UK Bribery Act and other anti-corruption and anti-bribery laws, and anti-money laundering laws in the countries in which we conduct activities. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly to generally prohibit companies, their employees, agents, representatives, business partners, and third-party intermediaries from authorizing, offering, or providing, directly or indirectly, improper payments or benefits to recipients in the public or private sector in order to influence official action, direct business to any person, gain any improper advantage, or obtain or retain business. These laws also require that we keep accurate books and records and maintain internal controls and compliance procedures designed to prevent any such actions.

With regard to our international business, we have engaged with business partners and third-party intermediaries to market our solutions and obtain necessary permits, licenses, and other regulatory approvals. We or our employees, agents, representatives, business partners, or third-party intermediaries have had direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities. We can be held liable for the corrupt or other illegal activities of our employees, agents, representatives, business partners, or third-party intermediaries, even if we do not authorize such activities, and notwithstanding having policies, training, and procedures designed to address compliance with these laws, we cannot assure you that no violations of our policies or these laws will occur.

Detecting, investigating, and resolving actual or alleged violations of anti-corruption and anti-bribery laws and anti-money laundering laws can require a significant diversion of time, resources, and attention from senior management, as well as significant defense costs and other professional fees. In addition, noncompliance with these laws could subject us to whistleblower complaints, investigations, sanctions, settlements, prosecution, enforcement actions, fines, damages, other civil or criminal penalties or injunctions against us, our officers, or our employees, disgorgement of profits, suspension or debarment from contracting with the U.S. government or other persons, reputational harm, adverse media coverage, and other collateral consequences. If any subpoenas or investigations are launched, or governmental or other sanctions are imposed, or if we do not prevail in any possible civil or criminal proceeding, our reputation, business, financial condition, prospects, results of operations, and the market price of our Class A common stock could be harmed. Responding to any investigation or action will likely result in a materially significant diversion of management's attention and resources and significant defense costs and other professional fees.

We may incur liability as a result of content published using our Platform or as a result of claims related to content generated by our creators and users, including copyright infringement, and legislation regulating content on our Platform may require us to change our Platform or business practices.

Our success relies in part on the ability of creators to drive engagement with content that is challenging, engaging, fun, interesting, and novel. Creators are responsible for clearing the rights to all of the content they upload to our Platform or physical goods that they make available for sale, but some creators may upload content or link goods that infringes the rights or violates the terms of use of third parties in violation of our terms of use. We rely upon legal protections in various jurisdictions to protect us from claims of monetary damages for content that is uploaded to and stored on our Platform at the direction of our users, or counterfeit goods and copyright-infringing material made available for sale, but those protections may change or disappear over time, increasing our exposure for claims of copyright or other intellectual property infringement. If we should lose or fail to qualify for statutory or other legal protections that immunize us from monetary damages for intellectual property infringement, the damages could be significant and have a material impact on our business. While we have implemented measures designed to limit our exposure to claims of intellectual property infringement, such as our self-serve License Manager which facilitates content licensing, intellectual property owners may still allege that we failed to take appropriate measures to prevent infringing activities on our systems, that we turned a blind eye to infringement, or that we facilitated, induced, or contributed to infringement.

Even though we are not required to monitor uploaded content for copyright infringement in the U.S., we have chosen to do so through the services of a third-party audio monitoring service. We monitor all uploaded audio recordings in both audio and video files to exclude recordings owned or controlled by the major record labels and any other record labels who provide their music to the third-party audio monitoring service. These record labels register certain of their content with our service provider. When audio is uploaded to our Platform, we check the service provider's system to exclude recordings owned or controlled by these record labels from being published on our Platform. If our monitoring proves ineffective, users manage to intentionally evade our detection measures, or we cease to rely upon a third-party monitoring service to exclude certain content from our Platform, our risk of liability may increase.

In the past, certain record companies and music publishers, either directly or through their authorized representatives, claimed that we are subject to liability for allegedly infringing content that was uploaded and may continue to exist on our Platform. We vigorously disputed such claims of infringement by such labels and publishers and reached settlements. However, we could be subject to additional claims in the future. An adverse judgment against us in any such lawsuit could require us to pay damages or settle any claims for an undetermined amount which could harm our reputation and have a material impact on our business, financial condition, or results of operations.

We may also enter into license agreements with various licensors, including record labels, music publishers, performing rights organizations, and collective management organizations, that require us to obtain licenses that authorize the storage and use of content uploaded by our users. We may not be able to develop technological solutions to comply with these license agreements on economically reasonable terms and there is no guarantee that we will be able to enter into agreements with all relevant rights holders on terms that we deem reasonable. Compliance may therefore negatively impact our financial prospects.

The EU enacted copyright laws such as the Copyright Directive that came into effect on June 6, 2019, that may require us to use best efforts in accordance with the high industry standards of professional diligence to exclude infringing content from our Platform that may be uploaded by our users. In addition, the monitoring and reporting obligations of the DSA may apply also with respect to intellectual property infringements that would fall outside the scope of the Copyright Directive.

Risks Related to Intellectual Property

Claims by others that we infringe their proprietary technology or other rights, the activities of our users, or the content of the games on our Platform could subject us to liability and harm our business.

We have been and may in the future become subject to intellectual property disputes, as well as costs and awards of damages and/or injunctive relief as a result of these disputes, and we may be subject to liability for our intellectual property that we license to third parties. Our success depends, in part, on our ability to develop and commercialize our Platform without infringing, misappropriating, or otherwise violating the intellectual property rights of third parties. However, there is no assurance that our technologies or Platform will not be found to infringe, misappropriate, or otherwise violate the intellectual property rights of third parties. We also have entered into agreements with third parties to manufacture and distribute merchandise based on user content on our Platform, and there is a possibility that such content could be found to be infringing. Lawsuits are time consuming and expensive to resolve and they divert management's time and attention. Further, because of the substantial amount of discovery required in connection with intellectual property litigation, we risk compromising our confidential information during this type of litigation. Companies in the internet, technology, and gaming industries own large numbers of patents, copyrights, trademarks, domain names, and trade secrets and frequently enter into litigation based on allegations of infringement, misappropriation, or other violations of intellectual property or other rights. As we face increasing competition and gain a higher profile, the possibility of intellectual property rights and other claims against us grows. Our technologies may not be able to withstand any third-party claims against their use. In addition, many companies have the capability to dedicate substantially greater resources to enforce their intellectual property rights and to defend claims that may be brought against them.

We have a number of issued patents. We have also filed a number of additional U.S. and foreign patent applications, but these applications may not successfully result in issued patents. Any patent litigation against us may involve patent holding companies or other adverse patent owners that have no relevant product revenue, and therefore, our patents and patent applications may provide little or no deterrence as we would likely recover little to no damages if we assert them against such entities or individuals. If a third party is able to obtain an injunction preventing us from exercising intellectual property rights, or if we cannot license or develop alternative technology for any infringing aspect of our business, we could be forced to limit or cease access to our Platform or cease business activities related to such intellectual property. In addition, we may need to settle litigation and disputes on terms that are unfavorable to us. We may be required to make substantial payments for legal fees, settlement fees, damages, royalties, license, or other fees in connection with a claimant securing a judgment against us. Although we carry general liability insurance, our insurance may not cover potential claims of this type or may not be adequate to cover all liability that may be imposed. We cannot predict the outcome of lawsuits and cannot ensure that the results of any such actions will not negatively affect our business, financial condition, or results of operations. Any intellectual property claim asserted against us, or for which we are required to provide indemnification, may require us to cease selling or using or to recall products that incorporate the intellectual property rights that we allegedly infringe, misappropriate, or violate; make substantial payments for legal fees, settlement payments, or other costs or damages; obtain a license, which may not be available on reasonable terms or at all, to sell or use the relevant technology; or redesign or rebrand the allegedly infringing products to avoid infringement, misappropriation, or violation, which could be costly, time consuming, or impossible.

Furthermore, certain federal statutes in the U.S. may apply to us with respect to various activities of our users, including the Digital Millennium Copyright Act of 1998 ("DMCA") and Section 230 of the CDA. For example, our communications filters are designed to target speech we determine to be offensive based on our objective of creating a civil and safe place for all users. Bills have recently been proposed in Congress calling for a range of changes to Section 230 which include a complete repudiation of the statute to modifications of it in such a way as to remove certain social media companies from its protection. The scope and application of Section 230 immunity by courts is also evolving, with courts finding with greater frequency that alleged harm arising from third-party content was attributable to platform conduct and design choices that are not afforded Section 230 immunity. The FCC may also consider reforms to Section 230, which could include taking action to limit the scope of Section 230 and certain liability protections provided to online service providers and other entities. If Section 230 is repealed, amended, and/or continues to be modified by judicial determination, we could potentially be subject to liability if we continue to moderate speech, even if that speech were offensive to our users, or we could experience a decrease in user activity and revenues if we are unable to maintain a safe environment for our users if certain blocking and screening activities are prohibited by law. In addition, certain states have either passed or are debating laws that would create potential liability for moderating or removing certain user content. While we believe these laws are of dubious validity under the U.S. Constitution and in light of Section 230, they nevertheless present some risk to our content-moderation efforts going forward.

While we rely on a variety of statutory and common-law frameworks and defenses, including those provided by the DMCA, the CDA, the fair-use doctrine in the U.S., and the DSA in the EU, differences between statutes, limitations on immunity, requirements to maintain immunity, and moderation efforts in the many jurisdictions in which we operate may affect our ability to rely on these frameworks and defenses, or create uncertainty regarding liability for information or content uploaded by creators or users or otherwise contributed by third parties to our Platform. As an example, Article 17 of the Directive on Copyright in the Digital Single Market was passed in the EU, which affords copyright owners some enforcement rights that may conflict with U.S. safe harbor protections afforded to us under the DMCA. In countries in Asia and Latin America, generally there are no similar statutes to the CDA or the DSA. The laws of countries in Asia and Latin America generally provide for direct liability if a platform is involved in creating such content or has actual knowledge of the content without taking action to take it down. Further, laws in some Asian countries also provide for primary or secondary liability, which can include criminal liability, if a platform fails to take sufficient steps to prevent such content from being uploaded. Although these and other similar legal provisions provide limited protections from liability for platforms like ours, if we are found not to be protected by the safe harbor provisions of the DMCA, CDA, or other similar laws, or if we are deemed subject to laws in other countries that may not have the same protections or that may impose more onerous obligations on us, including Article 17, we may owe substantial damages, and our brand, reputation, and financial results may be harmed.

Additionally, we have incorporated, and are continuing to develop and deploy, AI in our products and the operations of our business. Content used to create, or created by using, AI tools and products may not be subject to copyright protection, the determination of which may adversely affect our intellectual property rights in, or ability to deploy, commercialize or use, such tools and products or the underlying content. Moreover, our AI training and content created by our AI tools and products may be subject to copyright infringement and DMCA disputes, particularly as the transformative nature of AI and the applicability of defenses such as the fair-use doctrine are the subject of unfolding judicial interpretation. In the U.S., a number of companies have faced civil lawsuits related to the foregoing and other issues, the outcome of any one of which may, among other things, require us to limit the ways in which we use AI in our business. In addition, regulatory obligations may require us to modify our practices with respect to intellectual property used in AI development. In addition to lawsuits and regulations focused on the AI service providers and deployers themselves, our use of output produced by AI tools may also expose us to claims, increasing our risks of liability.

Even if claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and harm our business and operating results. Moreover, there could be public announcements of the results of hearings, motions, or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could negatively affect the market price of our Class A common stock. We expect that the occurrence of asserted infringement claims will grow as the market for our Platform grows. Accordingly, our exposure to damages resulting from infringement claims could increase, and this could further exhaust our financial and management resources.

Indemnity provisions in various agreements potentially expose us to substantial liability for intellectual property infringement and other losses.

Some of our agreements with third parties include indemnification provisions under which we agree to indemnify these third parties for losses suffered or incurred as a result of claims of intellectual property infringement, or other liabilities relating to or arising from our software, services, Platform, or other contractual obligations. Large indemnity payments could harm our business, results of operations, and financial condition. Although we typically contractually limit our liability with respect to such indemnity obligations, those limitations may not be fully enforceable in all situations, and we may still incur substantial liability under the applicable agreements. Any dispute with a third party with respect to such obligations could negatively affect our relationship with such a party and harm our business and results of operations.

Failure to protect or enforce our intellectual property rights or the costs involved in such enforcement would harm our business.

Our success depends to a significant degree on our ability to obtain, maintain, protect, and enforce our intellectual property rights, including our proprietary software technology, know-how, and brand. We rely on a combination of trademarks, trade secret laws, patents, copyrights, service marks, contractual restrictions, and other intellectual property laws and confidentiality procedures to establish and protect our proprietary rights. However, the steps we take to obtain, maintain, protect, and enforce our intellectual property rights may be inadequate. We will not be able to protect our intellectual property rights if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property rights. If we fail to protect our intellectual property rights adequately, or fail to continuously innovate and advance our technology, our competitors could gain access to our proprietary technology and develop and commercialize substantially identical products, services, or technologies. In addition, defending our intellectual property rights might entail significant expense and may not ultimately be successful.

Further, any patents, trademarks, or other intellectual property rights that we have or may obtain may be challenged or circumvented by others or invalidated or held unenforceable through administrative processes, including re-examination, inter partes review, interference and derivation proceedings, and equivalent proceedings in foreign jurisdictions, such as opposition proceedings or litigation. In addition, despite our pending patent and trademark applications, there is no assurance that our patent and trademark applications will result in issued patents and trademarks. Even if we continue to seek patent and trademark protection in the future, we may be unable to obtain or maintain patent and trademark protection for our technology and brands. In addition, any patents and trademarks issued from pending or future patent and trademark applications or licensed to us in the future may not provide us with competitive advantages or may be successfully challenged by third parties. Furthermore, legal standards relating to the validity, enforceability, and scope of protection of intellectual property rights are uncertain. Despite our precautions, it may be possible for unauthorized third parties to copy our Platform and use information that we regard as proprietary to create products that compete with ours. Patent, trademark, copyright, and trade secret protection may not be available to us in every country in which our products are available. The value of our intellectual property could diminish if others assert rights in or ownership of our trademarks and other intellectual property rights, or trademarks that are similar to our trademarks. We may be unable to successfully resolve these types of conflicts to our satisfaction. In some cases, litigation or other actions may be necessary to protect or enforce our trademarks and other intellectual property rights. In addition, the laws of some foreign countries may not be as protective of intellectual property rights as those in the U.S., and mechanisms for enforcement of intellectual property rights may be inadequate. As we expand our global activities, our exposure to unauthorized copying and use of our Platform and proprietary information will likely increase.

We rely, in part, on trade secrets, proprietary know-how, and other confidential information to maintain our competitive position. While we enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with other third parties, including suppliers and other partners, we cannot guarantee that we have entered into such agreements with every entity that has or may have had access to our proprietary information, know-how, and trade secrets or that has or may have developed intellectual property in connection with an engagement with us. Moreover, there are no assurances that these agreements will be effective in controlling access to, distribution, use, misuse, misappropriation, reverse engineering, or disclosure of our proprietary information, know-how, and trade secrets. Further, these agreements may not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our Platform. These agreements may be breached, and we may not be able to detect any such breach and may not have adequate remedies for any such breach even if we know about it.

We use open source software as part of, and in connection with certain games on, our Platform, which may pose particular intellectual property and security risks to and could have a negative impact on our business.

We have and intend to continue to incorporate open source software in our codebase and our Platform. Some open source software licenses require users who make available open source software as part of their proprietary software to publicly disclose all or part of the source code to such proprietary software or make available any derivative works of such software free of charge, under open source licensing terms which would make it difficult to monetize such software and to protect and enforce our related intellectual property rights. Licensors of open source software included in our products may, from time to time, modify the terms of their license agreements in such a manner that those license terms may become incompatible with our business model and thus could, among other consequences, prevent us from incorporating the software subject to the modified license. Certain open source projects also include other open source software and there is a risk that those dependent open source libraries may be subject to incompatible licensing terms. In addition, some open source software may include output from generative AI software or other software that incorporates or relies on generative AI or other AI technologies. Software produced by generative AI and any other implementations of generative AI to create assets, including for use on the Platform, may expose us to infringement liability for any use of such generative AI outputs. In addition, the use of such open source software may expose us to risks as the intellectual property ownership and use rights of software produced by generative AI have not been fully interpreted by U.S. or international courts or been fully addressed by federal or state regulation or those of other international legal jurisdictions in which we do business. This could create further uncertainties as to the governing terms for the open source software we incorporate.

Were it determined that our use of open source software was not in compliance with a particular license or our use is found to trigger certain obligations under a particular license, we may lose our rights to the open source software, be required to release our proprietary source code, defend claims, pay damages for breach of contract or copyright infringement, grant licenses to our patents, re-engineer our games, products, or Platform, discontinue distribution in the event re-engineering cannot be accomplished on a timely basis, or take other remedial action that may divert resources away from our product development efforts, any of which could negatively impact our business. Open source compliance problems can also result in damage to reputation and challenges in recruitment or retention of engineering personnel.

We have certain policies and procedures in place to monitor our use of open source software that are designed to avoid subjecting our Platform to adverse open source licensing conditions. However, the terms of various open source licenses have not been interpreted by courts, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our use of or monetization of the open source software. We may from time to time face claims from third parties claiming ownership of, or demanding release of, the software or derivative works that we developed using such open source software, which could include proprietary portions of our source code, or otherwise seeking to enforce the terms of the applicable open source licenses. Enforcement activity for open source licenses can be unpredictable and the terms of open source licenses can often be ambiguous. These claims could result in litigation and require us to make those proprietary portions of our source code freely available, purchase a costly license, make it difficult to monetize our products, or cease offering the implicated software or services unless and until we can re-engineer to no longer use the applicable open source software. This re-engineering process could require significant additional research and development resources and we may not be able to complete it successfully.

Additionally, although we devote significant resources to ensuring the security of our use of open source software on our Platform and in our systems, we cannot ensure that these security measures will be sufficient to prevent or mitigate the damage caused by a cybersecurity incident or network disruption, and our open source software may be vulnerable to hacking, insider threats, employee error or manipulation, theft, system malfunctions, or other adverse events. The use of third-party open source software can lead to greater risks than the use of third-party commercial software, as open source licensors generally do not provide warranties, indemnities, or other contractual protections with respect to the software (for example, non-infringement or functionality), and the source code is available for any bad actors to search for vulnerabilities. There is typically no support available for open source software, and we cannot ensure that the authors of such open source software will implement or push updates to address security risks or will not abandon further development and maintenance. Any of these risks could be difficult to eliminate or manage and if not addressed, could have a negative effect on our business, results of operations, and financial condition.

Risks Related to Ownership of our Class A Common Stock

The market price of our Class A common stock has fluctuated and could decline regardless of our operating performance.

The market price of our Class A common stock has fluctuated, and may continue to fluctuate in response to various factors, including those listed in this Quarterly Report on Form 10-Q, some of which are beyond our control and unrelated to our operating performance. These fluctuations could cause you to lose all or part of your investment in our Class A common stock since you might be unable to sell your shares at or above the price you paid. Factors that could cause fluctuations in the market price of our Class A common stock include the following:

- the number of shares of our Class A common stock made available for trading;
- sales or expectations with respect to sales of shares of our Class A common stock by holders of our Class A common stock including our directors, officers, and significant holders;
- price and volume fluctuations in the overall stock market from time to time;
- the amounts and frequency of repurchases under our share repurchase program;
- volatility in the trading prices and trading volumes of technology stocks;
- changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;
- failure of securities analysts to maintain coverage of us, changes in financial estimates by securities analysts who follow us, or our failure to meet these estimates or the expectations of investors;
- any plans we may have to provide or not provide disclosure about certain key metrics, financial guidance, or projections, which may increase the probability that our financial results are perceived as not in line with analysts' expectations;
- if we do provide disclosure about certain key metrics, financial guidance, or projections, any changes to such reported items due to changes in our methodology or underlying assumptions for those items and with respect to timing or our failure to meet those projections;
- announcements by us or our competitors of new services or Platform features;
- the public's reaction to our press releases, other public announcements, and filings with the SEC;
- rumors, market speculation, and media reports involving us or other companies in our industry;
- actual or anticipated changes in our results of operations or guidance regarding future anticipated results of operations, or fluctuations in our results of operations;
- actual or anticipated developments in our business, our competitors' businesses, or the competitive landscape generally;

- litigation involving us, our industry, or both, or investigations by regulators into our operations or those of our competitors;
- actual or perceived privacy or security breaches or other incidents;
- developments or disputes concerning our intellectual property or other proprietary rights;
- announced or completed acquisitions of businesses, services, or technologies by us or our competitors;
- new laws or regulations, public expectations regarding new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidelines, interpretations, or principles;
- any significant change in our management or other key personnel;
- other events or factors, including those resulting from geopolitical conflicts such as in Ukraine and the Middle East, incidents of terrorism, pandemics, or wildfires, earthquakes, or severe weather and power outages or responses to these events; and
- general economic conditions and slow or negative growth of our markets.

In addition, stock markets, and the market for technology companies in particular, have experienced price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. Stock prices of many companies, including technology companies, have fluctuated in a manner often unrelated to the operating performance of those companies. In the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation and derivative actions have often been instituted against these companies. We have been subject to such litigation, which could result in substantial costs and a diversion of our management's attention and resources. In addition, we may be subject to stockholder activism, which can lead to additional substantial costs, distract management, and impact the manner in which we operate our business in ways we cannot currently anticipate.

Third parties also regularly publish data about us and other mobile, gaming, and social platform companies with respect to DAUs, revenue, bookings, top games, game charts, hours engaged, and other information concerning application usage. These metrics are proprietary to the provider, and in many cases do not accurately reflect the actual levels of bookings, revenue, or user engagement across all platforms. There is a possibility that third parties could change their methodologies for calculating these metrics in the future. For example, short sellers have and may in the future publish reports relying in part on such metrics. These reports appear intended to decrease the price of our Class A common stock and have resulted in and may result in claims, litigation, or investigations due to any published allegations by stockholders, regulators, and others. To the extent that securities analysts or investors base their views of our business or prospects on such third-party data, including reports of short sellers, the price of our Class A common stock may be volatile and may not reflect the performance of our business.

The dual class stock structure of our common stock has the effect of concentrating voting control in David Baszucki, our Founder, President, CEO, and Chair of our Board of Directors, which limits or precludes your ability to influence corporate matters, including the election of directors and the approval of any change of control transaction.

Our Class B common stock has 20 votes per share, and our Class A common stock has one vote per share. Our Founder, President, CEO, Chair of our Board of Directors, and largest stockholder, David Baszucki, and his affiliates, beneficially own 100% of our outstanding Class B common stock, representing a substantial percentage of the voting power of our capital stock, which voting power may increase over time as Mr. Baszucki exercises or vests in his equity awards. Mr. Baszucki and his affiliates could exert substantial influence over matters requiring approval by our stockholders. This concentration of ownership may limit or preclude your ability to influence corporate matters for the foreseeable future, including the election of directors, amendments of our organizational documents, and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction requiring stockholder approval. In addition, this may prevent or discourage unsolicited acquisition proposals or offers for our capital stock that you may believe are in your best interest as one of our stockholders. We believe we are eligible for, but do not intend to take advantage of, the "controlled company" exemption to the corporate governance rules for NYSE-listed companies. The dual class structure of our common stock may trigger actions or publications by stockholder advisory firms or institutional investors critical of our corporate governance practices or capital structure, which could result in the trading price of our Class A common stock being adversely affected.

Nevada law and provisions in our articles of incorporation and bylaws could make a merger, tender offer, or proxy contest difficult, thereby depressing the market price of our Class A common stock.

Nevada's "combinations with interested stockholders" statutes (Nevada Revised Statutes ("NRS") 78.411 through 78.444, inclusive) prohibit specified types of business "combinations" between certain Nevada corporations and any person deemed to be an "interested stockholder" for two years after such person first becomes an "interested stockholder" unless the corporation's board of directors approves, in advance, either the combination or the transaction by which such person becomes an "interested stockholder," or unless the combination is approved by the board of directors and 60% of the corporation's voting power not beneficially owned by the interested stockholder, its affiliates, and associates. Further, in the absence of prior approval, certain restrictions may apply even after such two-year period. However, these statutes do not apply to any combination of a corporation and an interested stockholder after the expiration of four years after the person first became an interested stockholder. For purposes of these statutes, an "interested stockholder" is any person who is (1) the beneficial owner, directly or indirectly, of 10% or more of the voting power of the outstanding voting shares of the corporation, or (2) an affiliate or associate of the corporation and at any time within the two previous years was the beneficial owner, directly or indirectly, of 10% or more of the voting power of the then outstanding shares of the corporation. The definition of the term "combination" is sufficiently broad to cover most significant transactions between a corporation and an "interested stockholder." These statutes generally apply to Nevada corporations with 200 or more stockholders of record. However, a Nevada corporation may elect in its articles of incorporation not to be governed by these particular laws, but if such election is not made in the corporation's original articles of incorporation or in an amendment effective prior to the company having 200 or more stockholders of record, then the amendment (1) must be approved by the affirmative vote of the holders of stock representing a majority of the outstanding voting power of the corporation not beneficially owned by interested stockholders or their affiliates and associates, and (2) is not effective until 18 months after the vote approving the amendment and does not apply to any combination with a person who first became an interested stockholder on or before the effective date of the amendment. We have expressly elected not to be governed by these provisions in our articles of incorporation, so they do not apply to us.

In addition, our articles of incorporation and bylaws contain provisions that may make the acquisition of our company more difficult, including the following:

- certain amendments to our articles of incorporation or our bylaws will require the approval of at least 66 2/3% of our then-outstanding voting power, voting together as a single class;
- our Board of Directors is classified into three classes of directors with staggered three-year terms and stockholders will only be able to remove directors from office for cause and with the affirmative vote of the holders of not less than two-thirds (2/3) of the voting power of our then-outstanding capital stock entitled to vote in the election of directors;
- upon the conversion of our Class B common stock into Class A common stock (such that we have a single class of common stock), our stockholders will only be able to take action at a meeting of stockholders and will not be able to take action by written consent for any matter, and prior to the conversion of our Class B common stock into Class A common stock, our stockholders may only take action by written consent and without a meeting if the action is first recommended or approved by our Board of Directors;
- our articles of incorporation do not provide for cumulative voting;
- vacancies on our Board of Directors may be filled only by our Board of Directors and not by stockholders;
- a special meeting of our stockholders may only be called by the chairperson of our Board of Directors, our CEO, our President, or a majority of our Board of Directors;
- certain litigation against us can only be brought in courts of our state of incorporation;
- our articles of incorporation authorize 100 million shares of undesignated preferred stock, the terms of which may be established and shares of which may be issued, in each case by our Board of Directors without further action by our stockholders; and
- advance notice procedures apply for stockholders to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders.

These provisions, alone or together, could discourage, delay, or prevent a transaction involving a change in control of our company. These provisions could also discourage proxy contests and make it more difficult for stockholders to elect directors of their choosing and to cause us to take other corporate actions they desire, any of which, under certain circumstances, could limit the opportunity for our stockholders to receive a premium for their shares of our Class A common stock, and could also affect the price that some investors are willing to pay for our Class A common stock.

Our bylaws provide that the Eighth Judicial District Court of Clark County, Nevada and the federal district courts of the United States will be the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, stockholders, officers, or employees.

Our bylaws provide that the Eighth Judicial District Court of Clark County, Nevada (or, if such court does not have jurisdiction, another state district court in Nevada) is the exclusive forum for any action, suit, or proceeding, whether civil, administrative, or investigative (except for any claim as to which such court determines that there is an indispensable party not subject to the jurisdiction of such court (and the indispensable party does not consent to the personal jurisdiction of such court following such determination)):

- brought derivatively on our behalf;
- asserting a claim for breach of a fiduciary duty or other duty owed by any current or former director, stockholder, officer, or other employee or fiduciary of our company to us or our stockholders;
- for any internal action (as defined in NRS 78.046) including any action asserting a claim against us arising pursuant to any provision of NRS Chapters 78 or 92A, our articles of incorporation or our bylaws (as either may be amended from time to time), any agreement entered into pursuant to NRS 78.365, or as to which the NRS confers jurisdiction on the district court of the State of Nevada;
- to interpret, apply, enforce, or determine the validity of our articles of incorporation or our bylaws; and
- asserting a claim governed by the internal affairs doctrine.

This provision does not apply to suits brought to enforce any direct claim asserted under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Our bylaws further provide that the federal district courts of the U.S. will be the exclusive forum for resolving any claim asserting a cause of action arising under the Securities Act. These exclusive-forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, stockholders, officers, or other employees, which may discourage lawsuits against us and our directors, stockholders, officers, and other employees. Any person or entity purchasing or otherwise acquiring any interest in any of our securities shall be deemed to have notice of and consented to these provisions. There has been uncertainty as to whether a court would enforce such provisions, and the enforceability of similar choice of forum provisions in other companies' charter documents has been challenged in legal proceedings; however, Nevada law (specifically, NRS 78.046) expressly permits the articles of incorporation or bylaws of a corporation, to the extent not inconsistent with any applicable jurisdictional requirements and the laws of the U.S., to include such provisions. We also note that stockholders cannot waive compliance (or consent to noncompliance) with the federal securities laws and the rules and regulations thereunder. It is possible that a court could find these types of provisions to be inapplicable or unenforceable, and if a court were to find either exclusive-forum provision in our bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could significantly harm our business.

Our articles of incorporation include a jury trial waiver that could limit the ability of our stockholders to bring or demand a jury trial for internal actions.

Our articles of incorporation provide that, to the fullest extent permitted by the NRS and not inconsistent with any applicable laws of the U.S., any and all internal actions (as defined in NRS 78.046) to be tried in any court of the State of Nevada must be tried before the presiding judge as the trier of fact, and not before a jury. Our articles of incorporation further provide that this requirement operates as a waiver of the right of trial by jury by each party to any internal action to which such requirement applies. However, this requirement does not limit or otherwise affect our stockholders' right to a jury trial in any action, suit, or proceeding that is not an internal action. This waiver is expressly authorized by statute, but the enforceability of this waiver has not yet been adjudicated in a court of competent jurisdiction.

We do not expect to pay dividends or other distributions in the foreseeable future.

We have never declared nor paid cash dividends or other distributions on our capital stock. We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not anticipate declaring or paying any dividends or other distributions to holders of our capital stock in the foreseeable future. Consequently, you may need to rely on sales of our Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on your investment.

Risks Related to our Indebtedness

We may not be able to generate sufficient cash to service our debt and other obligations, including our obligations under the 2030 Notes.

Our ability to make payments on our indebtedness, including the 2030 Notes, and our other obligations will depend on our financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business, and other factors beyond our control. We cannot assure you that we will maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, including the 2030 Notes, and other obligations.

If we are unable to service our debt and other obligations from cash flows, we may need to refinance or restructure all or a portion of our debt obligations prior to maturity. Our ability to refinance or restructure our debt and other obligations will depend on various factors, including the condition of the capital markets and our financial condition at such time. Any refinancing or restructuring could be at higher interest rates, less favorable terms, or may require us to comply with more onerous covenants, which could further restrict our business operations. If our cash flows are insufficient to service our debt and other obligations, we may not be able to refinance or restructure any of these obligations on commercially reasonable terms or at all. Any refinancing or restructuring could have a material adverse effect on our business, results of operations, or financial condition.

If our cash flows are insufficient to fund our debt and other obligations and we are unable to refinance or restructure these obligations, we could face substantial liquidity problems and may be forced to reduce or delay investments and capital expenditures, or to sell material assets or operations to meet our debt and other obligations. We cannot assure you that we would be able to implement any of these alternative measures on satisfactory terms (if at all) or that the proceeds from such alternatives would be adequate to meet any debt or other obligations then due. If it becomes necessary to implement any of these alternative measures, our business, results of operations, or financial condition could be materially and adversely affected.

Our indebtedness could have adverse consequences to us.

Our indebtedness could have adverse consequences to us, including the following:

- making it more difficult for us to satisfy our obligations with respect to the 2030 Notes and our other indebtedness;
- requiring us to dedicate a substantial portion of our cash flow from operations to debt service payments on our and our subsidiaries' debt, which reduces the funds available for working capital, capital expenditures, acquisitions, and other general corporate purposes;
- requiring us to comply with restrictive covenants in the Indenture, which limit the manner in which we conduct our business;
- limiting our flexibility in planning for, or reacting to, changes in the industry in which we operate;
- placing us at a competitive disadvantage compared to any of our less leveraged competitors;
- increasing our vulnerability to both general and industry-specific adverse economic conditions; and
- limiting our ability to obtain additional debt or equity financing to fund future working capital, capital expenditures, acquisitions, or other general corporate requirements and increasing our cost of borrowing.

General Risks

If we are unable to maintain effective disclosure and internal controls over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations may be impaired.

We are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, and the rules and regulations of the listing standards of the NYSE. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. Our disclosure controls and other procedures are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. In addition, changes in accounting principles or interpretations could also challenge our internal controls and require that we establish new business processes, systems, and controls to accommodate such changes. If these new systems, controls, or standards and the associated process changes do not operate as intended, it could adversely affect our financial reporting systems and processes, our ability to produce timely and accurate financial reports, or the effectiveness of internal control over financial reporting. Moreover, our business may be harmed if we experience problems with any new systems and controls that result in delays in their implementation or increased costs to correct any post-implementation issues that may arise. We have identified in the past, and may identify in the future, deficiencies in our controls, which could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. If we are unable to, or if we are perceived as being unable to, comply with the requirements of the Sarbanes-Oxley Act in a timely manner or maintain proper and effective internal controls over financial reporting, we may not be able to produce timely and accurate financial statements. If that were to happen, our investors could lose confidence in our reported financial information, the trading price of our Class A common stock could decline, and we have been and could be subject to increased regulatory scrutiny, including sanctions or investigations by the SEC or other regulatory authorities. Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports.

Catastrophic events may disrupt our business.

Natural disasters or other catastrophic events may cause damage or disruption to our operations, international commerce, and the global economy, and thus could harm our business. We have our headquarters and a large employee presence in San Mateo, California, an area which in recent years has been increasingly susceptible to fires, severe weather events, and power outages, any of which could disrupt our operations, and which contains active earthquake zones. In the event of a major earthquake, hurricane, or other catastrophic event such as fire, power loss, rolling blackouts, telecommunications failure, pandemic, geopolitical conflicts such as in Ukraine and the Middle East, cyber-attack, war, terrorist attacks, or other physical security threats, including violence directed at the Company or our personnel, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in our Platform development, lengthy interruptions in our Platform, breaches of security, and loss of critical data, all of which would harm our business, results of operations, and financial condition. Certain catastrophic events would also cause disruptions to the internet or the economy as a whole. Global climate change could also result in natural disasters occurring more frequently or with more intense effects, which could cause business interruptions. A future health crisis like the COVID-19 pandemic, as well as the actions taken by various governments, businesses, and individuals in response, may also impact our business, operations, and financial results in ways that we may not be able to accurately predict. In addition, the insurance we maintain would likely not be adequate to cover our losses resulting from disasters or other business interruptions. Our disaster recovery plan may not be sufficient to address all aspects of any unanticipated consequence or incident, we may not be able to maintain business continuity at profitable levels or at all, and our insurance may not be sufficient to compensate us for the losses that could occur.

Our operations are subject to the effects of changing inflation rates and volatile global economic conditions.

The U.S., Europe, and other key global markets have recently experienced historically high levels of inflation. If inflation rates or global economic volatility remains high, it will likely affect all of our expenses, including, but not limited to, employee compensation expenses and energy expenses and it may reduce consumer discretionary spending, which could affect the buying power of our users and creators and lead to a reduced demand for our Platform.

Geopolitical developments, such as changes in tariff policies of the U.S. and the retaliatory tariff and non-tariff responses by other countries, the prospect of further changes in tariff and trade policies and responses, geopolitical conflicts such as in Ukraine and the Middle East, continued tensions with China, the responses by central banking authorities to control inflation, and future U.S. federal government shutdowns, can increase levels of political and economic unpredictability globally and increase the volatility of global financial markets. Adverse macroeconomic conditions, including lower consumer confidence, persistent unemployment, wage and income stagnation, slower growth or a recession, changes to fiscal and monetary policy, inflation, changes in interest rates, foreign exchange fluctuations, economic and trade sanctions, the availability and cost of credit, and the strength of the economies in which we and our users are located, have adversely affected and may continue to adversely affect our consolidated financial condition and results of operations.

Additionally, we maintain cash balances at third-party financial institutions in excess of the Federal Deposit Insurance Corporation insurance limit. If the financial conditions affecting the banking industry and financial markets cause additional banks and financial institutions to enter receivership or become insolvent, our ability to access our existing cash, cash equivalents and investments, or to draw on our existing lines of credit, may be threatened and could have a material adverse effect on our business and financial condition.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table summarizes our Class A common stock share repurchase activity for the three months ended September 30, 2026:

Period	Total Number of Shares Purchased (in thousands)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program (in thousands)[1]	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program[1]
July 1 - July 31, 2026	—	$ —	—	$ 2,620 million
August 1 - August 31, 2026	—	$ —	—	$ 2,620 million
September 1 - September 30, 2026	4,360	$ 45.87	4,360	$ 2,420 million
Total	4,360		4,360	

(1) In May 2026, our Board of Directors authorized a share repurchase program for up to $3.0 billion of our Class A common stock. The program has no expiration date. For more information regarding the program, see Note 9, "Stockholders' Equity/(Deficit)" to the condensed consolidated financial statements in this Quarterly Report on Form 10-Q.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

Rule 10b5-1 Trading Arrangements

During our most recent fiscal quarter, other than as disclosed below, no director or officer, as defined in Rule 16a-1(f) under the Exchange Act, adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," each as defined in Regulation S-K Item 408.

On August 7, 2026, Matt Kaufman, our Chief Safety Officer, adopted a Rule 10b5-1 trading arrangement providing for the sale from time to time of an aggregate of up to 71,334 shares of Class A common stock, with the actual number of shares sold determined based on a written formula at specified market prices. The trading arrangement expires on November 30, 2027, or earlier if all transactions under the trading arrangement are completed.

Each trading arrangement described above was entered into during an open insider trading window and is intended to satisfy the affirmative defense in Rule 10b5-1(c) and our policies regarding insider transactions. Each such trading arrangement begins trading only after any outstanding prior trading arrangement of the relevant director or officer has terminated.

Item 6. Exhibits.

Exhibit No.	Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
31.1*	Certification of the Principal Executive Officer pursuant to Exchange Act Rules 13a-14 and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
31.2*	Certification of the Principal Financial Officer pursuant to Exchange Act Rules 13a-14 and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
32.1†	Certification of the Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
101.INS*	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.				
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.				
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.				
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.				
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.				
104*	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101).				

* Filed herewith

† The certifications attached as Exhibit 32.1 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of the registrant under the Securities Act, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURES

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

Roblox Corporation

Date: October 29, 2026

By: /s/ Naveen Chopra

Naveen Chopra
Chief Financial Officer
(Principal Financial Officer)

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David Baszucki, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Roblox Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2026

By: /s/ David Baszucki
David Baszucki
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Naveen Chopra, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Roblox Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2026

By: /s/ Naveen Chopra

Naveen Chopra
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATIONS OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Roblox Corporation (the "Company") on Form 10-Q for the period ending September 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 29, 2026

By: /s/ David Baszucki
David Baszucki
President and Chief Executive Officer
(Principal Executive Officer)

In connection with the Report of the Company, I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 29, 2026

By: /s/ Naveen Chopra
Naveen Chopra
Chief Financial Officer
(Principal Financial Officer)