
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 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 **March 31, 2026**

OR

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

For transition period from _____ to _____

CIRCLE INTERNET GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

001-42671
(Commission File Number)

99-2840247
(I.R.S. Employer
Identification Number)

**One World Trade Center, New York, NY 10007
(332) 334-0660**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Class A common stock, par value \$0.0001 per share	CRCL	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, a 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 Securities 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 May 6, 2026, the registrant had outstanding 229,857,799, 18,718,231, and nil of shares of Class A, Class B, and Class C common stock, respectively, each with a par value of \$0.0001.

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Glossary

Definitions

We provide this glossary to help those reading this Form 10-Q understand the industry and other technical terms that are used in this Form 10-Q. For many of these terms, there is no generally accepted definition; in this glossary, we present our definition of such terms as used in this Form 10-Q.

- “Arc,” “Arc Network,” or “Arc Blockchain” is our Layer-1 blockchain designed with unique characteristics to bring the world’s leading enterprises, financial institutions, and governments onto the internet financial system.
- “blockchain” and “blockchain networks” are systems in which transactions are recorded across computers linked in peer-to-peer (“P2P”) networks.
- “canonically bridged USDC” refers to USDC that has been issued by Circle on one blockchain and then officially bridged to another via Circle-supported infrastructure.
- “Circle Applications” are our products and services that facilitate coordination on the internet via digital assets, delivering practical utility to institutions, developers, and end-users.
- “Circle Digital Assets” are our digital assets, USDC, EURC, and USYC, which serve as fundamental units of value for onchain economic coordination.
- “Circle Liquidity Services” are our services that provide institutional minting, reserving, redemption, and foreign exchange services for our stablecoins, supported by our integration with the existing financial system.
- “cross-chain transfer protocol” or “CCTP” is a protocol that enables USDC to flow securely between blockchains.
- “digital wallets” are electronic devices, online services, or software programs that allow one party to make electronic transactions with another party bartering digital currency units for other digital assets, goods, and services.
- “gas fee” is the fee required to conduct a transaction or execute a contract on a blockchain.
- “interoperability” is the ability of different blockchains to exchange information and work together frictionlessly.
- “Layer-1 blockchain” is the foundational blockchain that provides essential services like recording transactions and ensuring security.
- “meaningful wallets” or “MeWs” are onchain digital asset wallets holding \$10 or more of USDC.
- “neo-bank” is a financial technology firm that offers apps, software, or other technologies to streamline mobile and online banking, which may or may not possess a traditional banking license.
- “onchain applications” are software applications that use digital assets and smart contracts and deliver services using blockchain networks.
- “on-ramps” and “off-ramps” are channels between fiat currency and stablecoins.
- “payment stablecoins” are stablecoins that (i) are designed to maintain a stable value relative to a reference fiat currency on a one-for-one basis, (ii) can be redeemed for such reference fiat currency on a one-for-one basis, and (iii) are backed by assets held in a reserve that are considered low-risk and readily liquid with a value in such reference fiat currency that meets or exceeds the redemption value of the stablecoins in circulation.
- “private key” is a string of letters and numbers that allows a person to access and manage his/her digital assets in a digital wallet or other custodial solution, similar to a password.

- “programmability,” with respect to money or digital assets, occurs when rules that define or constrain usage can be embedded into the money or digital asset.
- “rails” are the underlying infrastructure and systems that facilitate the transfer of value between parties.
- “secured overnight financing rate” or “SOFR” is a benchmark interest rate published by the Federal Reserve Bank of New York that reflects the cost of borrowing cash overnight collateralized with US Treasury securities.
- “smart contracts” are programs built on blockchain networks that automatically execute certain actions when a predefined set of criteria are met.
- “stablecoin” is a digital asset whose value is designed to track the price of an underlying asset or another unit of value.
- “superapp” is an application that offers multiple services and features within a single platform.
- “TMMF” or “Tokenized Fund” is an onchain, tokenized representation of a traditional money market fund.
- “USDC onchain transaction volume” consists of the sum of native USDC and canonically bridged USDC settled or processed across all natively supported blockchains, except Solana.

PART I

ITEM 1. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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CIRCLE INTERNET GROUP, INC. AND SUBSIDIARIES

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CIRCLE INTERNET GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share information)	March 31, 2026 (unaudited)	December 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,517,264	\$ 1,526,046
Cash and cash equivalents segregated for corporate-held stablecoins	792,662	822,963
Cash and cash equivalents segregated for the benefit of stablecoin holders	76,893,681	75,067,932
Accounts receivable, net	72,168	62,866
Prepaid expenses and other current assets	326,800	321,660
Total current assets	79,602,575	77,801,467
Non-current assets:		
Restricted cash	2,800	2,792
Investments	100,073	84,265
Fixed assets, net	22,520	22,791
Digital assets	84,217	86,515
Goodwill	265,742	265,742
Intangible assets, net	421,017	411,146
Deferred tax assets, net	11,285	11,110
Other non-current assets	26,549	27,379
Total assets	<u>\$ 80,536,778</u>	<u>\$ 78,713,207</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Deposits from stablecoin holders	\$ 76,778,530	\$ 74,912,567
Accounts payable and accrued expenses	262,215	360,609
Convertible debt, net of debt discount	—	36,821
Other current liabilities	14,637	18,398
Total current liabilities	77,055,382	75,328,395
Non-current liabilities:		
Deferred tax liabilities, net	28,071	28,702
Other non-current liabilities	24,694	25,337
Total non-current liabilities	52,765	54,039
Total liabilities	<u>\$ 77,108,147</u>	<u>\$ 75,382,434</u>

(in thousands, except share information)	March 31, 2026 (unaudited)	December 31, 2025
Commitments and contingencies (see Note 22)		
Stockholders' equity		
Class A common stock (\$0.0001 par value; 2.5 billion authorized as of March 31, 2026 and December 31, 2025; 228.9 million and 223.6 million issued and outstanding as of March 31, 2026 and December 31, 2025, respectively)	25	24
Class B common stock (\$0.0001 par value; 500.0 million authorized as of March 31, 2026 and December 31, 2025; 18.7 million issued and outstanding as of March 31, 2026 and December 31, 2025)	2	2
Class C common stock (\$0.0001 par value; 500.0 million authorized as of March 31, 2026 and December 31, 2025; nil issued and outstanding as of March 31, 2026 and December 31, 2025)	—	—
Treasury stock at cost (4.6 million and 4.7 million shares held as of March 31, 2026 and December 31, 2025, respectively)	(2,683)	(2,721)
Additional paid-in capital	4,658,949	4,610,216
Accumulated deficit	(1,237,456)	(1,292,709)
Accumulated other comprehensive income	8,367	14,515
Total stockholders' equity attributable to common stockholders	3,427,204	3,329,327
Noncontrolling interests	1,427	1,446
Total stockholders' equity	3,428,631	3,330,773
Total liabilities and stockholders' equity	\$ 80,536,778	\$ 78,713,207

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

CIRCLE INTERNET GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

(in thousands, except per share information)	Three Months Ended March 31,	
	2026	2025
Revenue and reserve income		
Reserve income	\$ 652,508	\$ 557,911
Other revenue	41,625	20,662
Total revenue and reserve income	694,133	578,573
Distribution, transaction and other costs		
Distribution and transaction costs	405,402	347,312
Other costs	1,379	335
Total distribution, transaction and other costs	406,781	347,647
Operating expenses		
Compensation expenses	138,127	75,620
General and administrative expenses	57,261	30,684
Depreciation and amortization expenses	26,767	13,880
IT infrastructure costs	12,722	7,672
Marketing expenses	6,617	3,860
Digital assets losses (gains)	856	6,270
Total operating expenses	242,350	137,986
Operating income from continuing operations	45,002	92,940
Other income (expense), net	11,683	(3,103)
Net income from continuing operations before income taxes	56,685	89,837
Income tax expense (benefit)	1,439	25,046
Net income from continuing operations	55,246	64,791
Less: Net loss attributable to noncontrolling interests	(7)	—
Net income attributable to common stockholders	\$ 55,253	\$ 64,791
Earnings per share attributable to common stockholders:		
Basic	\$ 0.23	\$ 0.00
Diluted	\$ 0.21	\$ 0.00
Weighted-average common shares used to compute earnings per share attributable to common stockholders:		
Basic	244,038	57,966
Diluted	266,687	75,650

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

CIRCLE INTERNET GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)

(in thousands)	Three Months Ended March 31,	
	2026	2025
Net income attributable to common stockholders	\$ 55,253	\$ 64,791
Other comprehensive income (loss):		
Foreign currency translation adjustment, net of tax	(6,172)	1,809
Unrealized (loss) gain on convertible notes – credit risk, net of tax	—	(84)
Total other comprehensive income (loss), net of tax	(6,172)	1,725
Less: other comprehensive loss attributable to noncontrolling interests	(24)	—
Total other comprehensive income (loss) attributable to common stockholders	(6,148)	1,725
Comprehensive income attributable to common stockholders	\$ 49,105	\$ 66,516

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

CIRCLE INTERNET GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (unaudited)

(In thousands)	Temporary Equity		Permanent Equity										
	Redeemable Convertible Preferred Stock		Class A common Stock		Class B common Stock		Treasury Stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income	Noncontrolling interests	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount					
Balance at December 31, 2025	—	\$ —	228,286	\$ 24	18,665	\$ 2	4,692	\$ (2,721)	\$ 4,610,216	\$ (1,292,709)	\$ 14,515	\$ 1,446	\$ 3,330,773
Issuance of common stock upon exercise of stock options	—	—	2,483	1	60	—	—	—	14,411	—	—	—	14,412
Issuance of common stock upon settlement of restricted stock units, net of shares withheld	—	—	1,688	—	60	—	—	—	(80,453)	—	—	—	(80,453)
Issuance of common stock upon exercise of warrants, net of provision for warrants in common stock	—	—	525	—	—	—	—	—	4,659	—	—	—	4,659
Re-issuance of treasury stock to Circle Foundation	—	—	—	—	—	—	(67)	38	7,699	—	—	—	7,737
Conversion of Class B common stock to Class A common stock	—	—	70	—	(70)	—	—	—	—	—	—	—	—
Conversion of convertible debt, net	—	—	465	—	—	—	—	—	39,382	—	—	—	39,382
Vesting of restricted stock units, and common stock in connection with business combinations	—	—	37	—	—	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	—	—	61,279	—	—	—	61,279
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	—	—	—	—	(6,148)	(24)	(6,172)
Capital contribution from noncontrolling interest	—	—	—	—	—	—	—	—	(12)	—	—	12	—
Other	—	—	—	—	—	—	—	—	1,768	—	—	—	1,768
Net income	—	—	—	—	—	—	—	—	—	55,253	—	(7)	55,246
Balance at March 31, 2026	—	\$ —	233,554	\$ 25	18,715	\$ 2	4,625	\$ (2,683)	\$ 4,658,949	\$ (1,237,456)	\$ 8,367	\$ 1,427	\$ 3,428,631
Balance at December 31, 2024	139,762	\$ 1,139,765	61,313	\$ 6	—	\$ —	4,960	\$ (2,877)	\$ 1,792,969	\$ (1,223,213)	\$ 3,644	\$ —	\$ 570,529
Issuance of common stock upon exercise of stock options	—	—	1,009	—	—	—	—	—	642	—	—	—	642
Issuance of common stock and preferred stock upon exercise of warrants	45	737	1,130	—	—	—	—	—	854	—	—	—	854
Warrants in common stock	—	—	—	—	—	—	—	—	1,064	—	—	—	1,064
Issuance of common stock in connection with acquisitions	—	—	3,857	—	—	—	—	—	89,919	—	—	—	89,919
Stock-based compensation	—	—	—	—	—	—	—	—	15,440	—	—	—	15,440
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	—	—	—	—	1,725	—	1,725
Net income	—	—	—	—	—	—	—	—	—	64,791	—	—	64,791
Other	—	—	—	—	—	—	—	—	—	12	—	—	12
Balance at March 31, 2025	139,807	\$ 1,140,502	67,310	\$ 6	—	\$ —	4,960	\$ (2,877)	\$ 1,900,888	\$ (1,158,410)	\$ 5,369	\$ —	\$ 744,976

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

CIRCLE INTERNET GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

(in thousands)

	Three Months Ended March 31,	
	2026	2025
Cash flows from operating activities		
Net income	\$ 55,246	\$ 64,791
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	26,767	13,880
Realized and unrealized losses (gains) on digital assets	9,796	14,376
Change in fair value of convertible debt, warrant liability, and embedded derivatives	4,136	2,382
Digital assets received for services	(7,234)	(4,500)
Equity securities received for services	(29)	—
Deferred taxes	651	(1,250)
Realized and unrealized losses (gains) on strategic investments	(5,364)	156
Losses on sale of long-lived assets	—	12
Stock-based compensation	51,836	12,716
Charitable contributions to Circle Foundation	7,737	—
Foreign currency remeasurement (gains) losses	(5,394)	900
Provision for warrants in common stock	4,659	1,064
Other non-cash items	2,572	1,129
Changes in operating assets and liabilities:		
Accounts receivable	(12,602)	(5,353)
Prepaid expenses and other current assets	(4,645)	(47,792)
Accounts payable and accrued expenses	(101,447)	6,421
Other current liabilities	(5,609)	(2,339)
Net cash provided by operating activities	21,076	56,593
Cash flows from investing activities		
Sale and return of investments	556	13
Purchase of investments	(10,785)	(338)
Business combinations, net of cash acquired	—	(7,440)
Proceeds from sale of digital assets	—	79
Capitalization of software development costs	(15,603)	(11,675)
Purchase of long-lived assets	(9,356)	(5,864)
Net cash used in investing activities	(35,188)	(25,225)
Cash flows from financing activities		
Net changes in deposits held for stablecoin holders	1,856,322	16,263,409
Payment of withholding taxes on settlement of restricted stock units	(80,151)	—
Proceeds received from Employee Stock Purchase Plan	1,045	—
Payment of deferred offering costs	(365)	—
Capitalized transaction costs	—	(952)
Proceeds from exercise of stock options	14,412	642
Net cash provided by financing activities	1,791,263	16,263,099

CIRCLE INTERNET GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

(in thousands)

	Three Months Ended March 31,	
	2026	2025
Effect of exchange rate changes on cash and cash equivalents, restricted and segregated cash	9,523	6,582
Net increase in cash and cash equivalents, restricted and segregated cash	1,786,674	16,301,049
Cash and cash equivalents, restricted and segregated cash at the beginning of the period	77,419,733	44,967,604
Cash and cash equivalents, restricted and segregated cash at the end of the period	\$ 79,206,407	\$ 61,268,653
Cash and cash equivalents, restricted and segregated cash consisted of the following:		
Cash and cash equivalents	\$ 1,517,264	\$ 848,606
Restricted cash	2,800	3,584
Cash and cash equivalents segregated for corporate-held stablecoins	792,662	274,539
Cash and cash equivalents segregated for the benefit of stablecoin holders	76,893,681	60,141,924
Total cash and cash equivalents, restricted and segregated cash	\$ 79,206,407	\$ 61,268,653
Supplemental disclosure of cash flow information		
Cash paid for income taxes	\$ 1,282	\$ 775
Cash paid for interest	\$ 216	\$ 180
Supplemental schedule of non-cash activities		
Capitalized stock-based compensation expense related to internally developed software	\$ 9,443	\$ 2,737
Purchases of long-lived assets included in accounts payable and accrued expenses	\$ (365)	\$ —
Non-cash purchase of long-lived assets	\$ (200)	\$ —
Non-cash purchase of investments and digital assets	\$ (700)	\$ (150)
Conversion of convertible debt	\$ 39,382	\$ —
Re-issuance of treasury stock to Circle Foundation	\$ 7,737	\$ —
Net changes in stablecoins receivable	\$ —	\$ 7,000
Net changes in the purchase and redemption of digital financial assets	\$ 706	\$ (12,162)
Non-cash consideration for acquisitions	\$ (1,150)	\$ (89,919)
Unrealized (loss) gain on convertible notes - credit risk, net of tax	\$ —	\$ (84)

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

CIRCLE INTERNET GROUP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Description of business

Overview of the Business

We were founded in 2013, on the belief that we could connect the world more deeply by building a new global economic system on the foundation of the internet, and facilitate the creation of a world where everyone, everywhere can share value as easily as we can today share information, content, and communications.

We are building a full-stack internet financial platform business anchored by our stablecoin network, and organized around our reinforcing pillars — Arc and related developer infrastructure, Circle Digital Assets and related services, and Circle Applications.

These unaudited Condensed Consolidated Financial Statements include the accounts of Circle Internet Group, Inc. (“Circle Group”) and its subsidiaries in which we have a controlling financial interest (together, “Circle,” the “Company,” “we,” “us,” or “our”).

Initial Public Offering

In June 2025, the Company completed its initial public offering (“IPO”), in which the Company issued and sold 19.9 million shares of its Class A common stock, including the underwriters’ over-allotment option which was exercised in full, at a public offering price of \$31.00 per share. The IPO resulted in net proceeds to the Company of \$583.0 million after deducting the underwriting discounts and commissions and before deducting offering costs of \$12.8 million, which were charged to additional paid-in capital as a reduction of the net proceeds received from the IPO. Certain selling stockholders offered an additional 19.2 million shares of our Class A common stock at the IPO price in a secondary offering, for which we received no proceeds.

In connection with the completion of the IPO, the Company filed its Amended and Restated Certificate of Incorporation, effective June 6, 2025 (the “Charter”), which authorizes a total of 2.5 billion shares of Class A common stock with a par value of \$0.0001 per share, 500.0 million shares of Class B common stock with a par value of \$0.0001 per share, 500.0 million shares of Class C common stock with a par value of \$0.0001 per share and 500.0 million shares of preferred stock with a par value of \$0.0001 per share. In connection with the IPO, all shares of our outstanding redeemable convertible preferred stock automatically converted into a total of 139.8 million shares of our Class A common stock, and a total of 19.6 million shares of Class A common stock held by our co-founders and certain entities controlled by our co-founders were converted into an equivalent number of shares of Class B common stock. As a result, following the completion of the IPO, we have three classes of authorized common stock: Class A common stock, Class B common stock, and Class C common stock, of which only Class A common stock and Class B common stock were outstanding as of March 31, 2026.

Follow-on Public Offering

In August 2025, the Company completed a follow-on public offering of its Class A common stock, in which the Company issued and sold 3.5 million shares of its Class A common stock, including the underwriters’ over-allotment option which was exercised in full, at a public offering price of \$130.00 per share. This resulted in net proceeds to the Company of \$444.8 million after deducting the underwriting discounts and commissions and before deducting offering costs of \$1.8 million, which were charged to additional paid-in capital as a reduction of the net proceeds received from the follow-on public offering. Certain selling stockholders offered an additional 8.0 million shares of our Class A common stock at the follow-on public offering price in a secondary offering, for which we received no proceeds.

2. Summary of significant accounting policies

Basis of Presentation and Principles of Consolidation

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the U.S. (“U.S. GAAP”) and the applicable rules and regulations of the United States Securities and Exchange Commission (“SEC”) regarding interim financial information. Certain information and disclosures normally included in the annual consolidated financial statements prepared in accordance with U.S. GAAP have been omitted. Accordingly, the unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on March 9, 2026.

There have been no changes to our significant accounting policies described in the audited Consolidated Financial Statements as of and for the year ended December 31, 2025 included in our Annual Report on Form 10-K that have had a material impact on our unaudited Condensed Consolidated Financial Statements and accompanying notes. The Company consolidates entities in which it has a controlling financial interest. All intercompany balances and transactions have been eliminated on consolidation.

Reclassifications

Certain prior period amounts have been reclassified in order to conform with the current period presentation. The impact of these reclassifications is immaterial to the presentation of the unaudited Condensed Consolidated Financial Statements taken as a whole and had no impact on previously reported total assets, total liabilities and net income.

Use of Estimates

The preparation of the 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 disclosures in the accompanying notes.

Significant estimates that are particularly susceptible to significant change relate to the fair value of stock-based awards issued prior to the IPO, the fair value of convertible debt, the fair value of derivatives and embedded derivatives, the fair value of investments under measurement alternative, the assessment of the amount and likelihood of adverse outcomes from claims and disputes, the valuation of intangible assets acquired in business combinations, including goodwill and acquisition-date deferred taxes, contingent liabilities, and the recognition and measurement of current and deferred income taxes. The Company bases its estimates on historical experience and various other assumptions which we believe to be reasonable under the circumstances. These estimates may change as new events occur and additional information becomes available. Actual amounts or results could differ from these estimates and any such differences may be material to the financial statements. The unaudited Condensed Consolidated Financial Statements have been prepared on the same basis as the audited Consolidated Financial Statements, and in management’s opinion, reflect all adjustments, consisting only of normal, recurring adjustments, that are necessary for the fair presentation but are not necessarily indicative of the results expected for the full year or any other period.

Cash and Cash Equivalents

Cash and cash equivalents are cash and short-term, highly liquid investments with original maturities of three months or less at the date of purchase. The Company holds certain U.S. Treasury securities included in *Cash and cash equivalents* and accounts for them as financial assets under the fair value option pursuant to ASC 825, Financial Instruments, because the Company believes that measurement at fair value provides more useful information to financial statement users due to the short-term, highly liquid nature of the securities. As of March 31, 2026 and December 31, 2025, U.S. Treasury securities included in *Cash and cash equivalents* were \$10.1 million and nil, respectively. Changes in the fair value of these U.S. Treasury securities are included in *Other income (expense), net* in the unaudited Condensed Consolidated Statements of Operations.

Assets Segregated for the Benefit of Stablecoin Holders

The Company segregates assets backing Circle stablecoins to satisfy its obligations under all applicable regulatory requirements and commercial laws and classifies these assets as current based on their purpose and availability to fulfill its direct obligation to customers. The Company holds only bare legal title in the accounts holding the reserve funds, and maintains no legal, equitable, financial or ownership interest over the reserves themselves held for the benefit of Circle stablecoin holders in such accounts. The Company's eligible liquid assets were greater than the aggregate amount of custodial funds due to customers for the periods presented. Refer to Deposits from Stablecoin Holders in this note for further details.

Cash and cash equivalents segregated for the benefit of stablecoin holders and *Cash and cash equivalents segregated for corporate-held stablecoins*

Cash and cash equivalents segregated for the benefit of stablecoin holders and *Cash and cash equivalents segregated for corporate-held stablecoins* represent cash and cash equivalents maintained in segregated accounts that are held for the exclusive benefit of customers and stablecoin holders, including stablecoins held by the Company. The Company's subsidiaries hold shares in the Circle Reserve Fund (the "Fund"), a money market fund managed by BlackRock Advisors, LLC. The securities purchased by the Fund are subject to the quality, diversification, and other requirements of Rule 2a-7 under the Investment Company Act of 1940, as amended. Shares of the Fund are only available for purchase by certain subsidiaries of the Company.

The Company accounts for the Fund as a financial asset under the fair value option pursuant to ASC 825, *Financial Instruments*, because the Company believes that measurement at fair value provides more useful information to financial statement users due to the short-term, highly liquid nature of the Fund. The shares of the Fund would otherwise be accounted for under the equity method pursuant to ASC 323, *Equity Method and Joint Ventures*, if the Company had not elected the fair value option. The Company measures fair value at the Fund's net asset value per share. As of March 31, 2026 and December 31, 2025, balances held in the Fund included in *Cash and cash equivalents segregated for the benefit of stablecoin holders* were \$66.5 billion and \$66.3 billion, respectively, and the Fund has maintained a net asset value of \$1.00 per share for all periods presented. In connection with the Fund, dividends receivable are included in *Prepaid expenses and other current assets* on the unaudited Condensed Consolidated Balance Sheets and dividend income is included in *Reserve income* in the unaudited Condensed Consolidated Statements of Operations.

Digital Assets

The Company receives, purchases, utilizes, and sells digital assets in the ordinary course of business and holds certain digital assets as investments. Digital assets are measured at fair value based on quoted market prices in active markets. If no quoted market price is available, digital assets are measured at fair value using a cost approach or other comparable approach. Changes in fair value of digital assets held in the ordinary course of business are recognized in *Digital assets losses (gains)* in the unaudited Condensed Consolidated Statements of Operations. Changes in fair value of digital assets held as investments are recognized in *Other income (expense), net* in the unaudited Condensed Consolidated Statements of Operations. Gains and losses upon sale of digital assets are measured as the difference between the cash proceeds and the carrying basis of the digital assets as determined on a first-in, first-out ("FIFO") basis for each pool of digital assets. These realized gains and losses on digital assets held in the ordinary course of business are recorded to *Digital assets losses (gains)*, and realized gains and losses on digital assets held as investments are recorded to *Other income (expense), net*.

Deposits from Stablecoin Holders

Funds received from customers from the issuance of Circle stablecoins represent claims which are reflected as a liability classified as *Deposits from stablecoin holders* on the unaudited Condensed Consolidated Balance Sheets. As a licensed money transmitter and regulated Electronic Money Institution, Circle is obligated to redeem all Circle stablecoins presented by Circle Mint customers on a one-for-one basis for U.S. dollars or euros, as applicable, except in limited circumstances, such as when prohibited by law or court order or instances where fraud is suspected. As such, the Company does not have an unconditional right to deny Circle stablecoin redemption requests from Circle Mint customers. With the exception of general stablecoin holders subject to specific regulatory requirements such as those in the European Union, the Company does not redeem Circle stablecoins from stablecoin holders who are not Circle Mint customers. However, Circle stablecoins are supported by numerous global digital asset exchanges and marketplaces, including neo-banks, brokerages, payment providers, remittance providers, superapps and commerce companies, and as such, Circle stablecoin holders could transact with Circle Mint customers, ultimately allowing the Circle stablecoins to be redeemed. *Deposits from stablecoin holders* do not include amounts associated with corporate-held stablecoins. Cash associated with such corporate-held stablecoins is presented as *Cash and cash equivalents segregated for corporate-held stablecoins* on the unaudited Condensed Consolidated Balance Sheets.

When the Company makes payments in the form of corporate-held stablecoins, the Company records an associated *Deposits from stablecoin holders* and records the cash associated with such stablecoins as *Cash and cash equivalents segregated for the benefit of stablecoin holders*. When such payments, in the form of corporate-held stablecoins, are for distribution, transaction and other costs or operating expenses incurred, the payments are presented in the unaudited Condensed Consolidated Statements of Cash Flows in the same manner as if such payments were settled in cash.

As of March 31, 2026 and December 31, 2025, the Company's eligible liquid assets, which consist of cash and cash equivalents, were greater than the aggregate amount of custodial funds due to stablecoin holders.

Stock-Based Compensation

Until the date on which our IPO registration statement was declared effective by the SEC on June 4, 2025, the Company provided stock options and restricted stock units ("RSUs") to its employees and board members under the 2024 Share Award Plan, as amended, which assumed the obligations under the 2013 Share Award Scheme. The Board and our stockholders approved and adopted the 2025 Omnibus Incentive Plan and 2025 Employee Stock Purchase Plan ("ESPP") which became effective on June 4, 2025 concurrent with the effectiveness of our IPO registration statement. The 2025 Omnibus Incentive Plan provides for the granting of stock options including incentive stock options ("ISOs"), nonqualified stock options ("NSOs"), share appreciation rights ("SARs"), restricted stock, RSUs, performance awards, other cash-based awards and other share-based awards. The number of shares available for grant and issuance under the 2025 Omnibus Incentive Plan is automatically increased on the first day of each fiscal year of our Company following the effective date of the Plan by a number equal to the lesser of (i) 5% of the aggregate number of shares of all classes of our common stock outstanding on the last day of the immediately preceding fiscal year; and (ii) the number of shares determined by the Compensation Committee in its discretion. The number of shares available for grant and issuance under the ESPP is automatically increased on the first day of each fiscal year of our Company following the effective date of the Plan by a number equal to the lesser of (i) 1% of the aggregate number of shares of all classes of our common stock outstanding on the last day of the immediately preceding fiscal year; and (ii) the number of shares determined by the Board in its discretion and subject to a limit on the maximum number of shares of our Class A common stock that may be issued under the ESPP. Collectively, these plans are referred to as the "Award Plans". The Award Plans are administered by the Board and, where delegated, its committees, who have the authority to grant and amend awards, adopt, amend, and repeal rules relating to the Award Plans and to interpret and correct the provisions of the Award Plans and any award. Pursuant to the Award Plans, the Board and, where delegated, its committees, select the individuals to whom options or RSUs are granted and determine the terms of each award, including (i) the number of shares of common stock subject to the award; (ii) conditions and limitations applicable to each award and the common stock issued, including vesting provisions; (iii) the option exercise price, which must be at least 100.0% of the fair market value of the common stock as of the date of grant; and (iv) the duration of the award, which may not exceed 10 years.

The Board and, where delegated, its committees, may also grant restricted stock awards entitling recipients to acquire shares of common stock subject to (i) delivery to Circle by the participant of cash or other lawful consideration in an amount at least equal to the par value of the stock purchased, and (ii) the right of Circle to repurchase all or part of such stock at their issue price in the event that conditions specified in the applicable award are not satisfied prior to the end of the applicable restriction period.

In certain circumstances, the Company also grants stock-based awards to non-employees in lieu or in reduction of cash compensation for their services. The stock-based awards granted to non-employees generally have the same terms as those granted to employees under the Award Plans and are administered by the Board and, where delegated, its committees, as set forth above. For stock-based awards granted to non-employees, compensation expense is recognized based on the grant date fair value of the awards over the vesting period as the goods or services are received.

The ESPP allows eligible employees the option to purchase shares of the Company's Class A common stock at a 15% discount, over a series of offering periods through accumulated payroll deductions over the period. The ESPP also includes a look-back provision for the purchase price if the stock price on the purchase date is higher than the stock price on the first day of the offering period. The grant date of the initial offering period is March 5, 2026 and will end on September 4, 2026. Subsequent offering periods will be six months in length, from September 5 to March 4 and from March 5 to September 4 each year.

The Company recognizes stock-based compensation expense, net of estimated forfeitures, using a fair-value based method for costs related to all equity awards issued under the equity incentive plans, including options and RSUs granted to employees, directors, and non-employees. Stock-based compensation expense is recognized and included in *Compensation expenses* in the unaudited Condensed Consolidated Statements of Operations.

The Company estimates the fair value of stock options and ESPP with only service-based conditions on the date of grant using the Black-Scholes-Merton ("Black-Scholes") option-pricing model. The fair value of the stock option and ESPP shares is expensed over the related service period which is typically the vesting period and the straight-line method is used for expense attribution. The model requires management to make a number of assumptions, including the fair value of our underlying common stock for options granted prior to the IPO, expected volatility of our underlying common stock, expected term of the stock option, risk-free interest rate, and expected dividend yield. The expected term of the stock option and ESPP is based on the average period the stock option and ESPP is expected to remain outstanding based on the stock option's and ESPP's vesting and contractual terms. The estimated forfeiture rate is based on accumulated historical forfeiture data. The Company evaluates the assumptions used to value stock awards quarterly.

Prior to the IPO, the RSUs vested upon the satisfaction of both a service condition and a liquidity condition. The fair value of RSUs is estimated based on the fair value of our common stock on the date of grant. Stock-based compensation expense related to the RSUs is recorded on a tranche-by-tranche basis over the requisite service period, when the liquidity condition is considered probable. The liquidity condition was satisfied upon the IPO, and the Company recognized expense for the portion of RSUs that had met the service condition as of such date.

The Company's RSUs granted after the IPO vest upon the satisfaction of a service condition and do not have a corresponding liquidity condition. Expense related to these RSUs is recognized using the straight-line attribution method.

Recently Adopted Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2023-09, *Improvements to Income Tax Disclosures* ("ASU 2023-09"). ASU 2023-09 enhances income tax disclosures, including more detailed requirements related to the rate reconciliation and disaggregation of income taxes paid by jurisdiction, among other items. The Company adopted ASU 2023-09 retrospectively effective for the year ended December 31, 2025. The adoption has only impacted annual disclosures.

Recently Issued Accounting Pronouncements

In September 2025, the FASB issued Accounting Standards Update No. 2025-06, *Targeted Improvements to the Accounting for Internal-Use Software* ("ASU 2025-06"). ASU 2025-06 removes all references to software development project stages under the existing standard and states that an entity is required to start capitalizing software costs when (1) management has authorized and committed to fund the software project and (2) it is probable that the project will be completed and the software will be used to perform the function intended (the "probable-to-complete recognition threshold"). The new standard also states that an entity must assess whether significant development uncertainty exists in determining whether it has met the probable-to-complete recognition threshold. ASU 2025-06 is effective for the Company for its fiscal year beginning January 1, 2028 and for interim periods beginning in that year, with early adoption permitted. The guidance allows for prospective, retrospective, or modified prospective adoption. The Company is currently assessing ASU 2025-06 and its impact on its financial statements and disclosures.

In November 2024, the FASB issued Accounting Standards Update No. 2024-03, *Disaggregation of Income Statement Expenses* (“ASU 2024-03”). ASU 2024-03 is intended to provide users of financial statements with more decision-useful information about expenses of a public business entity, primarily through enhanced disclosures of certain components of expenses commonly presented within captions on the statement of operations, such as employee compensation and depreciation and amortization, as well as a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively. ASU 2024-03 also requires disclosure of the total amount of selling expenses. ASU 2024-03 is effective prospectively or retrospectively for the Company for its fiscal year beginning January 1, 2027 and for interim periods beginning January 1, 2028, with early adoption permitted. The Company is currently assessing ASU 2024-03 and its impact on its disclosures.

3. Acquisitions and divestitures

Hashnote Holdings LLC

In January 2025, the Company acquired 100% of the ownership interest in Hashnote Holdings LLC, a Delaware limited liability company (together with its subsidiaries, “Hashnote”), which, through its affiliates, is the fund manager of Hashnote International Short Duration Yield Fund Ltd. (“SDYF”), a tokenized money market fund and the issuer of USYC.

In accordance with ASC 805, Business Combinations, the acquisition was accounted for as a business combination under the acquisition method. The following table summarizes the allocation of the purchase consideration to the fair value of the assets acquired and liabilities assumed (in thousands):

Cash and cash equivalents	\$	2,412
Accounts receivable, net		193
Prepaid expenses and other current assets		109
Fixed assets, net		8
Digital assets		104
Goodwill		96,198
Intangible assets, net		4,480
Accounts payable and accrued expenses		(655)
Other current liabilities		(2,383)
Deferred tax liabilities, net		(401)
Total purchase consideration	\$	100,065

The fair value of consideration transferred was approximately \$100.1 million, subject to customary adjustments, consisting of \$10.2 million in cash, including a purchase price adjustment of \$0.3 million, and approximately 2.9 million shares of our Class A common stock. The intangible assets acquired consist of developed technology of \$1.7 million and customer relationships of \$2.8 million and were each assigned useful lives of 2 years. The fair value of the customer relationships were determined using the income approach, and the developed technology was determined using the cost approach. These valuations are considered Level 3 fair value measurements due to the use of unobservable inputs including projected timing and amounts of future revenues, cash flows, discount rates and current replacement costs. The excess of the purchase consideration over the fair value of net tangible and identifiable intangible assets acquired and liabilities assumed was recorded as goodwill and is attributable to Hashnote’s workforce and the synergies expected to arise from the acquisition. The Company does not expect goodwill to be deductible for income tax purposes.

The agreement also provided for the issuance of up to approximately 1.8 million additional shares of Class A common stock to certain Hashnote employees, which are subject to the satisfaction of vesting conditions and are accounted for as compensation expense over the requisite service period.

The Company also holds investments in certain funds managed by affiliates of Hashnote. These funds, including SDYF, are variable interest entities that are not consolidated by the Company due to the fact that we are not the primary beneficiary as we do not have an obligation to absorb losses or a right to receive benefits that could potentially be significant to each fund. The Company’s maximum exposure to loss associated with each fund is limited to its insignificant investment and its obligations to perform services as the manager of each fund. The Company provides no guarantees and has no other financial obligations to each of the funds.

Circle SBI Japan K.K.

In November 2025, Circle and SBI Holdings, Inc., (“SBI”), a third-party, each contributed Japanese Yen worth approximately \$1.5 million to Circle SBI Japan K.K. (“Circle Japan”), an entity established to provide support in the distribution of USDC in Japan. The Company owns a 50% interest in Circle Japan and controls the variable interest entity as it has the power to direct the activities that most significantly affect the entity and it has the obligation to absorb losses and the right to receive benefits that could be significant to the entity. Therefore, the Company consolidates the assets and liabilities, which primarily consist of cash. There have been no significant operating results to date. SBI's equity interest and its attribution of net income and losses in Circle Japan are presented as noncontrolling interest in the unaudited Condensed Consolidated Balance Sheets and unaudited Condensed Consolidated Statements of Operations. Noncontrolling interests are adjusted for the proportionate share of additional contributions and distributions, earnings or losses, and other comprehensive income or loss.

Malachite

In August 2025, the Company acquired Malachite, a core software component that enables blockchain networks to automatically reach agreement on the validity of transactions, from Informal Systems Inc. for total consideration of \$15.0 million consisting of \$3.0 million in cash and \$12.0 million of shares of Class A common stock. The shares of Class A common stock will primarily be paid in three installments over a period of two years and based on the average closing price of the Company's shares over a period of 20 trading days prior to each payment. Each payment will also be subject to certain customary adjustments. The obligation to deliver a variable number of shares for a predominantly fixed monetary amount represents a liability, and upon closing of the acquisition the Company recorded \$7.8 million and \$4.2 million to *Other current liabilities* and *Other non-current liabilities*, respectively, of which \$2.4 million was paid as of March 31, 2026. The acquisition was accounted for as an asset acquisition, and substantially all of the fair value of the net assets acquired was attributable to intangible assets which are amortized over a period of two years from the time they were placed in service.

4. Leases

The Company leases facilities under non-cancelable operating leases. In addition to fixed monthly lease payments, the Company is required to pay operating expenses and real estate taxes for certain of these facilities.

The components of lease cost were as follows (in thousands):

Table 4.1. Lease Cost

	Three months ended March 31,	
	2026	2025
Operating lease cost	\$ 830	\$ 838
Short-term lease cost	\$ 224	\$ 167

Supplemental balance sheet information related to leases is as follows (in thousands):

Table 4.2. Details of Lease Right-of-use Assets and Liabilities

	March 31, 2026	December 31, 2025
Operating lease right-of-use assets	\$ 13,980	\$ 14,127
Operating lease liabilities - current	2,947	2,686
Operating lease liabilities - non-current	11,815	11,978
Total operating lease liabilities	\$ 14,762	\$ 14,664

Operating lease liabilities are included in *Other current liabilities* and *Other non-current liabilities* on the unaudited Condensed Consolidated Balance Sheets, while operating lease right-of-use assets are included in *Other non-current assets* on the unaudited Condensed Consolidated Balance Sheets.

Weighted-average lease terms and discount rates are as follows:

Table 4.3. Weighted-average Lease Terms and Discount Rates

	March 31, 2026	December 31, 2025
Weighted-average remaining lease term	7.2 years	7.4 years
Weighted-average discount rates	13.5 %	13.4 %

Maturities of lease liabilities under operating leases are as follows (in thousands):

Table 4.4. Maturities of Lease Liabilities

	Years ending December 31,	
2026 (remaining 9 months)	\$	2,505
2027		3,154
2028		2,787
2029		3,058
2030		3,119
Thereafter		8,825
Total lease payments		23,448
Less: imputed interest		8,686
Total lease liabilities	\$	14,762

5. Intangible assets, net

Intangible assets, net

The useful life of the Company's finite-lived acquired intangible assets is as follows:

Table 5.1. Acquired Intangible Assets Useful Life

Acquired intangible assets	Useful life (years) at acquisition		
Developed technology	2	~	6
Customer relationships	2		
Regulatory licenses	5		
Patents and trade name	2	~	17

Intangible assets consists of the following (in thousands):

Table 5.2. Details of Intangible Assets, net

As of March 31, 2026	Gross carrying amount	Accumulated amortization	Intangible assets, net	Weighted average remaining useful life (in years)
Amortizing intangible assets				
Internally developed software	\$ 304,725	\$ (185,138)	\$ 119,587	1.4
Acquired intangible assets	48,309	(13,709)	34,600	2.7
Total amortizing intangible assets	\$ 353,034	\$ (198,847)	\$ 154,187	
Indefinite-lived intangible assets				
Acquired intangible assets	266,830	—	266,830	
Total intangible assets, net	\$ 619,864	\$ (198,847)	\$ 421,017	

As of December 31, 2025	Gross carrying amount	Accumulated amortization	Intangible assets, net	Weighted average remaining useful life (in years)
Amortizing intangible assets				
Internally developed software	\$ 279,472	\$ (161,666)	\$ 117,806	1.5
Acquired intangible assets	38,109	(11,599)	26,510	3.0
Total amortizing intangible assets	\$ 317,581	\$ (173,265)	\$ 144,316	
Indefinite-lived intangible assets				
Acquired intangible assets	266,830	—	266,830	
Total intangible assets, net	\$ 584,411	\$ (173,265)	\$ 411,146	

Acquired intangible assets include certain technology that enhances cross-chain interoperability which was acquired from Interop Labs Inc. and Rapidix Labs, Inc. in January 2026 for total consideration of \$10.0 million. The acquisition was accounted for as an asset acquisition, resulting in the recognition of intangible assets which are amortized over a period of two years.

Amortization expense of intangible assets consists of the following (in thousands):

5.3. Details of Amortization Expense of Intangible Assets

	Three months ended March 31,	
	2026	2025
Amortization expense on internally developed software	\$ 23,662	\$ 12,116
Amortization expense on acquired intangible assets	2,110	1,350
Total amortization expense of intangible assets	\$ 25,772	\$ 13,466

The expected future amortization expense for intangible assets is as follows (in thousands):

Table 5.4. Future Amortization Expense of Intangible Assets

	Years ending December 31,	
2026 (remaining 9 months)	\$	78,977
2027		65,740
2028		7,919
2029		125
2030		125
Thereafter		1,301
Total amortization expense	\$	154,187

6. Fixed assets, net

The following table presents our major categories of fixed assets, net (in thousands):

Table 6.1. Details of Fixed Assets, net

	March 31, 2026	December 31, 2025
Computers & equipment	\$ 6,518	\$ 5,815
Leasehold improvements	20,098	20,102
Other	4,112	4,113
Total fixed assets	30,728	30,030
Less: accumulated depreciation	(8,208)	(7,239)
Total fixed assets, net	\$ 22,520	\$ 22,791

Depreciation expense was \$1.0 million and \$0.4 million for the three months ended March 31, 2026 and 2025, respectively, which is included within *Depreciation and amortization expense* on the unaudited Condensed Consolidated Statements of Operations.

7. Digital assets

The composition of digital assets included the following (in thousands, except quantity):

Table 7.1. Details of Digital Assets

	March 31, 2026			December 31, 2025		
	Quantity	Cost Basis	Fair Value	Quantity	Cost Basis	Fair Value
Canton Coin	391,371,628	\$ 17,138	\$ 58,964	367,760,063	\$ 13,612	\$ 56,028
Bitcoin	74	2,286	5,019	73	2,255	6,409
Sui	3,980,799	8,775	3,494	3,838,405	8,599	5,385
Ether	1,747	4,525	3,673	1,747	4,529	5,188
Other digital assets ⁽¹⁾	n.m.	30,649	13,067	n.m.	26,880	13,505
Total digital assets		\$ 63,373	\$ 84,217		\$ 55,875	\$ 86,515

⁽¹⁾ Includes other digital asset balances, none of which individually represented more than 10% of the fair value of the total digital assets.

n.m. = not meaningful

Digital assets losses (gains) consists of the following (in thousands):

Table 7.2. Digital assets losses (gains)

	Three months ended March 31,	
	2026	2025
(Gains)/losses on disposals of digital assets	\$ —	\$ (23)
Unrealized (gains)/losses on changes in fair value of digital assets	856	6,293
Total	\$ 856	\$ 6,270

8. Investments

Strategic investments

The Company holds strategic investments in privately held companies as a part of the Company's strategy to build partnerships across the digital asset ecosystem. The Company also receives certain equity instruments as consideration for services. The Company does not have the ability to exercise significant influence over operating and financial policies of these investments. The carrying amount of these investments was \$100.1 million and \$84.3 million as of March 31, 2026 and December 31, 2025, respectively, which are included in *Investments* on the unaudited Condensed Consolidated Balance Sheets. The Company primarily records these investments at cost adjusted to fair value upon observable transactions for identical or similar investments of the same issuer or upon impairment, referred to as the measurement alternative.

The Company's investments carried under the measurement alternative are recorded at fair value on a non-recurring basis in periods after initial recognition. Investments carried at fair value under the measurement alternative are classified within Level 3 of the fair value hierarchy due to the absence of quoted market prices, the inherent lack of liquidity and unobservable inputs used to measure fair value that require management's judgment. Any subsequent changes in value of these investments will be included as a part of *Other income (expense), net* in the unaudited Condensed Consolidated Statements of Operations.

The changes in the carrying value of equity investments carried under the measurement alternative along with investments in limited partnerships and certain forward contracts to purchase a specified quantity of equity shares in private companies are presented below (in thousands):

Table 8.1. Changes in the Carrying Value of Equity Investments under Measurement Alternative

Balance as of December 31, 2025	\$ 78,508
Net investments and returns in privately held companies	12,471
Upward adjustments	6,490
Downward adjustments	(951)
Realized gains (losses) and impairments	(161)
Balance as of March 31, 2026⁽¹⁾	\$ 96,357

⁽¹⁾Excludes \$3.7 million of strategic investments not accounted for under the measurement alternative as of March 31, 2026.

Balance as of December 31, 2024	\$ 68,229
Net investments and returns in privately held companies	2,050
Upward adjustments	879
Downward adjustments	(1,229)
Realized gains (losses) and impairments	34
Balance as of March 31, 2025⁽¹⁾	\$ 69,963

⁽¹⁾Excludes \$7.6 million of strategic investments not accounted for under the measurement alternative as of March 31, 2025.

9. Derivatives and embedded derivatives

The Company enters into certain strategic investments in the form of forward contracts to purchase a specified quantity of digital assets. Certain of these contracts are accounted for as derivatives or investments with embedded derivatives, and we account for these derivatives and embedded derivatives within *Investments* on the unaudited Condensed Consolidated Balance Sheets. The derivatives and bifurcated embedded derivatives are marked to market through *Other income (expense), net* in the unaudited Condensed Consolidated Statements of Operations. Embedded derivatives are presented together with the respective host contract on the unaudited Condensed Consolidated Balance Sheets.

The Company enters into certain agreements with customers to receive digital assets as non-cash consideration for services. These arrangements are hybrid instruments, consisting of a receivable host instrument with an embedded derivative based on the changes in the fair value of the underlying digital asset until receipt. Such feature is bifurcated and marked to market through *Other income (expense), net* on the unaudited Condensed Consolidated Statements of Operations. Embedded derivatives are presented together with the respective host contract within *Accounts receivable, net* on the unaudited Condensed Consolidated Balance Sheets.

The fair value of the Company's derivatives and embedded derivatives are as follows (in thousands):

Table 9.1. Fair Value of Derivative and Embedded Derivative Assets and Liabilities

	March 31, 2026		December 31, 2025	
Investments - embedded derivatives	\$	161	\$	899
Investments - derivatives	\$	461	\$	473
Accounts receivable, net - embedded derivatives	\$	19,174	\$	19,942

The following table summarizes notional amounts related to derivatives and embedded derivatives (in thousands):

Table 9.2. Notional Amounts of Derivative and Embedded Derivative Assets and Liabilities

	March 31, 2026		December 31, 2025	
Investments - embedded derivatives	\$	1,414	\$	1,153
Investments - derivatives	\$	506	\$	582
Accounts receivable, net - embedded derivatives	\$	4,000	\$	4,000

Gains (losses) on derivatives and embedded derivatives included in *Other income (expense), net* in the unaudited Condensed Consolidated Statements of Operations are as follows (in thousands):

Table 9.3. Gains (losses) on Derivatives and Embedded Derivatives

	Three months ended March 31,			
	2026		2025	
Accounts receivable, net - embedded derivatives	\$	(1,161)	\$	(976)
Investments - derivatives and embedded derivatives	\$	(417)	\$	(5,340)

10. Fair value measurements

Recurring fair value measurements

The following table sets forth by level, within the fair value hierarchy, the Company's assets and liabilities measured and recorded at fair value on a recurring basis. The carrying amounts of certain financial instruments, including cash, accounts receivable, prepaid expenses and other current assets, and accounts payable and accrued expenses approximate their fair values due to their short-term nature.

Table 10.1. Fair Value Hierarchy

(in thousands)	March 31, 2026			December 31, 2025		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Cash equivalents ⁽¹⁾	\$ 67,596,121	\$ —	\$ —	\$ 67,483,506	\$ —	\$ —
Digital assets	84,217	—	—	86,515	—	—
Digital financial assets	1,248	—	—	542	—	—
Investments - derivatives and embedded derivatives ⁽²⁾⁽³⁾	—	622	—	—	1,372	—
Accounts receivable, net - embedded derivatives ⁽⁴⁾	—	19,174	—	—	19,942	—
Total assets	\$ 67,681,586	\$ 19,796	\$ —	\$ 67,570,563	\$ 21,314	\$ —
Liabilities						
Convertible debt, net of debt discount	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 36,821
Total liabilities	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 36,821

⁽¹⁾ Included \$66.5 billion and \$66.3 billion of Circle Reserve Fund as of March 31, 2026 and December 31, 2025, respectively, and \$10.1 million and nil of U.S. Treasury securities as of March 31, 2026 and December 31, 2025, respectively.

⁽²⁾ The fair value measurement is based on the quoted market price of the underlying digital asset.

⁽³⁾ Excluded the host contract balance of \$1.4 million and \$1.2 million as of March 31, 2026 and December 31, 2025, respectively.

⁽⁴⁾ Excluded the host contract balance of \$4.0 million as of March 31, 2026 and December 31, 2025.

During the year ended December 31, 2025, \$4.6 million of digital assets related to blockchain rewards revenue which were classified as Level 3 within the fair value hierarchy due to the absence of quoted market prices, inherent lack of liquidity, and reliance on unobservable inputs, were transferred from Level 3 to Level 1 when the digital assets were listed on centralized exchanges and quoted prices in active markets became available.

Warrant liability

The Company had issued warrants convertible into Series E preferred stock at a price of \$16.23 per share. The warrants were classified as a non-current liability and were fair valued using a probability weighted model based on the fair value of the Company's common stock at the balance sheet date. The Company revalued the warrants at each reporting period and recorded the change in fair value in the unaudited Condensed Consolidated Statements of Operations. On February 20, 2025, the Company issued an aggregate of 45 thousand shares of Series E preferred stock to the warrant holders upon the cashless exercise of those warrants which were subsequently converted one-for-one to Class A common stock upon completion of the IPO. The changes in carrying value of warrant liability is reflected in the following table (in thousands):

Table 10.2. Changes in Carrying Value of Warrant Liability

Balance as of December 31, 2024	\$ 1,591
Warrants exercised	(1,591)
Balance as of March 31, 2025	\$ —

Convertible debt, net of debt discount

On March 1, 2019, the Company issued a convertible note in connection with an acquisition. The note had an original par value of \$24.0 million, a 2.9% interest rate, and matured on March 1, 2026. The note was convertible into Series E preferred stock prior to the IPO, and is convertible into Class A common stock after the IPO. In October 2025, certain holders of the Company's convertible notes converted their principal and accrued interest balance of \$11.0 million into approximately 675 thousand shares of Class A common stock at a conversion rate of \$16.23 per share. In January 2026, the remaining holders of the Company's convertible notes converted their principal and accrued interest balance of \$7.5 million into approximately 465 thousand shares of Class A common stock at a conversion rate of \$16.23 per share. The fair value of the notes converted in January 2026 was approximately \$39.4 million, substantially all of which was recorded to additional paid-in capital upon conversion. The Company elected the fair value option for recording this note. We measured the fair value of our convertible debt using the probability weighted "as converted" model. The change in fair value of the note is recorded in *Other income (expense), net* in the unaudited Condensed Consolidated Statements of Operations. The changes in carrying value of convertible debt, net of debt discount are reflected in the following tables (in thousands):

Table 10.3. Changes in Carrying Value of Convertible Debt

Balance as of December 31, 2025	\$ 36,821
Net discount on convertible notes	—
Capitalized interest	—
Fair value adjustment	2,558
Fair value adjustment – credit risk	—
Conversion of convertible notes	(39,379)
Balance as of March 31, 2026	\$ —
Balance as of December 31, 2024	\$ 40,717
Net discount on convertible notes	206
Capitalized interest	334
Fair value adjustment	(3,934)
Fair value adjustment – credit risk	91
Balance as of March 31, 2025	\$ 37,414

The following significant unobservable inputs were used in the valuation:

Table 10.4. Significant Unobservable Inputs

	March 31, 2026	December 31, 2025
Discount rate	— %	8.0 %
Volatility	— %	44.8 %
Risk-free rate	— %	3.7 %

Nonrecurring fair value measurements

Non-financial assets and investments accounted for under the measurement alternative are measured at fair value on a nonrecurring basis. Certain investments accounted for under the measurement alternative were impaired or adjusted for observable price changes in orderly transactions involving the same or similar investment. Refer to Note 8 for further details. These fair value measurements are based on Level 3 inputs, predominantly projected cash flows from the underlying investments and an applicable discount rate used in an income approach.

11. Revenue recognition

Disaggregation of Revenue

The following table summarizes the disaggregation of revenue by major product and service (in thousands):

Table 11.1. Revenue by Product and Service

	Three months ended March 31,	
	2026	2025
Reserve income	\$ 652,508	\$ 557,911
Other revenue:		
Subscription and services	\$ 34,861	\$ 17,488
Transaction revenue	6,730	2,849
Other	34	325
Total other revenue	41,625	20,662
Total revenue and reserve income	\$ 694,133	\$ 578,573

Reserve income

All Circle stablecoins issued and outstanding are fully backed by equivalent amounts of fiat currency denominated assets held in segregated reserve accounts. The Company earns interest and dividends on assets held in reserve accounts, which include cash balances held at banks and investments in the Circle Reserve Fund. Interest income is recognized under the effective interest method, and dividend income from the Circle Reserve Fund is recognized on the declaration date.

Other revenue

Other revenue generally consists of revenues generated from services that increase the utility of Circle Digital Assets and related transactions. The components of other revenue primarily include revenues from subscription and services, transaction revenues, and other revenues.

Subscription and services consist of customer agreements where recurring revenue is generated from integration and maintenance services, fund management, time-based access, and user-based licensing. Payment for services received at the inception of the customer agreements in the form of digital assets is measured at fair value at the contract inception. Refer to the Digital assets discussion above regarding subsequent accounting for digital assets. Revenues from subscription contracts and maintenance services are recognized over time as the services are delivered. Revenues from integration services contracts which have specific performance obligations are recognized at the point in time when delivery of the services are completed and accepted by the customer. The Company receives fees associated with the management of USYC in the form of performance fees. Performance fees represent variable consideration and are recognized as revenue when the Company is entitled to such fees and significant reversals of such fees are not probable.

Transaction revenue is generated from usage-based, volume-based, or event-driven transactions. This includes fees associated with the redemption of Circle stablecoins and USYC, blockchain rewards revenue and use of Circle infrastructure in facilitating digital asset transactions (including CCTP). Transaction revenue contracts constitute a series of distinct processing services that the Company stands ready to provide to the customers over the contract period and services performed for participation in blockchain networks. The transaction price for these services is variable based on the number or volume of transactions processed, and consideration is allocated to the distinct service that forms part of its single performance obligation to provide such services. Revenue is recognized at the point in time as the performance obligation is met. The Company incurs expenses to assist in fulfilling obligations to process transactions. The Company acts as the principal in providing services to customers and, therefore, recognizes associated revenue and expenses on a gross basis.

Other is primarily generated from fees associated with certain non-recurring services and discontinued legacy products. Such customer contracts typically have one performance obligation and revenue is recognized at the point in time the services are provided.

Deferred Revenue

Deferred revenue represents consideration received that is yet to be recognized as revenue. The changes in our deferred revenue are reflected in the following table (in thousands):

Table 11.2. Changes in Deferred Revenue

Balance at December 31, 2025	\$	11,512
Deferred revenue billed in the current period, net of recognition		2,087
Revenue recognized that was included in the beginning period		(7,609)
Balance at March 31, 2026	\$	5,990
Balance at December 31, 2024	\$	13,390
Deferred revenue billed in the current period, net of recognition		9,456
Revenue recognized that was included in the beginning period		(9,845)
Balance at March 31, 2025	\$	13,001

12. Other income (expense), net

The following table presents our major categories of *Other income (expense), net* (in thousands):

Table 12.1. Other income (expense), net

	Three months ended March 31,	
	2026	2025
Gains (losses) on digital assets and other investments, net	\$ (3,576)	\$ (8,263)
Interest income on corporate balances	13,709	7,965
Changes in fair value of convertible debt, warrant liability, embedded derivatives and U.S. Treasury securities	(4,108)	(2,382)
Interest expense and amortization of discount	(38)	(335)
Foreign currency exchange gain (loss)	5,121	(539)
Other, net	575	451
Total Other income (expense), net	\$ 11,683	\$ (3,103)

13. Income taxes

For the three months ended March 31, 2026 and 2025, the Company recorded consolidated income tax expense from continuing operations of \$1.4 million and \$25.0 million, respectively, which represent effective tax rates of 2.5% and 27.9%, respectively.

The Company's income tax expense and effective tax rate can fluctuate period to period based on the levels of net income before income taxes, the mix of profits earned in various tax jurisdictions with differing statutory tax rates, the magnitude of non-deductible items and tax credits, changes in valuation allowances, and the impact of discrete items.

The income tax expense for the three months ended March 31, 2026, reflects the mix of earnings across U.S. and non-U.S. jurisdictions. Income taxes were significantly reduced by tax benefits from stock-based compensation, partially offset by discrete tax expense items, including certain prior-period tax adjustments recognized during the period, and valuation allowances against U.S. deferred tax assets.

14. Debt

Warrant liability

In connection with a loan agreement with a bank, which was repaid in full in November 2019, the Company issued warrants convertible into 85 thousand Series E preferred stock with a strike price of \$16.23 per share with an expiration date of February 21, 2025. On February 20, 2025, the Company issued an aggregate of 45 thousand shares of Series E preferred stock to the warrant holders upon the cashless exercise of those warrants.

Convertible debt, net of debt discount

In March 2019, the Company issued a convertible promissory note in connection with an acquisition. Pursuant to the note agreement, the Company agrees to pay the holders the principal amount together with any interest on the unpaid principal balance for the note beginning on the date of the agreement. The note had an original principal amount of \$24.0 million and was convertible into Series E preferred stock subject to the conversion provisions in the agreement. Subsequent to the IPO, the note is convertible into Class A common stock at a conversion rate of \$16.23. The note matured on March 1, 2026, unless earlier converted, and has an annual interest rate of 2.9% due annually in arrears on the last day of each calendar year. The Company has elected the fair value option for recording its convertible notes on the unaudited Condensed Consolidated Balance Sheets, which are recorded at a net discount on acquisition date. The debt discount is amortized and included in *Other income (expense), net* in the unaudited Condensed Consolidated Statements of Operations. The change in fair value of the convertible notes is included in *Other income (expense), net* in the Unaudited Condensed Consolidated Statements of Operations.

In October 2025, certain holders of the Company's convertible notes converted their principal and accrued interest balance of \$11.0 million into approximately 675 thousand shares of Class A common stock at a conversion rate of \$16.23 per share. The fair value of the notes converted in October 2025 was approximately \$88.8 million, substantially all of which was recorded to additional paid-in capital upon conversion.

In January 2026, the remaining holders of the Company's convertible notes converted their principal and accrued interest balance of \$7.5 million into approximately 465 thousand shares of Class A common stock at a conversion rate of \$16.23 per share. The fair value of the notes converted in January 2026 was approximately \$39.4 million, substantially all of which was recorded to additional paid-in capital upon conversion.

The fair value of outstanding convertible notes was nil and \$36.8 million as of March 31, 2026 and December 31, 2025, respectively, and are reflected as *Convertible debt, net of debt discount* on the unaudited Condensed Consolidated Balance Sheets.

15. Stockholders' equity

Common Stock

In June 2025, the Company completed its IPO, in which the Company issued and sold 19.9 million shares of its Class A common stock, including the underwriters' over-allotment option which was exercised in full, at a public offering price of \$31.00 per share.

In August 2025, the Company completed a follow-on public offering of its Class A common stock, in which the Company issued and sold 3.5 million shares of its Class A common stock, including the underwriters' over-allotment option which was exercised in full, at a public offering price of \$130.00 per share.

The Charter authorizes a total of 2.5 billion shares of Class A common stock with a par value of \$0.0001 per share, 500.0 million shares of Class B common stock with a par value of \$0.0001 per share, 500.0 million shares of Class C common stock with a par value of \$0.0001 per share and 500.0 million shares of preferred stock with a par value of \$0.0001 per share. In connection with the IPO, all shares of our outstanding redeemable convertible preferred stock automatically converted into a total of 139.8 million shares of our Class A common stock, and a total of 19.6 million shares of Class A common stock held by our co-founders and certain entities controlled by our co-founders were converted into an equivalent number of shares of Class B common stock. As a result, following the completion of the IPO, we have three classes of authorized common stock: Class A common stock, Class B common stock, and Class C common stock, of which only Class A common stock and Class B common stock were outstanding as of March 31, 2026.

Class B common stock is convertible into Class A common stock on a one-for-one basis at the option of the holder. In addition, Class B common stock will automatically convert into Class A common stock on a one-for-one basis upon any transfer, except for permitted transfers described in our Charter, and in certain other circumstances. Class C common stock is convertible into Class A common stock on a one-for-one basis in connection with certain assignments and transfers.

The holders of Circle's Class A common stock are entitled to one vote for each share of common stock held. The holders of Circle's Class B common stock are entitled to five votes for each share of common stock held (but the aggregate voting power of Class B common stock cannot exceed 30% of the total voting power of our capital stock). The holders of Circle's Class C common stock are not entitled to vote except to the extent set forth in our Charter or as required by applicable law. The voting, dividend and liquidation rights of the holders of our common stock are subject to and qualified by the rights, powers, and preferences of the holders of the Preferred Stock as detailed in the Charter.

Stock Plans

As of March 31, 2026, there were 27.2 million shares of Class A common stock and Class B common stock subject to issued and outstanding stock options and RSUs under the stock award plans, and 1.2 million shares of Class A common stock issuable in connection with business combinations. In addition, under the stock award plans and the ESPP, there were 37.0 million shares and 8.1 million shares, respectively, of Class A common stock available for future issuance.

Warrants

In April 2023, the Company entered into an agreement with a commercial counterparty to grant warrants to purchase up to 4.5 million common shares of a consolidated subsidiary that will be automatically converted one-for-one into shares of Class A common stock upon exercise. The warrants have an exercise price of \$42.14 per share and an exercise period of ten years from the grant date. The warrants are subject to certain service conditions to be achieved over a two-year period and performance conditions to be achieved over a five-year period. The fair value of the warrants, approximately \$80.1 million, was measured at the time of issuance using the Black-Scholes option pricing model using the following assumptions: the Company's estimated common share price on the grant date, a term of ten years, a dividend yield of zero, volatility of 44%, and a risk-free rate of 3.45%. The warrants will be expensed as the service conditions are achieved or over the requisite service period if and when the achievement of the performance conditions are probable. There were no marketing expenses or distribution and transaction costs related to the warrants for the three months ended March 31, 2026 and 2025. As of March 31, 2026, 3.4 million of these warrants have expired, and none of the common shares associated with the remaining warrants have been exercised or forfeited.

In August 2023, the Company entered into an agreement with a digital asset exchange to grant warrants to purchase up to 3.6 million common shares of a consolidated subsidiary that will be automatically converted one-for-one into shares of Class A common stock upon exercise. The warrants have an exercise price of \$25.09 per share. They expire five years from the grant date and the vesting of the warrants is subject to a performance condition. The fair value of the warrants, approximately \$43.9 million, was measured at the time of issuance using the Black-Scholes option pricing model using the following assumptions: the Company's estimated common share price on the grant date, a term of five years, a dividend yield of zero, volatility of 51%, and a risk-free rate of 4.38%. The warrants will be expensed over the requisite service period if and when the achievement of the performance condition is probable. There were no marketing expenses or distribution and transaction costs related to the warrants for the three months ended March 31, 2026 and 2025. As of March 31, 2026, the performance condition had not been met, and none of the common shares associated with these warrants have been exercised, forfeited, or expired.

In December 2024, the Company entered into an agreement with a commercial counterparty which included the issuance of warrants to purchase up to approximately 2.9 million shares of Class A common stock. The warrants vest based upon the achievement of certain performance conditions to be achieved within a three-year period for the benefit of the Company. The warrants have an exercise price of \$22.71 per share and an exercise period of six years from the grant date. The fair value of the warrants, approximately \$56.1 million, was measured at the time of issuance using the Black-Scholes option pricing model using the following assumptions: the Company's estimated common share price on the grant date, a term of six years, a dividend yield of zero, volatility of 53%, and a risk-free rate of 4.43%. The warrants are expensed as the service conditions are achieved or over the requisite service period if and when the achievement of the performance conditions are probable. There was \$4.7 million and \$1.1 million in distribution and transaction costs related to the warrants for the three months ended March 31, 2026 and 2025, respectively. As of March 31, 2026, 1.0 million of these warrants have vested, and the counterparty elected to exercise 0.7 million of the warrants during the three months ended March 31, 2026 resulting in the net issuance of approximately 0.5 million shares of Class A common stock. As of March 31, 2026, none of the common shares associated with these warrants have been forfeited or expired.

Donations to Circle Foundation

In March 2025, the Company's board of directors approved the reservation of up to 2,682,392 shares of Class A common stock, which represented approximately 1% of our capital stock on the date it was approved by our board of directors. The shares may be issued to or for the benefit of the Circle Foundation, a donor-advised fund, in installments over 10 years.

In March 2026, the Company re-issued 67,060 shares of Treasury stock reserved for the benefit of the Circle Foundation. As a result of this equity contribution, the Company recorded a charge of \$7.7 million to *General and administrative expenses* within the unaudited Condensed Consolidated Statements of Operations for the three months ended March 31, 2026.

16. Redeemable convertible preferred stock

In connection with the IPO, all outstanding shares of redeemable convertible preferred stock were converted into shares of our Class A common stock on a one-to-one basis and their carrying value of \$1.1 billion was reclassified into stockholders' equity. As such, there were no shares of redeemable convertible preferred stock issued and outstanding following the completion of the Company's IPO in June 2025.

Following is a presentation of the key characteristics and shares for each class of the Company's preferred stock as of March 31, 2025.

Table 16.1. Details of Preferred Stocks

Preferred stock class	Issue Date	Issue price	Conversion price	Liquidation preference	Shares issued (in thousands)
Series A	8/22/2013	\$ 0.27	\$ 0.27	\$ 0.27	33,621
Series B	2/26/2014	\$ 0.97	\$ 0.97	\$ 0.97	17,586
Series C	4/10/2015	\$ 2.17	\$ 2.17	\$ 2.17	18,445
Series D	5/17/2016	\$ 2.76	\$ 2.76	\$ 2.76	23,203
Series E	Various	\$ 16.23	\$ 16.23	\$ 16.23	37,436
Series F	5/9/2022	\$ 42.14	\$ 42.14	\$ 42.14	9,516

17. Stock-based compensation

Stock-based compensation expense was \$51.8 million and \$12.7 million for the three months ended March 31, 2026 and 2025, respectively. The capitalized stock-based compensation expense related to internally developed software was \$9.4 million and \$2.7 million for the three months ended March 31, 2026 and 2025, respectively.

Stock options

Granted stock options generally have 10-year terms and have vesting periods ranging from 12 months to 48 months.

A summary of outstanding stock options activities for the three months ended March 31, 2026 and 2025 is presented below:

Table 17.1. Summary of Outstanding Stock Options Activities

	Number of Stock Options (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Balance as of December 31, 2025	13,450	\$ 11.36	4.2	\$ 919,115
Options exercised	(2,543)	5.67		
Balance as of March 31, 2026	10,907	\$ 12.68	4.2	\$ 906,000
Exercisable at March 31, 2026	10,348	\$ 10.97	4.0	\$ 874,255

	Number of Stock Options (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Balance as of December 31, 2024	22,751	\$ 8.48	5.5	\$ 522,900
Options exercised	(1,009)	0.64		
Options forfeited	(93)	20.63		
Balance as of March 31, 2025	21,649	\$ 8.79	5.3	\$ 462,946
Exercisable at March 31, 2025	20,145	\$ 7.49	5.1	\$ 455,317

As of March 31, 2026, unrecognized stock-based compensation cost net of estimated forfeitures related to outstanding unvested stock options that are expected to vest was \$9.6 million, which is expected to be recognized over a weighted-average period of 2.5 years.

Restricted stock units (RSUs)

Prior to the IPO, RSUs granted under the award plan generally vested upon the satisfaction of both a service condition and a liquidity-event related performance condition. Both the service and liquidity-event related performance conditions needed to be met for the expense to be recognized. RSUs granted after the IPO generally vest solely based on the satisfaction of a service condition. We record stock-based compensation expense for service-based RSUs on a straight-line basis over the requisite service period, which is generally the vesting period.

Prior to the IPO, we had not recognized stock-based compensation expense related to certain RSU awards as the qualifying liquidity-event related performance condition had not yet occurred and was not considered probable of occurring. Stock-based compensation expense related to remaining service-based awards after the IPO is recorded over the remaining requisite service period.

A summary of RSUs activities for the three months ended March 31, 2026 and 2025 is as follows:

Table 17.2. Summary of Restricted Stock Units Activities

	Number of Shares (in thousands)	Weighted- Average Grant Date Fair Value
Balance as of December 31, 2025	14,711	\$ 35.16
RSUs granted	4,853	\$ 69.61
RSUs vested	(2,828)	\$ 32.65
RSUs forfeited	(435)	\$ 39.79
Balance as of March 31, 2026	16,301	\$ 45.73
	Number of Shares (in thousands)	Weighted- Average Grant Date Fair Value
Balance as of December 31, 2024	19,943	\$ 30.85
RSUs granted	5,811	\$ 31.16
RSUs vested	(1)	\$ 27.81
RSUs forfeited	(423)	\$ 30.23
Balance as of March 31, 2025	25,330	\$ 30.93

As of March 31, 2026, unrecognized stock-based compensation cost net of estimated forfeitures related to outstanding unvested RSUs that are expected to vest was \$424.9 million, which is expected to be recognized over a weighted-average period of 3.4 years.

Shares issued for business combinations

The Company has issued the following common shares for the purchase of common shares subject to forfeiture based on certain service conditions in connection with its acquisitions. These shares were issued to the employees of the acquired businesses and are valued based on the fair value of the Company's common shares at the acquisition date. The Company records stock-based compensation expenses over the requisite service period, with an increase to additional paid-in capital. The shares issued for business combinations are subject to forfeiture based on service conditions through various dates over a four-year period from their respective acquisition dates.

Table 17.3. Summary of Shares Issued for Business Combinations Activities

	Number of Shares (in thousands)		Weighted- Average Grant Date Fair Value
Balance as of December 31, 2025	1,744	\$	33.75
Shares vested	(520)	\$	31.16
Balance as of March 31, 2026	1,224	\$	34.84

	Number of Shares (in thousands)		Weighted- Average Grant Date Fair Value
Balance as of December 31, 2024	548	\$	47.82
Shares issued	1,473		31.16
Shares forfeited	(6)		47.82
Balance as of March 31, 2025	2,015	\$	35.64

As of March 31, 2026 unrecognized stock-based compensation cost net of estimated forfeitures related to outstanding unvested shares and warrants issued for business combinations that are expected to vest was \$31.4 million, which is expected to be recognized over a weighted-average period of 1.7 years.

ESPP

The Company's ESPP became effective on June 4, 2025, with the grant date of the initial offering period beginning on March 5, 2026. Refer to Note 2 for additional details regarding the Company's ESPP.

As of March 31, 2026, \$1.0 million has been withheld on behalf of employees for future purchases under the ESPP due to the timing of payroll deductions. As of March 31, 2026, there was approximately \$1.9 million of unrecognized stock-based compensation cost net of estimated forfeitures related to the ESPP, which is expected to be recognized over a remaining period of 0.4 years.

The Company estimated the fair value of ESPP purchase rights using a Black-Scholes option-pricing model. The weighted average assumptions utilized in the valuation of ESPP purchase rights are presented below:

Table 17.4. ESPP Valuation Assumptions

	March 31, 2026
Risk-free interest rate	3.65 %
Expected term (years)	0.5
Expected volatility	49.33 %
Expected annual dividend	—

18. Earnings per share

The computation of earnings per share is as follows (in thousands, except per share amounts):

Table 18.1. Earnings per share

	Three months ended March 31,	
	2026	2025
Net income from continuing operations	\$ 55,246	\$ 64,791
Less: Net loss attributable to noncontrolling interests	(7)	—
Net income attributable to common stockholders	\$ 55,253	\$ 64,791
Net income attributable to common stockholders	\$ 55,253	\$ 64,791
Less: Dividend preference on preferred shares	—	(64,791)
Net income available to common stockholders - basic	\$ 55,253	\$ —
Net income attributable to common stockholders	\$ 55,253	\$ 64,791
Less: Changes in fair value of convertible debt and warrant liability	—	(2,345)
Less: Dividend preference on preferred shares	—	(62,446)
Net income available to common stockholders - diluted	\$ 55,253	\$ —
Weighted-average common shares – basic	244,038	57,966
Add: Weighted-average effect of dilutive securities	22,649	17,684
Weighted-average common shares – diluted	266,687	75,650
Earnings per common share attributable to common stockholders:		
Basic earnings per common share	\$ 0.23	\$ 0.00
Diluted earnings per common share	\$ 0.21	\$ 0.00

The outstanding securities that were excluded from the computation of diluted earnings per share attributable to common stockholders for the periods presented because including them would have been antidilutive are as follows (in thousands):

Table 18.2. Potentially Dilutive Securities

	Three months ended March 31,	
	2026	2025
Redeemable convertible preferred stock	—	139,807
Stock options and RSUs	770	—
Common stock in connection with business combinations	—	150
Total	770	139,957

19. Accumulated other comprehensive income

Following is a summary of the changes in each component of accumulated other comprehensive income (in thousands):

Table 19.1. Accumulated Other Comprehensive Income

	Three Months Ended March 31,	
	2026	2025
Accumulated other comprehensive income		
Beginning balance	\$ 14,515	\$ 3,644
Pre-tax change – Foreign currency translation adjustment	(6,172)	1,809
Pre-tax change – Unrealized (loss) gain on convertible notes – credit risk adjustment	—	(91)
Tax effect	—	7
Total accumulated other comprehensive income including noncontrolling interest, net of tax	8,343	5,369
Pre tax change - Foreign currency translation adjustment attributable to noncontrolling interest	24	—
Total accumulated other comprehensive income attributable to common stockholders, net of tax	\$ 8,367	\$ 5,369

20. Prepaid expenses and other current assets

Prepaid expenses and other current assets include the following (in thousands):

Table 20.1 Details of Prepaid Expenses and Other Current Assets

	March 31, 2026	December 31, 2025
Reserve income receivable	\$ 210,822	\$ 219,221
Prepaid expenses	37,182	24,243
Digital financial assets	1,248	542
Income tax receivable	66,782	65,060
Other	10,766	12,594
Total prepaid expenses and other current assets	\$ 326,800	\$ 321,660

21. Accounts payable and accrued expenses

Accounts payable and accrued expenses include the following (in thousands):

Table 21.1 Details of Accounts Payable and Accrued Expenses

	March 31, 2026	December 31, 2025
Accrued distribution costs	\$ 117,572	\$ 119,038
Stablecoin redemptions in transit	31,486	80,593
Accrued expenses	71,551	114,272
Accounts payable	18,643	24,733
Income taxes payable	2,472	1,632
Other payables	20,491	20,341
Total accounts payable and accrued expenses	\$ 262,215	\$ 360,609

22. Commitments and contingencies

Legal matters

The Company is subject to various litigation, regulatory investigations, and other legal proceedings that arise in the ordinary course of its business. The Company is also subject to regulatory oversight by numerous regulatory and other governmental agencies. The Company reviews its lawsuits, regulatory investigations, and other legal proceedings on an ongoing basis and provides disclosure and records loss contingencies for such matters when potential losses become probable and can be reasonably estimated. If the Company determines that a loss is reasonably possible and the loss or range of loss can be estimated, the Company discloses the possible loss in the unaudited Condensed Consolidated Financial Statements.

The Company is in a dispute with a financial advisor regarding advisory fees related to two engagement letters between the parties. In 2022, the Company's Board of Directors passed resolutions terminating the engagement letters. The financial advisor has subsequently asserted that the terminations of the engagement letters are ineffective and has demanded fees and interest for various transactions. The Company believes it has properly and effectively terminated the engagement letters with the financial advisor, and strenuously disputes the financial advisor's demand for any fees in connection with the transactions, which have all been conducted without the financial advisor's assistance. On May 28, 2024, the financial advisor filed a lawsuit regarding the dispute. The operative complaint alleges, among other things, that the terminations of both engagement letters are ineffective and demands, among other relief, fees and interest for various transactions that occurred after termination of the engagement letters, including the Company's IPO and follow-on public offering. The Company does not believe that the outcome of the dispute at this point can be reasonably quantified or estimated.

Commitments and other contingencies

Current tax rules related to stablecoins require significant judgments to be made in interpretation of the law, including but not limited to the withholding tax, income tax and information reporting. Additional guidance may be issued by U.S. and non-U.S. governing bodies that may significantly differ from the Company's interpretation of the law, which could have unforeseen effects on our financial condition and results of operations, and as a result, the related impact on our financial condition and results of operations is not estimable but could be material.

23. Subsequent events

On May 8, 2026, we entered into token purchase agreements with certain institutional investors, led by a16z crypto, pursuant to which we agreed to issue and sell to such purchasers an aggregate of 740 million ARC Tokens. The ARC Tokens were offered and sold at a purchase price of \$0.30 per token, implying a fully diluted network valuation of \$3.0 billion and resulting in estimated aggregate gross proceeds to us of approximately \$222.0 million.

On May 8, 2026, as part of the ARC Token presale, we entered into a token purchase agreement with an entity affiliated with IDG Capital, a beneficial holder of more than 5% of our capital stock, pursuant to which we agreed to issue and sell to such entity, an aggregate of 83.3 million ARC Tokens for a purchase price of \$0.30 per token or \$25.0 million in the aggregate.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations in conjunction with our unaudited Condensed Consolidated Financial Statements, including the notes thereto, included elsewhere in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the year ended December 31, 2025. In addition to historical information, the following discussion and analysis contains forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results and the timing of events could differ materially from those anticipated in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Quarterly Report on Form 10-Q, particularly in the "Risk Factors" section.

Executive Overview

In the first quarter of 2026, we continued building the infrastructure for an open, programmable internet financial system by scaling adoption of USDC and expanding our platform across product and network milestones.

During the first quarter of 2026 (compared to the first quarter of 2025):

- USDC in circulation grew 28% to \$77.0 billion; USDC onchain transaction volume grew 263% to \$21.5 trillion.
- Total revenue and reserve income grew 20% to \$694 million.
- Net income from continuing operations decreased 15% to \$55 million.
- Adjusted EBITDA grew 24% to \$151 million.

See "—Non-GAAP Financial Measures" below for a reconciliation of Adjusted EBITDA to net income from continuing operations, the most closely comparable GAAP measure, and additional information about the limitations of our non-GAAP measures.

Overview of Business

Our mission is to raise global economic prosperity through the frictionless exchange of value.

We were founded in 2013, on the belief that we could connect the world more deeply by building a new global economic system on the foundation of the internet, and facilitate the creation of a world where everyone, everywhere can share value as easily as we can today share information, content, and communications.

We are building a full-stack internet financial platform business anchored by our stablecoin network. Our business is organized around three reinforcing pillars: (i) Arc, an open Layer-1 blockchain network and related developer/interoperability infrastructure; (ii) Circle Digital Assets and Services, including USDC, EURC, USYC and related liquidity infrastructure such as Circle Mint and xReserve; and (iii) Circle Applications, including products like CPN and StableFX that deliver real-world utility on Arc and across a multichain ecosystem. The three pillars of our platform are designed to reinforce one another: Arc is expected to provide an enterprise-grade foundation for stablecoin finance and consumer-scale applications; Circle Digital Assets and related services supply trusted units of value and liquidity infrastructure; and Circle Applications translate that infrastructure into real-world utility for institutions, developers, and end-users.

Our business model is driven by the growth of our platform, including the use and continued utility of Circle Digital Assets. We invest in expansion of our platform by partnering with major financial and technology institutions to drive distribution of Circle Digital Assets, building global fiat on- and off-ramps to increase accessibility and liquidity of Circle Digital Assets, and providing developer tools and operational infrastructure that reduce friction and enable new applications using our Circle Digital Assets, including tools that can be used on our platform without a direct relationship with us. We also aim to increase network activity through the launch of new products and services, expansion into new markets, and the fostering of third-party innovation on our platform, in each case, with a regulation-first approach.

Circle stablecoins and related reserve income

We currently derive a substantial majority of our revenue from reserve income on the reserve assets backing our stablecoins, USDC and EURC. Reserve income was 94.0% and 96.4% of our total revenue in the three months ended March 31, 2026 and 2025, respectively. We earn reserve income on the reserve assets backing our stablecoins in circulation at interest rates close to the prevailing SOFR during the applicable periods. We term the rate of return generated on assets held in reserve as the "reserve return rate". See "—Key operating indicators and financial results" for the calculation of reserve return rate. The reserve income that we generate is a function of (i) our stablecoins in circulation over a given period and (ii) the reserve return rate.

Other products

In addition to revenue from reserve income on the reserve assets backing our stablecoins, we continue to expand product offerings and services that benefit from and support the growth of our platform and the utility of Circle Digital Assets. Our other products contributed 6.0% and 3.6% of Circle's total revenue in the three months ended March 31, 2026 and 2025 respectively. We believe these and other new product and service offerings will contribute to the growth of our platform and the use of Circle Digital Assets, and over time drive a flywheel of growth that has been the hallmark of successful internet-driven networks. We also expect growth in our network to drive increases in our stablecoins in circulation and thereby drive our reserve income. We anticipate growing these offerings in the coming years, diversifying our revenue profile.

These offerings include:

- *Arc Blockchain and Related Developer Infrastructure* – Arc is our open, Layer-1 blockchain purpose-built to bring real world economic activity onchain, supported by developer tools (including Circle Wallets and Circle Contracts) and interoperability services (including CCTP and Gateway) designed to reduce complexity and help developers and enterprises build and operate onchain applications that move value across networks.
- *Circle Tokenized Funds* – Our tokenized fund, USYC, which is a part of our Circle Digital Assets, is an onchain representation of shares in a traditional money market fund intended primarily for use as collateral in digital asset markets, providing yield to token holders and complementing USDC and EURC in institutional trading, treasury, and collateral workflows.
- *Circle Liquidity Services* – Circle Mint and xReserve provide institutional liquidity and trust infrastructure for Circle Digital Assets, including minting, redeeming, and moving USDC and EURC through Circle Mint, and enabling third-party developers to deploy USDC-interoperable stablecoins through xReserve.
- *Circle Applications* – Our application-layer products build on Circle Digital Assets and Arc to deliver practical utility, including CPN, which connects eligible financial institutions to facilitate near-instant, 24/7/365 payment settlement using regulated stablecoins, and StableFX, an institutional stablecoin foreign exchange engine built on Arc that supports onchain settlement and configurable escrow-based trade settlement.

See Part I, Item 1 – “Business”, of our Annual Report on Form 10-K for the year ended December 31, 2025 for a detailed description of our suite of products and services.

Recent Developments

Arc and the ARC Token

As previously announced, in October 2025, we launched the public testnet of Arc, our open, Layer-1 blockchain network purpose-built to unite programmable money and onchain innovation with real-world economic activity. Since then, more than 100 participants spanning banking, capital markets, digital assets, payments, and technology have engaged with the Arc network. As of March 31, 2026, since the launch of Arc testnet in October 2025, Arc testnet has processed 244.1 million transactions and 3.6 million transacting contracts. In addition, in the first quarter of 2026 alone, 1.6 million unique wallets transacted at least once on Arc testnet. Building on this momentum and continued ecosystem engagement, we expect to launch Arc on mainnet this year.

Arc is designed as an economic operating system for internet-scale financial infrastructure. It is built to feature predictable, dollar-denominated transaction fees, sub-second finality, opt-in configurable privacy, and native integration with our full-stack platform. Supported by a global ecosystem of partners, Arc is intended to provide an enterprise-grade foundation for stablecoin payments, foreign exchange, lending, and capital markets transactions, and to operate as part of a broader, interoperable multichain ecosystem.

Arc is expected to initially operate under a Proof-of-Authority consensus model. Over time, it may transition to a Proof-of-Stake or a delegated Proof-of-Stake consensus mechanism. If such a transition occurs, the network would introduce a native token (the “ARC Token”). The ARC Token is designed as the native coordination asset of the Arc network under the Proof-of-Stake model. If launched, the ARC Token is intended to align participants with the long-term success of the Arc network through staking, governance, and other platform-wide utilities. The ARC Token’s utility is expected to extend beyond the chain itself, spanning numerous protocols and products from us and our ecosystem partners on the Arc network. It is expected to confer governance rights to a distributed participant set responsible for upholding, among other things, the network’s security posture, and infrastructural integrity, establishing the conditions under which institutions can rely on Arc for mission-critical applications and settlement. The total initial supply of ARC Tokens is expected to be 10 billion, though the supply would be subject to increase as a result of the programmatic functioning of the Arc protocol. The timing, structure, terms, and scope of any such transition, or the creation and broader distribution of ARC Tokens, remain subject to ongoing technical, business, legal, regulatory, and market considerations.

On May 8, 2026, we entered into token purchase agreements with certain institutional investors, led by a16z crypto, pursuant to which we agreed to issue and sell to such purchasers an aggregate of 740 million ARC Tokens. The offer and sale of the tokens pursuant to the token purchase agreements was conducted as a private placement exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 4(a)(2) thereof and Rule 506(b) of Regulation D promulgated thereunder. Each purchaser has agreed to a lock-up restriction prohibiting the direct or indirect sale, transfer, assignment or other disposition of any ARC Tokens acquired in the presale for a period of not less than one year from the date of the Arc network’s transition to a Proof-of-Stake or a delegated Proof-of-Stake consensus mechanism, and may be subject to additional restrictions on transfer until the date that is four years following such transition date.

The ARC Tokens were offered and sold at a purchase price of \$0.30 per token, implying a fully diluted network valuation of \$3.0 billion and resulting in estimated aggregate gross proceeds to us of approximately \$222.0 million. The token purchase agreements and related agreements provide for repayment rights in specified circumstances, including if the ARC Tokens are not delivered or if the Arc network has not completed the transition to a Proof-of-Stake or a delegated Proof-of-Stake consensus mechanism on or before May 8, 2028, or if certain purchaser-specific legal, regulatory, or compliance-related conditions are not satisfied.

Please see the section titled “Part II, Item 1A. Risk Factors—Risks Related to Arc and ARC Tokens” for additional discussion about Arc and the ARC Token.

Key Factors Affecting Operating Results

The growth and success of our business as well as our financial condition and operating results have been, and will continue to be affected by a number of factors, including:

Growth of the internet financial system

The internet financial system is built on blockchain infrastructure, and represents a fundamental shift that we believe will result in a profound change to the existing financial system by materially improving efficiency, reducing costs, expanding accessibility, and accelerating innovation. While the internet financial system has grown rapidly, it remains in its infancy and is very small relative to the legacy financial system. We believe we are well positioned to be among the winners in this emerging, transformative space, and we expect increased adoption and expansion of the internet financial system to be a key driver of growth in all our products and services, and hence of our overall financial performance.

Adoption of stablecoins as the core means of value exchange within the internet financial system

We believe stablecoins are the core facilitator of value exchange in the internet financial system. We believe that we are poised to lead the way in driving the growth of stablecoins, with our trusted brand, regulation-first posture, robust scalable infrastructure, institutional-grade safety and soundness, global presence, and strong interoperability. We stand to benefit as the adoption of stablecoins and the internet financial system increase, due not only to the growth in circulation of our stablecoins but also to growth of the platform that we have developed.

Expanding global awareness and distribution of our platform

Our efforts to expand global awareness and distribution of our digital assets, and to grow our platform, follow a multi-pronged approach that includes: obtaining additional foreign licenses and registrations where necessary; collaboration with key strategic partners; local go-to-market strategies; and further integration with major blockchains. We expect increased awareness and interest in our platform, anchored by our stablecoin network, including both increasing penetration among our existing markets and expansion into new markets, to positively impact our performance.

Growth in new products and services

We believe we have a sizable opportunity to grow our business through the introduction of new products and services. Arc, our related developer infrastructure, and CPN provide platforms upon which third-party software developers can build and create their own products and financial applications. We continue to develop our products and services, which in turn facilitate the creation of new third-party products for the emerging internet financial system. We expect this will, in turn, increase demand for Circle Digital Assets and serve as a critical driver to the growth of our platform. We anticipate that the products developed on our platform will drive new sources of revenue for us including network service fees, subscription fees, and additional developer services fees.

Strategic partnerships

We complement our products and services with enterprise-level strategic commercial partnerships, with the goal of driving growth in the distribution and adoption of our platform and Circle Digital Assets. Through these partnerships, we enable companies to offer internet-native financial services to their own customers, to the benefit of our overall network. Many of these partnerships are still in early stages, but we expect that they will contribute meaningfully to our operating and financial performance over time. A few of our strategic partners include Coinbase, who provides a variety of products and services that support the growth and utility of USDC, and Binance, who makes USDC extensively available across its full suite of products and services and adopts USDC as a dollar stablecoin for its corporate treasury. We plan to continue to enter into strategic partnerships like these to expand our product offerings and amplify the network effects of our platform business. In addition, we may enter into such arrangements where we incentivize the use of USDC in exchange for our participation in the digital asset ecosystem. We believe each of these partnerships helps to foster growth of the internet financial system broadly and of our platform and Circle Digital Assets specifically, by reaching new end-users and expanding opportunities for existing end-users.

Distribution costs

We incur costs to incentivize distributors to use and distribute Circle Digital Assets and these distribution costs have a meaningful impact on our financial performance. For example, our distribution costs payable to key distributors such as Coinbase and Binance are directly impacted by the amount of USDC held on their respective platforms, which is in turn affected by actions and policies that we do not control or oversee. We have added and expect to continue to add additional distributors in the future and anticipate that such distribution contracts may have different commercial terms depending on negotiations with our distributors and the circumstances in our evolving industry. Moreover, our financial performance has been, and we expect it will continue to be, affected by the mix of USDC growth driven by commercial distribution partnerships versus organic growth outside of those arrangements. To the extent USDC adoption increases through channels that do not require third-party incentive payments, our distribution costs may decrease. As we add distributors and approved participants to which incentive payments are paid, our distribution costs may increase in the future.

Interest rate fluctuations

We derive a substantial majority of our revenue from reserve income. Fluctuations in interest rates impact reserve return rates, which in turn affect our reserve income. However, interest rates are only one contributor to reserve income, and the other primary contributor—USDC in circulation—is inherently difficult to predict given the uncertainties in end-user and customer behavior. For example, although interest rates are positively correlated with the opportunity cost of holding USDC versus other financial instruments, given the utility of USDC as a means for the exchange of value, an increase in interest rates does not necessarily result in a decrease in USDC in circulation (and vice versa). Any relationship between interest rates and USDC in circulation is complex, highly uncertain, and unproven. As a result, while we are able to predict the impact of interest rate changes on the reserve return rate, given uncertainties in end-user and customer behavior and interests and market dynamics, we are unable to accurately predict the impact of such changes on reserve income.

Government regulation

We have always had a “regulation-first” philosophy that underlies our operations and has led to significant investments in building a robust compliance infrastructure. However, the laws and regulations to which we are subject are rapidly evolving and increasing in scope. As a result, we monitor regulatory changes closely and we expect to continue to invest significant resources in our legal, policy, compliance, product, and engineering teams to ensure our business practices comply with, and plan and prepare for, current and future regulations. National legislation in the US (including the GENIUS Act) and abroad is expected to provide increased certainty for market participants and accelerate institutional adoption. We believe increased global regulatory clarity will result in increased conviction in stablecoins by consumers and enterprises alike, which will drive greater adoption. We believe these trends will naturally increase the growth of our platform and the use and utility of Circle Digital Assets, and set us up to be the leading regulated player in the space.

Key Operating Indicators and Financials Results

We regularly review several key operating and non-GAAP financial indicators to evaluate our performance and trends and inform management’s budgets, financial projections, and strategic decisions. The following table presents our key operating and financial results, as well as the relevant GAAP measures, for the periods indicated:

	Three months ended March 31,	
	2026	2025
(dollar amounts are in millions)		
Key operating indicators:		
USDC in circulation, end of period ⁽¹⁾	\$ 77,049	\$ 59,976
USDC in circulation, average of period ⁽¹⁾	\$ 75,200	\$ 54,136
Reserve return rate	3.5 %	4.2 %
USDC on platform, end of period	\$ 13,669	\$ 3,857
USDC on platform, daily weighted-average percentage	17.2 %	5.7 %
Key financial results:		
Total revenue and reserve income	\$ 694	\$ 579
Revenue less distribution costs ⁽²⁾	\$ 287	\$ 231
RLDC Margin ⁽³⁾	41 %	40 %
Net income from continuing operations	\$ 55	\$ 65
Net income from continuing operations margin ⁽⁴⁾	8 %	11 %
Adjusted EBITDA ⁽⁵⁾	\$ 151	\$ 122
Adjusted EBITDA Margin ⁽⁵⁾	53 %	53 %

⁽¹⁾ When calculating USDC in circulation, we exclude: (a) “tokens allowed but not issued,” which are tokens that exist on the Algorand, Hedera, Polkadot, and Solana blockchains due to the technical implementation of USDC on those blockchains. These tokens are held by us in restricted, segregated “tokens allowed but not issued” blockchain addresses. We do not receive any funds for their creation, and they are not redeemable for the U.S. dollar. These tokens are restricted for use while held in such blockchain addresses. These tokens cannot be redeemed for the U.S. dollar as the private keys are securely controlled by us and the blockchain addresses are not configured to allow redemption requests to be established by Circle Mint. When a minting request is received for USDC on these blockchains and the funds underlying such request are received, the corresponding amount of “tokens allowed but not issued” is transferred from the segregated “tokens allowed but not issued” addresses to the minting address via a system controlled process administered by us, at which point the tokens are considered to be USDC in circulation; (b) “access denied tokens,” which are tokens that are restricted from being accessed by the holder to comply with a law, regulation, or legal order from a duly recognized and authorized court of competent jurisdiction, or governmental or other authority with jurisdiction over us. When these tokens were originally issued (i.e., before they were restricted from being accessed), we received the equivalent amount of fiat currency in connection with their original minting. Upon determination that a token should be an “access denied token,” we restrict the access of the holder to such token and transfer the reserves relating to such token to a segregated bank account specifically for “access denied tokens.” The assets in such segregated bank account constitute a component of USDC reserves, and we do not extinguish the associated liability until the segregated reserve funds are transferred to the relevant law enforcement agency or government body or until the access denial request is reversed and a subsequent redemption request is made by the stablecoin holder. As of March 31, 2026 and 2025, there were \$120.9 million and \$101.0 million of “access denied tokens,” respectively; and (c) “pending burns,” which are USDC balances held within our smart contracts that are pending finalization on the blockchain. We exclude these tokens because they are not used for transactions and thus do not reflect our platform’s breadth, which as noted below, is the principal purpose for which we present USDC in circulation, end of period and USDC in circulation, average of period. We include corporate-held USDC (i.e., USDC held by us), as we routinely use USDC to pay for distribution, transaction, and other costs as well as operating expenses and thus corporate-held USDC contributes to our platform’s breadth. As of March 31, 2026 and 2025, there were \$792.7 million and \$274.5 million of corporate-held USDC, respectively.

- (2) Revenue less distribution costs is calculated as Total revenue and reserve income less Total distribution, transaction, and other costs.
- (3) RLDC Margin is calculated as Total revenue and reserve income less Total distribution, transaction, and other costs as a percentage of Total revenue and reserve income.
- (4) Net income from continuing operations margin is calculated as Net income from continuing operations divided by Total revenue and reserve income.
- (5) See “Non-GAAP Financial Measures” for reconciliation of GAAP to non-GAAP measures. Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by Total revenue and reserve income less Total distribution, transaction, and other costs.

USDC in circulation, end of period and USDC in circulation, average of period

USDC in circulation, end of period is the total amount of USDC minted and outstanding as of the end of the reporting period. USDC in circulation, average of period is calculated as the simple daily average of USDC in circulation, with the daily USDC in circulation determined at the end of each day. USDC in circulation, end of period and USDC in circulation, average of period are major contributing factors to our reserve income and also provide a measure of our platform’s breadth. We expect that the continued growth and development of the internet financial system will further drive increases in USDC in circulation, end of period and USDC in circulation, average of period.

Reserve return rate

Reserve return rate is the rate of return generated on assets held in reserve. Reserve return rate is calculated as our reserve income divided by the average period balance of reserves segregated for the benefit of holders of our stablecoins, with average period balance of reserves segregated for the benefit of holders of our stablecoins measured as the simple daily average of reserves segregated for the benefit of holders of our stablecoins, with daily average of reserves segregated for the benefit of holders of our stablecoins determined at the end of each day.

USDC on platform, end of period and USDC on platform, daily weighted-average percentage

USDC on platform is defined as the total amount of USDC on our platform, which includes USDC held within Circle Mint accounts, corporate-held USDC, and USDC held within non-custodial wallets offered through our platform (including our managed wallet services such as Circle Wallets and other wallet technologies). USDC on platform provides a measure of our platform’s breadth and is also used to calculate our share of reserve income under the Collaboration Agreement.

Daily weighted-average percentage of USDC on platform is defined as the average of the percentage of USDC in circulation that is held on our platform at the end of each day, weighted based on the amount of USDC in circulation at the end of each day. Percentage of USDC on platform at the end of each day is used to calculate our share of reserve income under the Collaboration Agreement.

Adjusted EBITDA

Adjusted EBITDA, a non-GAAP financial measure, is calculated as net income from continuing operations excluding: net income (loss) attributable to noncontrolling interests, depreciation and amortization expenses; interest expense, net of amortization of discounts and premiums; interest income; income tax expense (benefit); stock-based compensation expense and payroll tax expense related to stock-based compensation; certain legal expenses; realized and unrealized (gains) losses, net, on digital assets held for investment, other related investments and strategic investments; realized (gains) losses on available-for-sale debt securities; impairment losses on strategic investments; restructuring expenses; acquisition-related costs; change in fair value of convertible debt, warrant liability, embedded derivatives and U.S. Treasury securities; charitable contributions to Circle Foundation; losses on sale of long-lived assets; and foreign currency exchange (gains) losses. Adjusted EBITDA is a key measure used by our management and board of directors to monitor and evaluate the growth and performance of our business operations, facilitate internal comparisons of the historical operating performance of our business operations, facilitate external comparisons of the results of our overall business to the historical operating performance of other companies that may have different capital structures or operating histories, review and assess the performance of our management team and other employees, and prepare budgets and evaluate strategic planning decisions regarding future operating investments. See “—Non-GAAP Financial Measures” below for a reconciliation of Adjusted EBITDA to net income from continuing operations, the most closely comparable GAAP measure, and additional information about the limitations of our non-GAAP measures.

Other Important Platform Metrics

In addition to our key operating indicators and financial results, we regularly measure the scale of our platform and the relevance of our products and services to developers and end-users by monitoring and reviewing certain important platform metrics, including: USDC minted, USDC redeemed, stablecoin market share, meaningful wallets.

(dollar amounts and meaningful wallets are in millions)	Three months ended March 31,	
	2026	2025
Important Platform Metrics		
USDC minted	\$ 73,539	\$ 53,222
USDC redeemed	\$ 71,756	\$ 37,103
Stablecoin market share, end of period	28 %	29 %
Meaningful wallets, end of period	7.19	4.88

USDC minted / USDC redeemed

USDC minted measures the flow of U.S. dollar fiat converted to USDC and USDC redeemed measures the flow of USDC converted to U.S. dollar fiat, in each case, initiated by Circle Mint customers. We believe this demonstrates our operational capacity and resiliency to process minting and redemptions through our digital and banking infrastructure.

Stablecoin market share

Stablecoin market share is defined as the amount of USDC in circulation as a percentage of the total U.S. dollar fiat-backed stablecoins with circulation above \$100 million, according to CoinMarketCap, and that have established periodic public attestations. Stablecoin market share reflects how much of the stablecoin market is composed of USDC relative to the competitive landscape.

Meaningful Wallets

Meaningful wallets are defined as the number of onchain digital asset wallets with an amount of USDC above \$10. As a single end-user may have multiple onchain digital asset wallets, meaningful wallets do not represent, and we do not use meaningful wallets as a measure of, the number of unique end-users with more than \$10 of USDC. Nonetheless, we believe that the number of meaningful wallets is an indicator of the breadth of USDC's adoption and the reach of our stablecoin network.

Key Components of Revenue and Expenses

Revenue and reserve income

Reserve income

We earn interest and dividends on assets held in reserve accounts, which include cash balances held at banks and the Circle Reserve Fund, as applicable. Interest income is recognized under the effective interest method, and dividend income is recognized when declared. Reserve income is recorded on a gross basis before the impact of any distribution costs. An increase (or decrease) in the amount of our stablecoins in circulation would increase (or decrease) the amount of assets held in reserve accounts, and thus, assuming a constant reserve return rate, would result in increased (or decreased) reserve income.

Other revenue

Other revenue consists of revenues generated from products and services that increase the utility of our platform and our Circle Digital Assets. The components of other revenue include subscription and services revenue, transaction revenue, and other revenues. Subscription and services consists of customer agreements where recurring revenue is generated from integration and maintenance services, fund management, time-based access, and user-based licensing. Transaction revenue is generated from usage-based, volume-based, or event-driven transactions. This includes fees associated with the redemption of Circle Digital Assets, blockchain rewards revenue, and use of our platform infrastructure in facilitating digital asset transactions. Other is primarily generated from fees associated with certain non-recurring services and discontinued legacy products.

Distribution, transaction, and other costs

Distribution costs

We incur distribution costs to incentivize distributors to use and distribute our stablecoins, for example, Coinbase, Binance, and others. Under the Collaboration Agreement, Coinbase receives allocations based on the amount of USDC held on its platform after our issuer retention, and Coinbase also receives half of the remaining amount tied to broader ecosystem growth after amounts paid to any approved third-party ecosystem participants pursuant to our Stablecoin Ecosystem Agreement. These deductions are accounted for as components of the overall arrangement with Coinbase as we are not providing a distinct service to issue stablecoins and manage the associated reserves. The Collaboration Agreement is accounted for as an executory contract and reflected in distribution and transaction costs in our unaudited Condensed Consolidated Statements of Operations. For the three months ended March 31, 2026 and 2025, we incurred \$330.6 million and \$303.2 million respectively, of distribution costs in connection with our agreements with Coinbase. We expect our distribution expense to increase in the future, as we add distributors and approved participants. Our distribution expense will also increase to the extent our reserve income increases over time. We also anticipate new distribution arrangements may differ depending on our negotiations with our distributors and the circumstances in our evolving industry.

Transaction costs

We incur transaction costs to pay for the blockchain network transaction fees necessary to complete transactions on supported blockchains. For a given blockchain, we purchase the necessary digital assets in advance and, upon initiation of a transaction, we pay blockchain transactions fees using our inventory of digital assets. We expect this expense to increase going forward due to increases in volume and rising fees on certain popular blockchain networks.

Other costs

Other costs primarily comprise expenses incurred as a result of facilitating and delivering products and services, including the certain fees related to the issuance of USYC and other costs to participate in activities that enhance the utility of Circle Digital Assets stablecoins and our infrastructure.

Other than distribution, transaction, and other costs, we do not incur distinct costs to mint and/or redeem stablecoins.

Operating expenses

Compensation expenses

Compensation expenses are primarily driven by employee compensation, including salaries and wages, stock-based compensation, bonuses, post-retirement benefits, commissions, and severance payments. As we expand our business and team, we expect compensation expenses to increase.

General and administrative expenses

General and administrative expenses include costs incurred to support our business operations. Specifically, expenses incurred related to insurance policies, dues and subscriptions, professional services, bank fees, rent, travel and business lodging, and contributions and donations. We expect general and administrative expenses to grow as we continue to invest to support the overall growth of our business.

Depreciation and amortization expenses

Depreciation and amortization expenses are incurred from the amortization of internally developed software, and from the amortization of intangible assets acquired in business combinations and asset acquisitions such as the technology platform, customer relationships, brand names, and licenses. We expect that our depreciation and amortization expenses will increase in future periods as we continue to invest in the development of our various digital platforms.

IT infrastructure costs

IT infrastructure costs include costs incurred in operating and maintaining our platform, including network, website hosting, and infrastructure costs. IT infrastructure costs also include software and technology costs incurred to support our general business operations including cloud hosting costs, cybersecurity, electronic communications archiving software, change management, and compliance technology such as AML and KYC software. We expect IT infrastructure costs to grow as we continue to support the overall growth of our business.

Marketing expenses

Marketing expenses are incurred to drive additional customers to our platform, capitalize on cross-sell opportunities from our customer base, and build awareness of our products and brand with the objective of growing our customer base. We expect marketing expenses to grow as we continue to support the overall growth of our business.

Digital assets losses (gains)

Digital assets are measured at fair value. Fair value measurements for digital assets are based on quoted market prices in active markets. Gains and losses upon sale of digital assets are measured as the difference between the cash proceeds and the carrying basis of the digital assets as determined on a first-in, first-out ("FIFO") basis for each pool of digital assets.

Other income (expense), net

Other income (expense), net, is composed of multiple income (expense) categories, including, but not limited to, the following:

- Realized and unrealized gains (losses) on assets and liabilities at fair value (e.g., convertible debt, warrants, U.S. Treasury securities, derivatives, and embedded derivatives);
- Realized and unrealized gains (losses) on investments, which include changes in fair value related to our marketable equity securities, digital assets held for investment and observable price changes on our non-marketable equity securities;
- Impairment losses on equity investments;
- Interest income on corporate cash balances;
- Interest expense, net of accretion of discounts and amortization of premiums; and
- Foreign currency exchange gains and losses due to remeasurement of certain foreign currency denominated monetary assets and liabilities.

Income tax expense (benefit)

Income tax expense (benefit) includes income taxes related to foreign jurisdictions and U.S. Federal and state income taxes. As we conduct business activities internationally, any changes in the U.S. and foreign taxation of such activities may increase our overall provision for income taxes in the future.

Results of Operations

We discuss our historical results of operations below on a consolidated basis. The following table sets forth a summary of our unaudited Condensed Consolidated Results of Operations for the periods indicated, and the changes between periods. These results of operations have been prepared on the same basis as our unaudited Condensed Consolidated Financial Statements included elsewhere in this Form 10-Q. In the opinion of management, the financial information set forth in the table below reflects all normal recurring adjustments necessary for the fair statement of results of operations for these periods. The following unaudited condensed consolidated results of operations should be read together with our unaudited Condensed Consolidated Financial Statements and related notes, included elsewhere in this Form 10-Q.

	Three Months Ended March 31,			
	2026	2025	\$ Change	% Change
	(in thousands, except percentages)			
Revenue and reserve income				
Reserve income	\$ 652,508	\$ 557,911	\$ 94,597	17.0%
Other revenue	41,625	20,662	20,963	101.5%
Total revenue and reserve income	694,133	578,573	115,560	20.0%
Distribution, transaction and other costs				
Distribution and transaction costs	405,402	347,312	58,090	16.7%
Other costs	1,379	335	1,044	311.6%
Total distribution, transaction and other costs	406,781	347,647	59,134	17.0%
Operating expenses				
Compensation expenses	138,127	75,620	62,507	82.7%
General and administrative expenses	57,261	30,684	26,577	86.6%
Depreciation and amortization expenses	26,767	13,880	12,887	92.8%
IT infrastructure costs	12,722	7,672	5,050	65.8%
Marketing expenses	6,617	3,860	2,757	71.4%
Digital assets losses (gains)	856	6,270	(5,414)	(86.3%)
Total operating expenses	242,350	137,986	104,364	75.6%
Operating income from continuing operations	45,002	92,940	(47,938)	(51.6%)
Other income (expense), net	11,683	(3,103)	14,786	476.5%
Net income from continuing operations before income taxes	56,685	89,837	(33,152)	(36.9%)
Income tax expense (benefit)	1,439	25,046	(23,607)	(94.3%)
Net income from continuing operations	55,246	64,791	(9,545)	(14.7%)
Less: Net loss attributable to noncontrolling interests	(7)	—	(7)	n.m
Net income attributable to common stockholders	\$ 55,253	\$ 64,791	\$ (9,538)	(14.7%)

Revenue and reserve income

Reserve income. Reserve income increased by \$94.6 million, or 17.0%, for the three months ended March 31, 2026, compared to the three months ended March 31, 2025, of which approximately \$200.9 million of the increase is attributable to a 39.1% increase in average daily USDC in circulation reflecting increased demand for Circle Digital Assets, as well as expanded strategic partnerships and integrations. This was offset by a decrease of approximately \$106.3 million attributable to a 66 basis point decline in the average yields reflecting interest rate actions undertaken by the U.S. Federal Reserve.

Other revenue. Other revenue increased by \$21.0 million, or 101.5%, for the three months ended March 31, 2026, compared to the three months ended March 31, 2025, due to a \$21.9 million increase driven by additional integration services performed, increased blockchain rewards revenue, redemption fees related to our Circle stablecoins, and fund management fees. This is offset by a \$1.2 million decrease in redemption fees related to our Circle Tokenized Funds.

Distribution, transaction and other costs

Distribution and transaction costs. Distribution and transaction costs increased by \$58.1 million, or 16.7%, for the three months ended March 31, 2026, compared to the three months ended March 31, 2025, driven by a \$27.4 million increase in distribution costs paid to Coinbase as a combined result of increased reserve income and their on-platform balances, along with an increase of \$14.0 million, and \$16.6 million in other distribution costs related to Binance and other strategic distribution partnerships, respectively.

Other costs. Other costs increased by \$1.0 million, or 311.6%, for the three months ended March 31, 2026, compared to the three months ended March 31, 2025, largely driven by a \$0.7 million increase in incentive costs for USYC issuance resulting from increased activity.

Operating Expenses

Compensation expenses. Compensation expenses increased by \$62.5 million, or 82.7%, for the three months ended March 31, 2026, compared to the three months ended March 31, 2025, driven by a \$39.1 million increase in stock-based compensation expense primarily related to the vesting of RSUs for which, the service-based condition had been met prior to the IPO and the liquidity-event related performance condition was met upon the commencement of trading of our Class A common stock on the NYSE and related to an increase in the issuance of RSUs, due to increase in average headcount, and an increase in the fair value of our Class A common stock. In addition, there was a \$11.1 million increase in payroll taxes primarily related to the vesting of equity awards and an increase of \$10.7 million in salaries, wages and bonus expenses due to an increase in average headcount.

General and administrative expenses. General and administrative expenses increased by \$26.6 million, or 86.6%, for the three months ended March 31, 2026, compared to the three months ended March 31, 2025, largely due to an \$11.9 million increase in legal, professional and consulting fees, a \$5.8 million increase in contributions and donations, and a \$4.2 million increase in travel and entertainment costs due to Company events and associated travel expenses.

Depreciation and amortization expenses. Depreciation and amortization expenses increased by \$12.9 million, or 92.8%, for the three months ended March 31, 2026, compared to the three months ended March 31, 2025, largely due to an \$11.5 million increase in amortization expense of internally developed software, and a \$0.6 million increase in depreciation.

IT infrastructure costs. IT infrastructure costs increased by \$5.1 million, or 65.8%, for the three months ended March 31, 2026, compared to the three months ended March 31, 2025, due to a \$5.1 million increase in costs associated with software support and license costs to facilitate infrastructure build-out and enhanced product offerings.

Marketing expenses. Marketing expenses increased by \$2.8 million, or 71.4%, for the three months ended March 31, 2026, compared to three months ended March 31, 2025, driven by a \$1.5 million increased spending in marketing, advertising and sponsorship campaigns, and a \$1.2 million increase in conference expenses.

Digital assets losses (gains). Digital assets losses (gains) changed by \$5.4 million, or 86.3%, for the three months ended March 31, 2026, compared to the three months ended March 31, 2025, primarily due to \$4.5 million in losses recognized during the three months ended March 31, 2025 related to the depreciation of certain legacy products, as well as a \$0.9 million decrease in losses due to changes in the prices of digital assets driven by market fluctuations.

Other income (expense), net. Other income (expense), net changed by \$14.8 million, or 476.5%, for the three months ended March 31, 2026, compared to the three months ended March 31, 2025, due to a \$5.7 million increase in interest income received on corporate cash balances, a \$5.7 million increase in unrealized gains on investments, a \$5.7 million increase in income from favorable foreign currency exchange rate movements, and a \$4.9 million decline in losses related to changes in the fair value of investments - derivatives. This was offset by a \$6.5 million loss as a combined result of the increase in the fair value of our convertible notes due to an increase in the price of our Class A common stock, and the conversion of the remaining outstanding convertible notes into Class A common stock in the first quarter of 2026.

Income tax expense (benefit). Income tax expense (benefit) decreased by \$23.6 million, or 94.3%, for the three months ended March 31, 2026, compared to the three months ended March 31, 2025, primarily due to increased tax benefits from stock-based compensation and lower pre-tax income.

Changes in Financial Position

The following table sets forth a summary of selected line items from our unaudited Condensed Consolidated Balance Sheets for the periods indicated, and the changes between periods. These selected line items have been prepared on the same basis as our unaudited Condensed Consolidated Financial Statements included elsewhere in this Form 10-Q. In the opinion of management, the financial information set forth in the table below reflects all normal recurring adjustments necessary for the fair statement of changes in the selected line items for these periods. The following selected line items should be read together with our unaudited Condensed Consolidated Financial Statements and related notes, included elsewhere in this Form 10-Q.

(in thousands, except percentage information)

	March 31, 2026	December 31, 2025	\$ Change	% Change
ASSETS				
Current assets:				
Cash and cash equivalents (including cash and cash equivalents segregated for corporate-held stablecoins)	\$ 2,309,926	\$ 2,349,009	\$ (39,083)	(1.7)%
Cash and cash equivalents segregated for the benefit of stablecoin holders	76,893,681	75,067,932	1,825,749	2.4 %
Accounts receivable, net	72,168	62,866	9,302	14.8 %
Prepaid expenses and other current assets	326,800	321,660	5,140	1.6 %
Non-current assets:				
Investments	100,073	84,265	15,808	18.8 %
Fixed assets, net	22,520	22,791	(271)	(1.2)%
Digital assets	84,217	86,515	(2,298)	(2.7)%
Intangible assets, net	421,017	411,146	9,871	2.4 %
Deferred tax assets, net	11,285	11,110	175	1.6 %
Other non-current assets	26,549	27,379	(830)	(3.0)%
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Deposits from stablecoin holders	\$ 76,778,530	\$ 74,912,567	\$ 1,865,963	2.5 %
Accounts payable and accrued expenses	262,215	360,609	(98,394)	(27.3)%
Convertible debt, net of debt discount	—	36,821	(36,821)	(100.0)%
Other current liabilities	14,637	18,398	(3,761)	(20.4)%
Non-current liabilities:				
Deferred tax liabilities, net	28,071	28,702	(631)	(2.2)%
Other non-current liabilities	24,694	25,337	(643)	(2.5)%
Stockholders' equity:				
Additional paid-in capital	4,658,949	4,610,216	48,733	1.1 %
Accumulated deficit	(1,237,456)	(1,292,709)	55,253	4.3 %
Total stockholders' equity	3,428,631	3,330,773	97,858	2.9 %

In accordance with applicable regulatory requirements and commercial law, for stablecoins issued and outstanding, we are generally required to hold at least an equivalent amount of fiat currency denominated assets, held in accounts that are titled FBO holders of Circle stablecoins. We may hold reserve assets segregated for the benefit of holders of Circle stablecoins in excess of deposits from holders of Circle stablecoins due to funds related to reserve income received that has not yet been transferred to corporate cash due to the timing of receipt and unprocessed customer deposits that have not yet been minted. We have access to and are entitled to the excess over redemption and customer obligations. We are not required by law or internal policy to maintain any such excess.

Current assets

Cash and cash equivalents (including cash and cash equivalents segregated for corporate-held stablecoins). Cash and cash equivalents (including cash and cash equivalents segregated for corporate-held stablecoins) decreased by \$39.1 million, or 1.7%, as of March 31, 2026, compared to December 31, 2025. Refer to “— Liquidity and Capital Resources — Cash Flows” below for further discussion on the net cash flows from operating activities, investing activities and financing activities during the period.

Cash and cash equivalents segregated for the benefit of stablecoin holders. Cash and cash equivalents segregated for the benefit of stablecoin holders increased by \$1.8 billion, or 2.4%, as of March 31, 2026, compared to December 31, 2025, due to a \$1.8 billion increase in USDC in circulation. Refer to “— Liquidity and Capital Resources — Composition of USDC reserves” below for further discussion of the composition of the reserves.

Accounts receivable, net. Accounts receivable, net increased by \$9.3 million, or 14.8%, as of March 31, 2026, compared to December 31, 2025, due to a \$12.1 million increase in accounts receivables related to integration services for maintenance and support fees and new blockchain launches, offset by a \$2.9 million increase in credit losses and changes in the fair value of certain embedded derivatives associated with digital assets receivable for integration services due to mark-to-market fluctuations in the underlying digital assets.

Prepaid expenses and other current assets. Prepaid expenses and other current assets increased by \$5.1 million, or 1.6%, as of March 31, 2026, compared to December 31, 2025, driven by a \$8.3 million increase in prepaid business travel and marketing expenses and a \$5.7 million increase in special one-time compensation prepaid related to an asset acquisition that closed in January 2026, offset by a \$8.4 million decrease in reserve income receivables due to lower average interest rates and reduced average holdings.

Non-current assets

Investments. Investments increased by \$15.8 million, or 18.8%, as of March 31, 2026 compared to December 31, 2025 due to a \$10.3 million increase in new strategic investments and a \$5.5 million increase due to net unrealized gains on certain investments.

Current liabilities

Deposits from stablecoin holders. Deposits from stablecoin holders increased by \$1.9 billion, or 2.5%, as of March 31, 2026, compared to December 31, 2025. Refer to the “Cash and cash equivalents segregated for the benefit of stablecoin holders” narrative above for further discussion.

Accounts payable and accrued expenses. Accounts payable and accrued expenses decreased by \$98.4 million, or 27.3%, as of March 31, 2026, compared to December 31, 2025, due to a \$49.1 million decrease in stablecoin redemption liabilities, and a \$46.6 million decrease in accrued compensation expenses driven by payments of the year-end accrued bonus and payroll taxes in the first quarter of 2026.

Convertible debt, net of debt discount. Convertible debt, net of debt discount decreased by \$36.8 million, or 100.0%, as of March 31, 2026, compared to December 31, 2025 due to the conversion of the outstanding convertible notes into Class A common stock in the first quarter of 2026.

Other current liabilities. Other current liabilities decreased by \$3.8 million, or 20.4%, as of March 31, 2026, compared to December 31, 2025 due to a \$5.5 million net decrease in deferred revenue primarily due to the launch of new integration service deals in the first quarter of 2026. This is offset by a \$1.5 million increase due to a reclassification from non-current liabilities to current liabilities based on maturity.

Stockholders' equity

Stockholders' equity. Stockholders' equity increased by \$97.9 million, or 2.9%, as of March 31, 2026, compared to December 31, 2025, largely due to a \$61.3 million increase in stock-based compensation, \$55.3 million of net income attributable to common stockholders recognized during the three months ended March 31, 2026, a \$39.4 million increase due to the conversion of the outstanding convertible notes into Class A common stock and a \$14.4 million increase resulting from issuance of common stock upon the exercise of stock options. This increase is offset by a \$80.5 million decrease related to the issuance of common stock upon the settlement of RSUs, net of shares withheld.

Non-GAAP Financial Measures

Adjusted EBITDA

To provide investors with additional information regarding our financial results, we have disclosed here and elsewhere in this Form 10-Q Adjusted EBITDA, a non-GAAP financial measure that we calculate as net income from continuing operations excluding: net income (loss) attributable to noncontrolling interests; depreciation and amortization expenses; interest expense, net of amortization of discounts and premiums; interest income; income tax expense (benefit); stock-based compensation expense and payroll tax expense related to stock-based compensation; certain legal expenses; realized and unrealized (gains) losses, net, on digital assets held for investment, other related investments and strategic investments; realized (gains) losses on available-for-sale debt securities; impairment losses on strategic investments; restructuring expenses; acquisition-related costs; change in fair value of convertible debt, warrant liability, embedded derivatives and U.S. Treasury securities; charitable contributions to Circle Foundation; losses on sale of long-lived assets and foreign currency exchange (gains) losses. We have provided a reconciliation below of Adjusted EBITDA to net income from continuing operations, the most directly comparable GAAP financial measure.

Beginning in the first quarter of 2026, we have amended the above definition of Adjusted EBITDA to exclude payroll tax expense related to stock-based compensation, because these taxes are directly related to stock-based compensation expense which is already excluded from Adjusted EBITDA. These expenses represent employer payroll taxes related to the vesting and settlement of certain equity awards, and are variable with our stock price and other factors outside of our control. The change had no effect on the prior period presented.

We present Adjusted EBITDA because it is a key measure used by our management and board of directors to monitor and evaluate the growth and performance of our business operations, facilitate internal comparisons of the historical operating performance of our business operations, facilitate external comparisons of the results of our overall business to the historical operating performance of other companies that may have different capital structures or operating histories, review and assess the performance of our management team and other employees, and prepare budgets and evaluate strategic planning decisions regarding future operating investments. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors.

We believe it is useful to exclude non-cash charges, such as depreciation and amortization, stock-based compensation expense, and change in fair value of various financial instruments as well as certain cash charges such as payroll tax related to stock-based compensation from Adjusted EBITDA because the amount of such expenses in any specific period may not directly correlate to the underlying performance of our business operations. We believe it is useful to exclude income tax expense (benefit), interest income, interest expense, and non-routine items as these items are not components of our core business operations.

Adjusted EBITDA has limitations as a financial measure and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect capital expenditure requirements for such replacements or for new capital expenditures;
- Adjusted EBITDA does not reflect stock-based compensation and payroll tax expense related to stock-based compensation. Stock-based compensation expense and the related payroll tax expense has been, and will continue to be for the foreseeable future, a recurring expense in our business and an important part of our compensation strategy;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital;
- Adjusted EBITDA excludes one-time non-routine items; and
- Other companies, including companies in our industry, may calculate Adjusted EBITDA differently, which reduces its usefulness as a comparative measure.

Because of these limitations, you should consider Adjusted EBITDA alongside other financial performance measures, including various cash flow metrics, net income, and our other GAAP results.

The following table reconciles Adjusted EBITDA to net income from continuing operations, the most closely comparable GAAP financial measure, for the periods indicated (in thousands):

	Three Months Ended March 31,	
	2026	2025
Net income from continuing operations	\$ 55,246	\$ 64,791
Less: Net loss attributable to noncontrolling interests	(7)	—
Net income from continuing operations attributable to common stockholders	\$ 55,253	\$ 64,791
<i>Adjusted for:</i>		
Depreciation and amortization expenses	26,767	13,880
Interest expense, net of amortization of discounts and premiums	38	335
Interest income ⁽¹⁾	(13,709)	(7,965)
Income tax expense (benefit)	1,439	25,046
Stock-based compensation expense and related payroll taxes ⁽²⁾	62,424	12,716
Legal expenses ⁽³⁾	7,019	1,905
Realized and unrealized losses (gains), net, on digital assets held for investment, other related investments and strategic investments	3,325	8,263
Impairment losses on strategic investments	251	—
Acquisition-related costs ⁽⁴⁾	1,870	535
Change in fair value of convertible debt, warrant liability, embedded derivatives and U.S. Treasury securities	4,108	2,382
Charitable contributions to Circle Foundation ⁽⁵⁾	7,737	—
Losses on sale of long-lived assets	—	12
Foreign currency exchange (gains) losses	(5,121)	539
Adjusted EBITDA	\$ 151,401	\$ 122,439

- (1) Reflects interest income from corporate cash and cash and cash equivalents balances. For the avoidance of doubt, this amount does not include the impact of reserve income.
- (2) Beginning in the first quarter of 2026, we have amended the definition of Adjusted EBITDA to exclude payroll tax expense related to stock-based compensation. We did not retrospectively apply this change to prior periods. For the three months ended March 31, 2026, the payroll tax expense related to stock-based compensation was \$10.6 million. We did not have any payroll tax expense related to stock-based compensation for the three months ended March 31, 2025.
- (3) Reflects litigation expenses related to the FT Partners litigation, legal and settlement expenses related to legacy businesses, and legal fees and other costs related to one-time regulatory matters. Refer to Note 22 to our unaudited Condensed Consolidated Financial Statements included elsewhere in this Form 10-Q for a summary of certain of these legal matters.
- (4) Reflects special one-time compensation related to an asset acquisition that closed in January 2026, and one-time legal and professional services costs related to the Hashnote acquisition in January 2025, for the three months ended March 31, 2026 and 2025, respectively.
- (5) Reflects the charge related to the charitable contribution of shares of our Class A common stock for the benefit of Circle Foundation, a donor-advised fund. Refer to Note 15 to our unaudited Condensed Consolidated Financial Statements included elsewhere in this Form 10-Q for further details on donations to Circle Foundation.

Liquidity and Capital Resources

We measure liquidity in terms of our ability to fund the cash requirements of our business operations, including our working capital and capital expenditure needs and other commitments. Our recurring working capital requirements relate mainly to our cash operating costs. Our capital expenditure requirements consist mainly of software development related to our product development and are primarily dependent on the expansion of our products as well as salaries and wages of employees associated with software development projects.

As of March 31, 2026, we had total liquidity sources of \$2.3 billion, which consisted of \$1.5 billion in Cash and cash equivalents and \$792.7 million in Cash and cash equivalents segregated for corporate-held stablecoins. We believe our operating cash flows, together with our total liquidity sources on hand, will be sufficient to meet our working capital and capital expenditure requirements for a period of at least 12 months from the date of this Form 10-Q. We expect our capital expenditures and working capital requirements to continue to increase in the immediate future as we continue to invest in the expansion of our products and services. Operating payments made in the form of corporate-held stablecoins are utilized and presented in the unaudited Condensed Consolidated Statements of Cash Flows in the same manner as if such payments were settled in cash. Refer to Note 2 Deposits from Stablecoin Holders in the unaudited Condensed Consolidated Financial Statements included elsewhere in this Form 10-Q for additional details regarding the accounting for the use of corporate-held stablecoins in our unaudited Condensed Consolidated Statements of Cash Flows.

Cash and cash equivalents segregated for the benefit of stablecoin holders was \$76.9 billion and \$75.1 billion as of March 31, 2026 and December 31, 2025, respectively. This represents cash and cash equivalents maintained in segregated reserve accounts. We segregate the use of the assets underlying the customer funds to meet regulatory requirements and classify the assets as current based on their purpose and availability to fulfill our direct obligation under custodial funds due to stablecoin holders.

Off-Balance Sheet Arrangements

As of March 31, 2026 and December 31, 2025, we did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Composition of USDC Reserves

The table presented below summarizes the composition of the reserves backing USDC in circulation (which, as discussed in “Key operating indicators and financial results”, excludes access denied tokens and tokens allowed but not issued (for which we do not receive fiat funds)), the outstanding balance, and the average yield for the periods indicated. We use USDC in circulation in the table presented below to align with our presentation in “—Key operating indicators and financial results” and because reserves backing access denied tokens do not represent a material portion of USDC reserves. The amounts below differ from assets (cash and cash equivalents) segregated for the benefit of stablecoin holders, as these line items on our balance sheet include reserve assets backing access denied tokens and reserve assets backing EURC (which is held only in cash at banks and not material for the periods presented) and excludes the amount of reserve assets backing corporate-held USDC. In addition, the amounts differ due to timing and settlement differences, such as reserve income earned but not yet transferred to corporate cash and timing differences of cash receipts and payments related to the minting and redemption process.

(in millions, except percentages)	March 31, 2026	Three Months Ended March 31, 2026	March 31, 2025	Three months ended March 31, 2025
	Fair Value	Average Yield	Fair Value	Average Yield
Asset Class				
Cash	\$ 10,658	2.95 %	\$ 6,487	3.42 %
Circle Reserve Fund	\$ 66,467	3.59 %	\$ 53,565	4.26 %

As of March 31, 2026 and 2025, USDC reserves held as cash balances at banks (labeled as “Cash” in the table above) significantly exceeded the FDIC insurance limit of \$250,000 per financial institution. As of March 31, 2026 and 2025, FDIC deposit insurance related to financial institutions where USDC reserves were held was limited to an aggregate amount of \$1.8 million (representing seven FDIC-insured financial institutions) and \$1.3 million (representing five FDIC-insured financial institutions), respectively. The liabilities related to *Deposits from stablecoin holders* on the unaudited Condensed Consolidated Balance Sheets are not covered by FDIC deposit insurance.

As of March 31, 2026, approximately 86% of USDC reserves are held in the Circle Reserve Fund. The remaining amount is held in cash distributed across multiple banks. We allocate USDC reserves across the different types of reserve assets in accordance with our reserve management standard in a manner designed to ensure available liquidity to meet redemption requests.

The Circle Reserve Fund is a government money market fund pursuant to Rule 2a-7 under the 1940 Act, holding a portfolio of U.S. Treasury securities with remaining maturities of three months or less, overnight U.S. Treasury repurchase agreements, and cash. As an SEC-registered Rule 2a-7 fund, the securities purchased by the Circle Reserve Fund are subject to the quality, diversification, and other requirements of Rule 2a-7 under the 1940 Act and other rules of the SEC. The Circle Reserve Fund is managed by BlackRock. The Circle Reserve Fund is only available to us, the only shareholder of the Circle Reserve Fund, and we have consent rights over changes to certain fundamental investment restrictions, such as the Circle Reserve Fund acting in ways that are not permitted under the 1940 Act or inconsistent with the disclosure in the fund's prospectus.

The Circle Reserve Fund seeks to maintain a net asset value ("NAV") of \$1 per share. Our investment in the Circle Reserve Fund is not insured or guaranteed by the FDIC or any other government agency. BlackRock is not required to reimburse the fund for losses and is not required to provide financial support for the fund at any time. If the terms of the Circle Reserve Fund are modified to no longer suit our objectives, or if BlackRock manages the Circle Reserve Fund in a manner inconsistent with our reserve management standard, we may redeem our shares of the Circle Reserve Fund; we do not have other recourse (other than under the securities laws if BlackRock manages the Circle Reserve Fund in a manner inconsistent with the fund's prospectus). Our determination of whether to invest and the amount of investment in the Circle Reserve Fund is governed by our reserve management standard. The Circle Reserve Fund has a \$2 billion minimum investment requirement. However, we are not obligated to invest in the Circle Reserve Fund.

Information regarding the Circle Reserve Fund is available, and is updated daily, on BlackRock's website under the USDXX ticker symbol (CUSIP: 09261A870), including the fund's net asset value, assets held within the fund, the fund's yield, and the yields of specific assets held within the fund. The composition of assets held within the fund will vary over time, and the assets within the fund could have different remaining maturities (but always three months or less) and provide different yields.

Sources of liquidity

Initial Public Offering (IPO)

In June 2025, we completed our IPO, in which we issued and sold 19.9 million shares of our Class A common stock, including the underwriters' over-allotment option which was exercised in full, at a public offering price of \$31.00 per share. The IPO resulted in net proceeds to us of \$583.0 million after deducting the underwriting discounts and commissions and before deducting offering costs of \$12.8 million, which were charged to additional paid-in capital as a reduction of the net proceeds received from the IPO.

Follow-on Public Offering

In August 2025, we completed a follow-on public offering of our Class A common stock, in which we issued and sold 3.5 million shares of our Class A common stock, including the underwriters' over-allotment option which was exercised in full, at a public offering price of \$130.00 per share. This resulted in net proceeds to us of \$444.8 million after deducting the underwriting discounts and commissions and before deducting offering costs of \$1.8 million, which were charged to additional paid-in capital as a reduction of the net proceeds received from the follow-on public offering.

Debt

In March 2019, we entered into an agreement with an investment company to issue convertible promissory notes in connection with the acquisition of SeedInvest. We agreed to pay the holder the principal amount together with any interest on the unpaid principal balance for the notes beginning on the date of the agreement. The note had an original principal amount of \$24.0 million and was convertible into Series E preferred stock subject to the conversion provisions in the agreement.

In October 2025, certain holders of our convertible notes converted their principal and accrued interest balance of \$11.0 million into approximately 675 thousand shares of Class A common stock at a conversion rate of \$16.23 per share. The fair value of the notes converted in October 2025 was approximately \$88.8 million, substantially all of which was recorded to additional paid-in capital upon conversion.

In January 2026, the remaining holders of the Company's convertible notes converted their principal and accrued interest balance of \$7.5 million into approximately 465 thousand shares of Class A common stock at a conversion rate of \$16.23 per share. The fair value of the notes converted in January 2026 was approximately \$39.4 million, substantially all of which was recorded to additional paid-in capital upon conversion.

Warrants

In April 2023, Circle entered into an agreement with a commercial counterparty to grant warrants to purchase up to 4.5 million common shares of a consolidated subsidiary that will be automatically converted one-for-one into shares of Class A common stock upon exercise. The warrants have an exercise price of \$42.14 per share and an exercise period of ten years from the grant date. The warrants are subject to certain service conditions to be achieved over a two-year period and performance conditions to be achieved over a five-year period. As of March 31, 2026, 3.4 million of these warrants have expired. The vesting conditions for the remaining warrants have not been met, and none of the common shares associated with these warrants have been exercised or forfeited.

In August 2023, Circle entered into an agreement with a digital asset exchange to grant warrants to purchase up to 3.6 million common shares of a consolidated subsidiary that will be automatically converted one-for-one into shares of Class A common stock upon exercise. The warrants have an exercise price of \$25.09 per share and an exercise period of five years from the grant date. The warrants are subject to a performance condition. This condition has not been met, and none of the common shares associated with these warrants have been exercised or forfeited or have expired.

In December 2024, Circle entered into an agreement with a commercial counterparty to grant warrants to purchase up to approximately 2.9 million shares of Class A common stock. The warrants have an exercise price of \$22.71 per share and an exercise period of six years from the grant date. The vesting of the warrants is subject to certain conditions to be achieved over a three-year period. As of March 31, 2026, 1.0 million of these warrants have vested, and the counterparty elected to exercise 0.7 million of the warrants during the three months ended March 31, 2026 resulting in the net issuance of approximately 0.5 million shares of Class A common stock. None of the common shares associated with these warrants have been forfeited or expired.

Other commitments and contingencies

Our commitments for facilities' leases under non-cancelable operating leases amounted to \$23.4 million as of March 31, 2026. As of the date of this Form 10-Q, we did not have any other material commitments for cash expenditures.

We are involved in claims, lawsuits, government investigations, and proceedings arising from the ordinary course of our business. We record a contingent liability when we believe that it is both probable that a liability has been incurred, and that the amount can be reasonably estimated. Refer to Note 22 to our unaudited Condensed Consolidated Financial Statements included elsewhere in this Form 10-Q for a summary of our contingent liabilities. Significant judgment is required to determine both probability and the estimated amount. Such legal proceedings are inherently unpredictable and subject to significant uncertainties, some of which are beyond our control. Should any of these estimates and assumptions change or prove to be incorrect, it could have a material impact on our results of operations, financial position, and cash flows. If we determine there is a reasonable possibility that we may incur a loss and the loss or range of loss can be estimated, we disclose the possible loss in the accompanying notes to the unaudited Condensed Consolidated Financial Statements to the extent material.

Cash flows

The following table summarizes our cash flows for the periods indicated:

	Three months ended March 31,	
	2026	2025
	(in millions)	
Net cash provided by operating activities	\$ 21	\$ 57
Net cash used in investing activities	\$ (35)	\$ (25)
Net cash provided by financing activities	\$ 1,791	\$ 16,263

Operating Activities

Net cash provided by operating activities was \$21.1 million for the three months ended March 31, 2026 compared to net cash provided by operating activities of \$56.6 million for the three months ended March 31, 2025, resulting in a decrease of \$35.5 million. The decrease in net cash provided by operating activities was primarily driven by unfavorable changes in net working capital of \$75.2 million, which was largely attributable to changes in accounts payable and accrued expenses from stablecoin redemption liabilities and accrued compensation costs. The decrease from unfavorable changes in net working capital was partially offset by an increase in net income after adjusting for non-cash items of \$39.7 million, which was primarily driven by an increase in total revenues less distribution costs.

Investing Activities

Net cash used in investing activities was \$35.2 million for the three months ended March 31, 2026, driven primarily by \$15.6 million in capitalization of software development costs, \$10.8 million in purchases of strategic investments, and \$9.4 million in purchases of long-lived assets, compared to net cash used in investing activities of \$25.2 million for the three months ended March 31, 2025, driven by \$11.7 million in capitalization of software development costs, \$7.4 million in net cash consideration related to the Hashnote acquisition, and \$5.9 million in purchases of long-lived assets.

Financing Activities

Net cash provided by financing activities was \$1.8 billion for the three months ended March 31, 2026, reflecting a \$1.9 billion increase in net changes in deposits held for stablecoin holders primarily due to the increase in USDC in circulation, offset by \$80.2 million of payments of withholding taxes on settlement of restricted stock units, compared to net cash provided by financing activities of \$16.3 billion for the three months ended March 31, 2025, reflecting a \$16.3 billion increase in net changes in deposits held for stablecoin holders primarily due to the increase in USDC in circulation.

Critical Accounting Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our unaudited Condensed Consolidated Financial Statements, which have been prepared in accordance with U.S. GAAP. In preparing our unaudited Condensed Consolidated Financial Statements, we make estimates and judgments that affect the reported amounts of assets, liabilities, stockholders' equity, revenue, expenses, and related disclosures. We re-evaluate our estimates on an on-going basis. Our estimates are based on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Because of the uncertainty inherent in these matters, actual results may differ from these estimates and could differ based upon other assumptions or conditions.

There have been no material changes to our critical accounting estimates as compared to the critical accounting estimates disclosed in our Annual Report on Form 10-K for the year ended December 31, 2025. Refer to Note 2 to the unaudited Condensed Consolidated Financial Statements included in this Form 10-Q for updates to disclosures of accounting standards recently adopted or required to be adopted in the future.

Item 3. Quantitative And Qualitative Disclosures About Market Risk

Interest rate risk

Our results of operations are exposed to changes in interest rates, among other macroeconomic conditions. Interest rate risk is highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations, and other factors beyond our control. Fluctuations in interest rates impact reserve return rates, such that a decrease in interest rates reduces reserve return rates and an increase in interest rates increases reserve return rates. Reserve return rate is a contributing factor to reserve income (the other being, primarily, USDC in circulation), which in turn is a contributor to distribution and transaction costs (the others being, primarily, the amount of USDC held on and off our and Coinbase's platforms). As such, fluctuations in interest rates may result in changes in reserve income and in turn distribution costs. However, interest rates are only one contributor to reserve income, and the other—USDC in circulation—is inherently difficult to predict given the uncertainties in end-user and customer behavior. For example, although interest rates are positively correlated with the opportunity cost of holding USDC versus other financial instruments, given the utility of USDC as a means for the exchange of value, an increase in interest rates does not necessarily result in a decrease in USDC in circulation (and vice versa). Any relationship between interest rates and USDC in circulation is complex, highly uncertain, and unproven. As a result, while we are able to predict the impact of interest rate changes on the reserve return rate, given the uncertainties in end-user and customer behavior and interests and market dynamics, we are unable to accurately predict the impact of such changes on reserve income or distribution and transaction costs.

In the following analysis, we modeled the impact of hypothetical changes in interest rates on our reserve income and distribution and transaction costs for the following twelve-month period. We assume that the amount of USDC in circulation throughout this period is equal to the amount of USDC in circulation as of March 31, 2026, due to the inherent uncertainties described above in respect of predicting or forecasting USDC in circulation; such changes in interest rates occur on April 1, 2026 and are held constant through the period and impact all reserve assets equally; and our allocation of reserve assets do not change, as we are unable to predict the market and yield reactions to interest rate changes. The table below summarizes the hypothetical impact on our operating results for the following twelve-month period based on our internal modeling, which are subject to uncertainties and limitations as discussed above (in millions):

Change in interest rates from average yield of 3.49% in March 2026		Estimated change in reserve income	Estimated change in distribution and transaction costs
+200 bps	\$	1,546	\$ 769
+100 bps	\$	773	\$ 384
-100 bps	\$	(773)	\$ (384)
-200 bps	\$	(1,546)	\$ (769)

Change in interest rates from average yield of 4.15% in March 2025		Estimated change in reserve income	Estimated change in distribution and transaction costs
+200 bps	\$	1,207	\$ 649
+100 bps	\$	604	\$ 324
-100 bps	\$	(604)	\$ (324)
-200 bps	\$	(1,207)	\$ (649)

Foreign currency risk

Our reporting currency is the U.S. dollar and the functional currency of our international operations is its local currency. The assets and liabilities of each of our international operations are translated into dollars at exchange rates in effect at each balance sheet date. Revenues and expenses are translated using the average exchange rate for the relevant period. Equity transactions are translated using historical exchange rates. Decreases in the relative value of the U.S. dollar to other currencies may negatively affect revenues and other operating results as expressed in dollars. Foreign currency translation adjustments are accounted for as a component of accumulated other comprehensive income (loss) within stockholders' equity (deficit). Gains or losses due to transactions in foreign currencies are included in *Other income (expense), net* in our unaudited Condensed Consolidated Statements of Operations. We have not engaged in hedging of foreign currency transactions to date, although we may choose to do so in the future. A 10.0% increase or decrease in current exchange rates would not have a material effect on our operating results or financial condition for the three months ended March 31, 2026 and 2025.

Item 4. Controls And Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a- 15(e) and 15d- 15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our principal executive officer and principal financial officer have 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 to our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our principal executive officer and principal financial officer, do not expect that our disclosure controls or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II

Item 1. Legal Proceedings

From time to time, we may be subject to various legal proceedings and claims that arise in the ordinary course of our business activities. The results of litigation and claims cannot be predicted with certainty. Refer to “Risk factors—Risks related to our business and industry—We are and may continue to be subject to litigation, including individual and class action lawsuits, as well as regulatory audits, disputes, inquiries, investigations, and enforcement actions by regulators and governmental authorities” of Part I of our Annual Report on Form 10-K for the fiscal year ended December 31, 2025, and Note 22 to our unaudited Condensed Consolidated Financial Statements included in this Form 10-Q for a summary of legal proceedings to which we are a party.

Item 1A. Risk Factors

Our business and Class A common stock are subject to many risks, as more fully described in the “Risk Factors” section of our Annual Report on Form 10-K filed with the SEC on March 9, 2026. Except as set forth below, there have been no material changes to the principal risks that we believe are material to our business, results of operations, and financial condition from those disclosed in Part I, Item 1A—“Risk Factors” of the 2025 Annual Report on Form 10-K filed with the SEC on March 9, 2026. Any of these factors could result in a significant or material adverse effect on our results of operations or financial condition. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations.

Risks Related to Arc and ARC Tokens

The market for blockchain infrastructure is highly competitive, and Arc may fail to achieve sufficient adoption to support a viable ecosystem.

The market for blockchain infrastructure is intensely competitive. We anticipate that Arc will compete with numerous established and emerging blockchain networks, many of which already have significantly larger developer communities, user bases, and ecosystem resources than Arc would have at the outset. Competing networks may develop superior technology, attract more developers, or offer more favorable economic terms to users and network participants, such as validators. New blockchain networks may also emerge that are better positioned to capture market share.

There can be no assurance that we will launch Arc on our contemplated timeline or that Arc will achieve the adoption necessary to sustain a robust ecosystem. Failure to attract a critical mass of developers, users, and/or applications could limit demand for block space and/or reduce the utility and value of our ARC Token holdings. The rapidly evolving nature of the industry means that competitive dynamics can shift quickly and unpredictably.

Moreover, although we have entered into token purchase agreements with certain institutional investors in connection with a presale of ARC Tokens, there can be no assurance that the ARC Token will ultimately be launched. The launch of the ARC Token remains subject to numerous contingencies, including continued technical development of Arc, any transition of the Arc network to a Proof-of-Stake or delegated Proof-of-Stake consensus mechanism, market conditions, business considerations, and legal, regulatory, and compliance assessments. We may determine not to proceed with the launch of the ARC Token, or to delay any such launch for an extended period of time, for any number of reasons. If we do not launch the ARC Token, or if the launch is materially delayed, we could face reputational harm, disputes with presale purchasers, and/or increased regulatory or litigation risk, and our business, financial condition, and results of operations could be adversely affected.

Arc may be subject to technical risks, including software vulnerabilities, bugs, and failures that could result in loss of assets or network downtime.

Arc, as a layer-1 blockchain network, is complex software that may contain errors, vulnerabilities, or defects that we have not detected. Blockchain protocols are a novel technology, and even extensive security audits may fail to identify all vulnerabilities in the codebase. Exploits of software vulnerabilities or other successful attacks could result in loss or theft of assets held on the network, reputational harm, legal liability, and loss of user confidence. In particular, because the security of Arc will rely on cryptographic algorithms and hash functions, advances in computing technology, including in particular the development of quantum computing and artificial intelligence, could render Arc vulnerable to attack. A sudden or unexpected rapid development in the area of quantum computing or artificial intelligence could expose Arc and its users to significant risks. Any attack on Arc could result in theft of assets, manipulation of transaction records and/or loss of user confidence. We may be required to implement emergency protocol upgrades or hard forks to address vulnerabilities, which may themselves introduce new risks, cause network disruptions, or damage our reputation. Bugs or defects in smart contracts deployed on Arc by us or third parties could also expose users to losses, and we may face reputational harm or legal liability even for vulnerabilities that originate in third-party code. Network outages or extended periods of reduced performance could harm user adoption, damage our reputation, and reduce the utility and value of the ARC Token.

Arc's protocol may require upgrades over time to address vulnerabilities, improve performance, implement new features, or respond to regulatory requirements. Protocol upgrades, particularly those requiring a hard fork, carry significant execution risk. Hard forks can result in chain splits, creating competing versions of the network that fragment liquidity and user activity. Even soft forks and backward-compatible upgrades can cause instability if not adopted broadly by validators and node operators. In the event of significant disagreements within the validator community or the ARC Token holder base regarding proposed protocol changes, we may face governance disputes that are difficult to resolve and that damage the cohesion and credibility of our ecosystem. We may also face pressure from third parties, including large ARC Token holders or ecosystem participants, to implement protocol changes that are not in the best interests of us or our stockholders.

Furthermore, the insurance market for blockchain-related businesses remains limited and immature. We may be unable to obtain insurance coverage that adequately protects us against the risks associated with Arc operations, including losses from cybersecurity incidents, smart contract vulnerabilities, theft of digital assets, or regulatory enforcement actions. Even where insurance coverage is available, it may be subject to significant exclusions, deductibles, or limitations that reduce its practical utility. In the event of a material loss not covered by insurance, we could suffer significant financial harm.

Arc may be used to facilitate fraud, scams, sanctions violations, or other illicit or improper activity, which could subject us to liability, regulatory scrutiny, and reputational harm.

Public blockchain networks and digital assets have in the past, and may continue to be, attractive targets for bad actors seeking to engage in fraud, money laundering, sanctions evasion, theft, market manipulation, scams, or other illicit or improper activity. Arc may host third-party applications, tokens, or other activity that we do not control and that may be used in unlawful, deceptive, or harmful ways. If Arc and/or ARC Tokens are used to facilitate such activity, we may face user complaints, litigation, regulatory investigations, enforcement actions, reputational harm, and increased compliance and monitoring costs.

In addition, privacy-enhancing or similar features may increase the difficulty of monitoring transactions and enforcing legal or compliance controls. Although we expect to implement and refine policies, controls, tooling, and governance mechanisms intended to address misuse of Arc and ARC Tokens, there can be no assurance that those measures will be effective or that regulators will view them as sufficient. Any such measures, including sanctions-screening, deny-list, or similar controls, may be difficult to design and administer effectively, may increase perceptions of centralization or censorship, and may adversely affect network utility or user adoption.

A determination that the ARC Token is a “security” or that an activity in which we engage with respect to the ARC Token involves a “securities transaction” for purposes of the securities laws could adversely affect the value of the ARC Token and/or have adverse regulatory consequences for us.

We have taken the position that the ARC Token is not a “security,” and that transactions in the ARC Token, except for the presale transactions closed on May 8, 2026, are not “securities transactions,” as defined under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or the Securities Exchange Act of 1934, as amended (the “Exchange Act”). This determination is based on our analysis of existing case law, regulatory guidance and the structural characteristics of the ARC Token, including its utility functions and the degree to which its value is expected to depend on factors other than our managerial efforts, or those of our affiliates (including our subsidiary that is expected to act as the issuer of the ARC Token, or other identifiable third parties. We believe that our process reflects a thoughtful analysis that is reasonably designed to facilitate the application of available legal guidance to the ARC Token and transactions in the ARC Token to determine whether it is a security or, they are securities transactions, respectively, under the federal securities laws. However, this position is not free from doubt, and there can be no assurance that the SEC or a court of competent jurisdiction would agree with our characterization. In addition, even if the ARC Token itself were not characterized as a security, one or more offers, sales, distributions, staking arrangements, governance arrangements, treasury activities, or other transactions involving the ARC Token could be characterized as securities transactions or otherwise give rise to securities law obligations.

The SEC and its staff have previously taken the position that a range of digital assets, transactions in digital assets, products, and services fall within the definition of a “security” under the U.S. federal securities laws. Despite the SEC being the principal federal securities law regulator in the United States, whether or not an asset, product, or service is a security or constitutes the offer or sale of a security under federal securities laws is ultimately determined by a federal court. The legal test for determining whether any given digital asset, product, or service is an “investment contract” was set forth in the 1946 Supreme Court case *SEC v. W.J. Howey Co.* and whether any given digital asset, product, or service is a “note” in the 1990 Supreme Court case *Reves v. Ernst & Young*. The legal tests for determining whether any given digital asset, product, or service is a security or constitutes the offer or sale of a security require a highly complex, fact-driven analysis. Accordingly, whether offers or sales of the ARC Token would ultimately be deemed by a federal court to be securities transactions, or the ARC Token deemed to be a security, is uncertain and difficult to predict notwithstanding the conclusions of the SEC or any conclusions we may draw based on our assessment regarding the likelihood that the ARC Token could be deemed a “security” or that offers or sales of the ARC Token could be deemed securities transactions under applicable laws. Any enforcement action by the SEC or another regulatory authority asserting that a digital asset is a security or sold in a securities transaction, or a court decision to that effect, would be expected to have an immediate material adverse impact on the trading value of that digital asset, and depending on the specific characteristics of the digital asset, could have adverse spillover effects on the trading values of other digital assets perceived to share similar characteristics. The classification of a digital asset or transactions in that digital asset as a security or securities transaction under the federal securities laws has wide-ranging implications for the regulatory obligations that flow from the offer, sale, trading, clearing and holding of such assets, and any such classification with respect to the ARC Token would have adverse consequences to our business, financial condition and results of operations.

While the above description of adverse regulatory consequences focuses on the federal securities laws, state regulators and jurisdictions outside the United States retain independent authority to enforce their own securities laws, which may differ from or be interpreted more expansively than federal law. As a result, a state regulator or foreign jurisdiction could determine that the ARC Token constitutes a security under applicable law, even if the SEC has elected not to pursue enforcement action, the SEC has provided informal guidance or assurances to the contrary, or the ARC Token is otherwise excluded from the definition of a security at the federal level. Moreover, private litigants may assert claims under federal or state securities laws based on similar theories, regardless of the positions taken by federal regulators.

We intend to distribute ARC Tokens through multiple channels, which could result in exposure to liability or other adverse consequences.

We intend to distribute ARC Tokens through multiple channels, which may include, among others, token sales and presales, developer grants, network growth programs and other participation mechanisms. Each of these potential distribution methods could involve complex and potentially unsettled questions carrying distinct legal risks and uncertainties, and there can be no assurance that all such distribution activities will be found to comply with applicable law. Adverse determinations with respect to one or more of them could result in exposure to material liability or otherwise adversely affect our business.

In particular, we have conducted a presale of ARC Tokens to institutional investors. While we have taken the position that ARC Tokens are not securities, we treated the offer and sale of the ARC Tokens pursuant to the token purchase agreements as transactions involving investment contracts and conducted the transaction pursuant to an exemption from registration under the Securities Act of 1933, as amended, in reliance on Section 4(a)(2) thereof and Rule 506(b) of Regulation D promulgated thereunder. There can be no assurance that such exemptions will be available or that our conduct of the presale will satisfy all of the conditions required therefor. If the presale is deemed a non-exempt offer or sale of securities, we may be subject to rescission claims from purchasers, which would require the issuer to refund the consideration received plus interest, in addition to potential civil and criminal liability under the securities laws. Even if we believe the presale qualifies for an applicable exemption, the SEC or other regulatory authorities may disagree. Any enforcement action or adverse determination with respect to the presale could result in exposure to material liability or otherwise adversely affect our business.

Further, we have allocated or intend to allocate a portion of the ARC Token supply to strategic counterparties, including ecosystem developers, prospective validators and other participants, in connection with services to be rendered or partnerships to be formed. The SEC or other regulators may characterize these allocations as compensatory arrangements that constitute sales of securities, or as part of a broader integrated distribution plan subject to registration requirements. If such characterizations were to prevail, we could face liability for failure to register the allocation as a sale to comply with applicable exemptions, and strategic counterparties who received ARC Token allocations could seek rescission of those arrangements.

The market price of ARC Tokens could be highly volatile and may decline significantly, which could impact our business and financial condition given our anticipated ARC Token holdings. In addition, future sales or distributions of ARC Tokens by us or other large holders could depress the price of ARC Tokens.

We expect to hold a material number of ARC Tokens on our consolidated balance sheet, including both our long-term holdings and tokens held in treasury with the intention of benefiting the Arc community for ecosystem or reserve purposes. The trading price of ARC Tokens, to the extent a liquid market develops, may be highly volatile and subject to wide fluctuations. The price of ARC Tokens may be influenced by a variety of factors that are beyond our control, including speculative trading activity, demand (or lack thereof) for use of Arc, regulatory developments or enforcement actions, macroeconomic conditions, technological developments relating to competing blockchains, changes in the total supply of ARC Tokens, changes in market sentiment and/or the actions of large ARC Token holders or other Arc ecosystem participants.

Digital asset markets have historically experienced periods of extreme volatility and are susceptible to market manipulation. There can be no assurance that a liquid trading market for the ARC Token will develop or be sustained. If the ARC Token declines significantly in value or becomes illiquid, our business model, to the extent it depends on the ARC Token, could be materially harmed.

Because of our anticipated ownership of a material portion of the total ARC Token supply, sales or other dispositions of ARC Tokens by us, or other distributions from the ARC Token treasury that we hold, could increase the supply of ARC Tokens available in the market and exert downward pressure on the price of ARC Tokens. Similarly, the vesting and release of ARC Tokens allocated to presale purchasers and strategic counterparties could result in significant market selling pressure. There can be no assurance that the market will be able to absorb such sales without a material decline in the price of ARC Tokens. A sustained decline in ARC Token prices could impair the utility and adoption of our network, reduce the value of our ARC Token holdings and harm our business.

Arc and ARC Token may expose us to additional regulatory risks.

The legal and regulatory status of digital assets, including the ARC Token, varies significantly across jurisdictions and continues to evolve rapidly. In many countries, the issuance, distribution, trading and use of digital assets are subject to licensing, registration or authorization requirements, or have been partially or wholly restricted or prohibited. We may not be in compliance with, or may be unable to comply with, the applicable laws and regulations of every jurisdiction in which the ARC Token is or may be held, traded or used, particularly as such laws continue to develop and as Arc grows. For example, in certain jurisdictions, digital assets may be subject to financial services regulation, anti-money laundering requirements, state money transmission or virtual currency business requirements, and other obligations that could restrict the permissible uses of the ARC Token or impose substantial compliance costs, or may implicate other regulatory regimes such as the Investment Company Act of 1940, as amended. Regulators, including the Financial Crimes Enforcement Network (“FinCEN”), the Office of Foreign Assets Control (“OFAC”), state regulators, and foreign equivalents, may view certain activities on Arc or related protocols as creating regulatory obligations for us. Further, we cannot predict how legislative and regulatory developments will affect Arc. New or amended laws or regulations, or developments in the interpretation or application of existing laws and regulations, such as those currently being considered in the United States by Congress, could require us to obtain licenses or registrations that may be difficult or impossible to obtain, such as under the Investment Company Act of 1940, restrict or prohibit certain uses of ARC Tokens or Arc, or impose compliance obligations relating to know-your-customer and AML requirements, or adversely affect features such as privacy, interoperability, or stablecoin-based fee mechanics. Our failure to comply with applicable laws and regulations could result in enforcement actions, fines, penalties, restrictions on our operations, or reputational harm in those markets.

We will have significant influence over Arc governance decisions and such decisions may be perceived to favor ARC Token holders in ways that conflict with, or are not in the best interests of, our stockholders.

Over time, we anticipate that Arc will transition from a Proof-of-Authority (“PoA”) consensus model to a Proof-of-Stake (“PoS”) or delegated Proof-of-Stake (“dPoS”) consensus mechanism. However, for so long as Arc remains a PoA consensus mechanism in which we retain control of the network’s consensus mechanism, we will have significant influence over governance decisions, including decisions regarding network upgrades, fee structures, validator selection, token economics and protocol parameters. Even after a potential transition to a PoS or dPoS consensus mechanism, we expect to retain control over certain decisions, such as validator selection or network upgrades, and may also control or influence certain other decisions, such as token economics, through our ownership of ARC Tokens or validator operations. Accordingly, there is a risk that decisions we make and/or influence via our control may not be perceived to be in the best interests of our stockholders.

In addition, because we will hold a significant number of ARC Tokens, we will have a direct financial interest in the success of Arc and the ARC Tokens. This interest may influence our business decisions and affect how we prioritize Arc relative to other corporate objectives, and may create conflicts of interest with respect to decisions affecting the ARC Token or Arc. For example, we may be incentivized to make governance decisions, allocate resources, or pursue strategic partnerships related to Arc at the expense of other business priorities. Our stockholders, who participate in the equity value of Circle but not directly in Arc or the ARC Token (except to the extent of our ARC Token holdings), may have different views about how these trade-offs should be managed. Our Board of Directors and management will need to exercise careful judgment in navigating these conflicts, and there can be no assurance that they will always do so to the satisfaction of our stockholders.

These conflicts of interest may be difficult to manage and may give rise to stockholder claims or regulatory scrutiny. Our directors and officers have fiduciary duties to our stockholders under applicable corporate law, and those duties may at times be perceived to conflict with actions that we take in our role as the initial creator and steward of Arc. There can be no assurance that our stockholders will agree that we are managing these conflicts effectively, which could subject us to litigation, regulatory action, or reputational harm. Our stockholders may also disagree with governance decisions we make with respect to Arc, which could harm our stock price and negatively affect our relationship with investors.

The planned transition of certain decisions relating to Arc to a distributed governance model may not occur on the timeline we anticipate or at all, and may create risks during or after the transition period.

We intend for governance of certain decisions relating to Arc to progressively transition to a distributed model in which ARC Token holders, Arc validators, and a security council exercise meaningful control over protocol decisions. However, this transition involves significant technical, legal, and operational challenges. The pace and extent of decentralization will depend on factors including the development of appropriate governance infrastructure, the diversity and engagement of the ARC Token holder community, regulatory developments and our own strategic decisions. There can be no assurance that such decentralization will occur on the timeline we anticipate or at all.

During the transition period, we will retain substantial control over Arc and bear the attendant legal and regulatory risks of that control. In particular, because we may act, directly or indirectly, as a developer, steward, validator operator, ARC Token holder, governance participant, security council participant, service provider, and/or other influential participant with respect to Arc or decentralized finance protocols deployed on or integrated with Arc or other blockchain networks, private plaintiffs, regulators, or other parties may assert that we had the practical ability, contractual authority, or governance influence to prevent, limit, remediate, or respond to harmful activity, and therefore should bear liability for losses or other harms arising from such activity, even if we did not exercise such influence or did not believe we had a legal obligation to do so.

A transition that occurs too quickly may leave Arc vulnerable to governance attacks, coordination failures, or the dominance of a small number of concentrated ARC Token holders. A transition that occurs too slowly may result in regulators or courts treating Arc as an extension of our business and holding us liable for network activities. In addition, as governance becomes distributed, we will have limited ability to influence protocol decisions or prevent malicious, unlawful, or economically harmful outcomes, which could result in outcomes adverse to our business interests and/or our stockholders. For example, ARC Token holders could vote to implement changes to the protocol that increase ARC Token value at the expense of network utility, impose burdensome conditions on developers or users or otherwise make decisions that harm the long-term health of the ecosystem, and we will have limited ability to prevent or reverse harmful governance decisions once Arc becomes sufficiently distributed. Further, malicious actors may seek to influence or capture governance processes through ARC Token accumulation, coordinated voting, collusion, vote buying, borrowing arrangements, or other strategies, including so-called “empty voting” attacks. Such actors may also have economic or strategic incentives that are adverse to Arc, ARC Token holders, or us.

Further, as governance becomes distributed, our ability to respond to future legislation or other regulatory developments may be limited. For example, legislation or regulation related to decentralized finance that is perceived as being overly broad or burdensome may lead users of DeFi networks, including Arc at such time, to disfavor those networks, and we may be unable to regain control of Arc to assuage any such issues due to its distributed nature. Additionally, distributed governance could limit our ability to implement compliance, sanctions-screening, deny-list, or other security controls, and efforts to implement such controls could create disputes with users, validators, governance participants, or other ecosystem actors and reduce the utility or adoption of the network.

Our relationships with validators, developers, governance participants, and other ecosystem participants could be alleged to constitute a general partnership, joint venture, or other unincorporated association, which could expose us to joint and several liability for acts or obligations that we do not control.

We expect Arc to involve coordination with a range of third parties, including validators, developers, liquidity providers, governance participants, service providers, and other ecosystem participants. Although we do not intend for these relationships to form a general partnership, joint venture, or other unincorporated association, plaintiffs, regulators, or courts could nevertheless assert that, based on the facts and circumstances, we and one or more such parties were acting together as co-owners of a business or enterprise for profit, or that we held ourselves out, or permitted itself to be held out, as a partner or equivalent participant in such an arrangement. Such claims could be based on, among other things, shared economic arrangements, token allocations, coordinated governance or validator activity, joint branding or marketing, collective decision-making, or other forms of cooperation across the Arc ecosystem.

If any such theory were accepted, we could be exposed to joint and several liability, or similar liability, for obligations, losses, misconduct, or other actionable conduct attributed to the alleged partnership, joint venture, or other enterprise, including claims arising from acts or omissions of other participants that we did not control and may not have been able to prevent. For example, we could face claims relating to governance decisions, sanctions or compliance failures, misleading statements by ecosystem participants, or other conduct undertaken by persons alleged to be acting on behalf of, or in the ordinary course of business of, the alleged enterprise. Even if such claims ultimately lack merit, the assertion of them could result in litigation, investigations, indemnification demands, reputational harm, substantial defense costs, and the diversion of management attention, and could adversely affect our business, financial condition, and results of operations.

Arc will be dependent on third-party node operators and validators, and may be vulnerable to attacks that could disrupt network operations or result in loss of assets.

The security and utility of Arc will depend in significant part on the participation of validators and node operators. If Arc is unable to attract and retain a sufficient number and diversity of validators, the network could become vulnerable to consensus failures or centralization risks. Validators and node operators face operational costs, including hardware, bandwidth, and energy expenses, and may elect not to participate if the economic incentives provided by staking rewards and transaction fees are insufficient. Changes to protocol economics, competing networks, or adverse regulatory developments could reduce participation. A decline in the number or quality of network participants could impair network security, performance, and decentralization.

To the extent Arc relies on a consensus mechanism to validate transactions and maintain its integrity, if a single actor or coordinated group were to acquire or control a majority of the network's consensus power, whether through stake concentration, validator collusion, or other means, they could potentially double-spend tokens, prevent confirmation of legitimate transactions, or otherwise disrupt network operations. In addition to consensus-layer attacks, Arc may be vulnerable to Sybil attacks, eclipse attacks, routing attacks and other forms of sophisticated adversarial behavior. We cannot guarantee that Arc's security model will be sufficient to prevent all such attacks, and any successful attack could result in significant harm to Arc users, the value of the ARC Token and our reputation.

If ARC Tokens sold in our presale are not delivered by the applicable deadline, if Arc has not transitioned to a Proof-of-Stake or a delegated Proof-of-Stake consensus mechanism, or if certain purchaser-specific repayment rights are exercised, we may be required to repay amounts paid by the token purchasers, which could adversely affect our liquidity, financial condition, and ability to develop Arc.

In connection with the presale of ARC Tokens pursuant to the token purchase agreements, we have agreed that, if either (i) the ARC Tokens sold in the presale are not delivered, or (ii) the Arc network has not transitioned to either a Proof-of-Stake or delegated Proof-of-Stake consensus mechanism, in each case by May 8, 2028, presale purchasers holding a majority of the ARC Tokens issuable thereunder may elect to require repayment of the purchase price. Certain related arrangements may also provide individual purchasers with repayment rights, including rights tied to specified legal, regulatory, or compliance-related conditions, or to specified changes or proposed changes to the structure, governance, procedures, or other aspects of Arc after delivery. Although we currently intend to deliver the ARC Tokens and pursue the contemplated network transition within the expected timeframe, our ability to do so will depend on a variety of factors, including technical development, regulatory developments, market conditions, governance readiness, operational preparedness, and satisfaction of applicable delivery conditions, some of which may be outside of our control.

If purchasers were to exercise these repayment rights, we could be required to return cash or USDC. Depending on the timing and amount of any such repayment, satisfying these obligations could require the use of corporate resources that otherwise would be available for operations, product development, network launch, or strategic initiatives. In addition, any delay or dispute regarding repayment obligations could result in claims by purchasers, reputational harm, or regulatory scrutiny. The existence or exercise of these repayment rights could also affect market perception of Arc, our relationship with ecosystem participants and investors, and our business, financial condition, and results of operations.

The management of gas fees, treasury assets, and related wallet arrangements for Arc may create operational, security, and liquidity risks.

The launch and operation of Arc may require digital assets, including gas fees, treasury assets, validator-related funds, reserves, or other network-related assets, to be held, transferred, secured, allocated, or otherwise managed through treasury wallets, third-party custodians, cold-storage arrangements, internal treasury systems, or other wallet infrastructure. These arrangements may involve complex operational processes, key management, access controls, funding workflows, wallet provisioning, migration of assets across networks, and coordination among technical, treasury, legal, compliance, and security teams. Any breakdown in these processes or controls, including human error, fraud, cyberattack, insider misconduct, vendor failure, key compromise, loss of access credentials, delays in funding or settlement, or failures in wallet infrastructure, could result in the loss, theft, misappropriation, unavailability, or misdirection of assets, including assets temporarily held in treasury wallets before being programmatically distributed.

In addition, if treasury, custody, or fee-management arrangements are not available when needed, are not scalable, or do not function as intended, Arc's operations could be disrupted. For example, validators may not be compensated on the expected timeline, transactions may be delayed or fail, required network functions may not be funded when needed, or unexpected liquidity demands may arise in connection with launch, migration, operations, or incident response. Although the intent is for transaction fees to remain in any treasury wallet only briefly before being programmatically transferred onward, there can be no assurance that such arrangements will always function as intended or fully mitigate the risk of hacks, loss, or other operational failures during that period. Any of these events could adversely affect Arc's launch and operation and our business, financial condition, and results of operations.

Item 2. Unregistered Sales Of Equity Securities And Use Of Proceeds

In January 2026, we issued an aggregate of approximately 465 thousand shares of Class A common stock in connection with certain holders of a convertible note converting their principal and accrued interest balance of approximately \$7.5 million into Class A common stock. The convertible note was issued to an investment company in connection with the acquisition of SeedInvest. The note had an original principal amount of \$24.0 million. No underwriters were involved in this transaction. The transaction was exempt from registration under Section 3(a)(9) of the Securities Act in that the securities were issued upon conversion of existing securities.

In the first quarter of 2026, we issued an aggregate of approximately 0.5 million shares of Class A common stock to warrant holders upon the cashless exercise of those warrants. The warrants were issued in December 2024 to a commercial counterparty. The warrants have an exercise price of \$22.71 per share and an exercise period of six years from the grant date. The vesting of the warrants is subject to certain conditions to be achieved over a three-year period. As of March 31, 2026, 1.0 million of these warrants have vested, and the counterparty elected to exercise 0.7 million of the warrants during the three months ended March 31, 2026 which resulted in the net issuance of approximately 0.5 million shares of Class A common stock. As of March 31, 2026, none of the common shares associated with these warrants have been forfeited or expired. No underwriters were involved in this transaction. The transaction was exempt from registration under Section 3(a)(9) of the Securities Act in that the securities were issued upon conversion of existing securities.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Director and Officer Trading Arrangements

On February 27, 2026, Sean Neville, one of our directors, entered into a trading plan, intended to satisfy the conditions under Rule 10b5-1 of the Exchange Act. Mr. Neville's plan provides for the sale of up to 300,000 shares of Class A common stock (following the conversion of Class B common stock to Class A common stock immediately prior to the sales, and including shares issuable upon exercise of outstanding stock options) through December 31, 2026. Mr. Neville's plan also provides for the one time exercise of all remaining options that expire within one year, which number of remaining options was 1,999,073 at the time of entry into the plan, and permits Mr. Neville to execute a sell-to-cover transaction following the exercise of such expiring options. The foregoing transactions will be made in accordance with the prices and formulas set forth in the plan and such plan terminates on the earlier of the date all the shares under the plan are sold and December 31, 2026. The plan was adopted during an open trading window and includes a cooling off period consistent with SEC requirements. No trades will be effected under the plan until the expiration of Mr. Neville's previously reported trading plan adopted on August 15, 2025.

On March 3, 2026, Jeremy Allaire, our Co-Founder, Chairman, and Chief Executive Officer, terminated his previously reported trading plan adopted on August 14, 2025 (the "Previous Allaire Plan"). As of the termination of the Previous Allaire Plan, 31,251 shares of our Class A common stock had been sold under the plan. The adoption and subsequent termination of the Previous Allaire Plan each occurred during an open trading window and in accordance with the Company's policies. On March 4, 2026, Mr. Allaire entered into a new trading plan, intended to satisfy the conditions under Rule 10b5-1 of the Exchange Act. Mr. Allaire's plan provides for the sale of up to 373,589 shares of Class A common stock through November 30, 2026, which includes (i) 337,205 shares of Class A common stock held directly by Mr. Allaire (following the conversion of Class B common stock to Class A common stock immediately prior to the sales) and (ii) an aggregate of 36,384 shares of Class A common stock held through Spruce Trust, Oak Trust, Chestnut Trust, and Beech Trust, each an irrevocable non-grantor trust, of which Mr. Allaire's legal counsel is the sole trustee and Mr. Allaire's children are beneficiaries. The foregoing sales will be made in accordance with the prices and formulas set forth in the plan and such plan terminates on the earlier of the date all the shares under the plan are sold and November 30, 2026. The plan was adopted during an open trading window and includes a cooling off period consistent with SEC requirements.

On March 6, 2026, Jeremy Fox-Geen, our Chief Financial Officer, entered into a trading plan, intended to satisfy the conditions under Rule 10b5-1 of the Exchange Act. Mr. Fox-Geen's plan provides for the sale of up to 153,549 shares of Class A common stock (including shares issuable upon exercise of outstanding stock options) through November 30, 2026. The foregoing sales will be made in accordance with the prices and formulas set forth in the plan and such plan terminates on the earlier of the date all the shares under the plan are sold and November 30, 2026. The plan was adopted during an open trading window and includes a cooling off period consistent with SEC requirements. No trades will be effected under the plan until the expiration of Mr. Fox-Geen's previously reported trading plan adopted on August 14, 2025.

On March 10, 2026, Heath Tarbert, our President, entered into a trading plan, intended to satisfy the conditions under Rule 10b5-1 of the Exchange Act. Mr. Tarbert's plan provides for the sale of up to 160,000 shares of Class A common stock (including shares issuable upon exercise of outstanding stock options) through December 31, 2026. The foregoing sales will be made in accordance with the prices and formulas set forth in the plan and such plan terminates on the earlier of the date all the shares under the plan are sold and December 31, 2026. The plan was adopted during an open trading window and includes a cooling off period consistent with SEC requirements. No trades will be effected under the plan until the expiration of Mr. Tarbert's previously reported trading plan adopted on August 14, 2025.

On March 10, 2026, Nikhil Chandhok, our Chief Product and Technology Officer, entered into a trading plan, intended to satisfy the conditions under Rule 10b5-1 of the Exchange Act. Mr. Chandhok's plan provides for the sale of up to 200,144 shares of Class A common stock (including shares issuable upon exercise of outstanding stock options) through December 8, 2026. Mr. Chandhok's plan also provides for the one time exercise of 660,000 options and permits Mr. Chandhok to execute a sell-to-cover transaction following the exercise of such options. The foregoing transactions will be made in accordance with the prices and formulas set forth in the plan and such plan terminates on the earlier of the date all the shares under the plan are sold and December 8, 2026. The plan was adopted during an open trading window and includes a cooling off period consistent with SEC requirements. No trades will be effected under the plan until the expiration of Mr. Chandhok's previously reported trading plan adopted on August 15, 2025.

On March 9, 2026, Hossein Razzaghi, our Chief Commercial Officer, terminated his previous trading plan, entered into on August 27, 2025 before Mr. Razzaghi was an executive officer (the "Previous Razzaghi Plan"). As of the termination of the Previous Razzaghi Plan, 43,119 shares of our Class A common stock had been sold under the plan. The adoption and subsequent termination of the Previous Razzaghi Plan each occurred during an open trading window and in accordance with the Company's policies. On March 10, 2026, Mr. Razzaghi entered into a new trading plan, intended to satisfy the conditions under Rule 10b5-1 of the Exchange Act. Mr. Razzaghi's plan provides for the sale of up to 113,122 shares of Class A common stock (including shares issuable upon exercise of outstanding stock options) through December 10, 2026. The foregoing sales will be made in accordance with the prices and formulas set forth in the plan and such plan terminates on the earlier of the date all the shares under the plan are sold and December 10, 2026. The plan was adopted during an open trading window and includes a cooling off period consistent with SEC requirements.

Other than the foregoing, during the fiscal quarter ended March 31, 2026, no directors or other executive officers of the Company adopted, modified, or terminated any Rule 10b5-1 trading arrangements.

Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference		
		Form	Date Filed	Filed Herewith
31.1	<u>Certification of Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>			X
31.2	<u>Certification of Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>			X
32.1*	<u>Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>			X
32.2*	<u>Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>			X
101.INS	Inline 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)			X
101.SCH	Inline XBRL Taxonomy Extension Schema Document			X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document			X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document			X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document			X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document			X
104	The cover page from the Company's Annual Report on Form 10-Q for the quarter ended March 31, 2026, formatted as in iXBRL and contained in Exhibit 101			X

* The certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Quarterly Report on Form 10-Q and are not deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall they be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

SIGNATURES

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

CIRCLE INTERNET GROUP, INC.

Date: May 11, 2026

By: /s/ Jeremy Allaire
Name: Jeremy Allaire
Title: Chief Executive Officer

CIRCLE INTERNET GROUP, INC.

Date: May 11, 2026

By: /s/ Jeremy Fox-Geen
Name: Jeremy Fox-Geen
Title: Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION OF CHIEF 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, Jeremy Allaire, Chief Executive Officer of Circle Internet Group, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Circle Internet Group, Inc.;
 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)) 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. 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
 - c. 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: May 11, 2026

/s/ Jeremy Allaire

Name: Jeremy Allaire

Title: Chief Executive Officer

**CERTIFICATION OF CHIEF 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, Jeremy Fox-Geen, Chief Financial Officer of Circle Internet Group, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Circle Internet Group, Inc.;
 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)) 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. 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
 - c. 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: May 11, 2026

/s/ Jeremy Fox-Geen

Name: Jeremy Fox-Geen

Title: Chief Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE 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 on Form 10-Q of Circle Internet Group, Inc., a Delaware corporation (the “Company”), for the period ended March 31, 2026, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jeremy Allaire, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; 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: May 11, 2026

/s/ Jeremy Allaire

Name: Jeremy Allaire

Title: Chief Executive Officer

**CERTIFICATION OF CHIEF 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 on Form 10-Q of Circle Internet Group, Inc., a Delaware corporation (the “Company”), for the period ended March 31, 2026, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jeremy Fox-Geen, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; 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: May 11, 2026

/s/ Jeremy Fox-Geen

Name: Jeremy Fox-Geen

Title: Chief Financial Officer