

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

(Mark One)

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

For the quarterly period ended June 30, 2025

OR

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

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

**Roblox Corporation**

(Exact Name of Registrant as Specified in its Charter)

Nevada

(State or other jurisdiction of  
incorporation or organization)

20-0991664

(I.R.S. Employer  
Identification No.)

3150 South Delaware Street  
San Mateo, California, 94403

(Address of principal executive offices and Zip Code)

(888) 858-2569

(Registrant's telephone number, including area code)

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

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

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

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

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

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

As of July 15, 2025, the registrant had approximately 645,032,994 shares of Class A common stock and 48,213,655 of Class B common stock outstanding, each with a par value of \$0.0001 per share.

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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

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- our expectations surrounding Robux as an attractive virtual currency;
- our goal to increase developer and creator earnings as much as possible;
- our goal for developers and creators to build better experiences;
- the impact of geopolitical events such as the conflicts between Russia and Ukraine, India and Pakistan, as well as the U.S., Iran, and Israel, and their impacts on economies globally;
- our expectations regarding new accounting standards;
- our ability to achieve and maintain effective control over financial reporting;
- the impact of foreign currency exchange rates and interest rates on results of operations;
- our estimates related to stock-based compensation expenses; and
- generating sufficient cash to service our debt and other obligations that apply to our indebtedness.

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

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

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

## SPECIAL NOTE REGARDING OPERATING METRICS

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

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

We believe that these metrics are reasonable estimates of our user base for the applicable period of measurement, and that the methodologies we employ and update from time to time to create these metrics are reasonable bases to identify trends in user behavior. Because we update the methodologies we employ to create metrics, our current and future period metrics may not be comparable to those in prior periods. For example, historically our reported age demographics have been based on age information self-reported by our users. However, we have implemented and continue to develop, implement, and test systems to obtain additional user demographic data, including age verification and/or assurance technology, parental consents, and identification verification. Starting in the third quarter of 2025, our reported age demographics are expected to be based on a hierarchy of data sources, which may include some of the additional data sources noted above, and in which self-reported data will be used only if we do not obtain additional data regarding the age of the user, such as, for example, through age verification. The data sources and the hierarchy we utilize may change from time to time. As a result of these changes, prior period demographics may not be comparable to future ones. Similarly, our metrics may differ from estimates published by third parties or from similarly-titled metrics from other companies due to differences in methodology.

Finally, the accuracy of our metrics may be affected by certain factors relating to user activity and our platform’s systems and our ability to identify and detect attempts to replicate legitimate user activity, often referred to as botting. See the section titled “Risk Factors—Our user metrics and other estimates are subject to inherent challenges in measurement, and real or perceived inaccuracies in those metrics may significantly harm and negatively affect our reputation and our business.”

### DAUs

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

Other companies, including companies in our industry, may calculate DAUs differently. We track DAUs as an indicator of the size of the audience engaged on our platform. DAUs are also broken out by geographic region to help us understand the global engagement on our platform. The geographic location data collected is based on the IP address associated with the account when an account is initially registered on Roblox. The IP address may not always accurately reflect a user’s actual location at the time they engaged with our platform. Prior to the fourth quarter of 2023, we grouped Xbox users into Rest of World for the purposes of our reporting and beginning in the fourth quarter of 2023, Xbox users have been reported in their respective geographies (we note that prior to the fourth quarter of 2023, Xbox users represented less than 2% of our total quarterly DAUs and quarterly hours engaged).

Because DAUs measure account activity and an individual user may actively use our platform within a particular day on multiple accounts for which that individual registered, our DAUs are not a measure of unique individuals accessing Roblox. References to “user” or our “user base” in this Quarterly Report on Form 10-Q refer to users as described in our definition of DAUs. Additionally, if undetected, fraud and unauthorized access to our platform may contribute, from time to time, to an overstatement of DAUs. In many cases, fraudulent accounts are created by bots to inflate user activity for a particular developer’s content on our platform, thus making the developer’s experience (which refer to the titles that have been created by developers) or other content appear more popular than it really is. We strive to detect and minimize fraud and unauthorized access to our platform. See the sections titled “Risk Factors—Our user metrics and other estimates are subject to inherent challenges in measurement, and real or perceived inaccuracies in those metrics may significantly harm and negatively affect our reputation and our business,” and “Risk Factors—Some developers, creators, and users on our Platform may make unauthorized, fraudulent, or illegal use of Robux and other digital goods or experiences on our Platform, including by use of unauthorized third-party websites or “cheating” programs.”

## **Hours Engaged**

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

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

We continuously strive to increase the sophistication of our company systems to detect different user activities, including botting, non-active time, and other activities across all devices. As we continue to improve our ability to detect and deter certain user behaviors on the platform and different devices, including unauthorized use of our platform, we may see an impact to our overall hours engaged as our measurement systems evolve and our efforts to reduce botting become more successful.

See the section titled “Risk Factors—Our user metrics and other estimates are subject to inherent challenges in measurement, and real or perceived inaccuracies in those metrics may significantly harm and negatively affect our reputation and our business.”

## **Bookings**

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

We believe bookings provide a timelier indication of trends in our operating results that are not necessarily reflected in our revenue as a result of the fact that we recognize the majority of revenue over the estimated average lifetime of a paying user, which was 27 months as of June 30, 2025. The change in deferred revenue constitutes the vast majority of the reconciling difference from revenue to bookings. By removing these non-cash adjustments, we are able to measure and monitor our business performance based on the timing of actual transactions with our users and the cash that is generated from these transactions. Over the long term, the factors impacting our revenue and bookings trends are the same. However, in the short-term, there are factors that may cause revenue and bookings trends to differ.

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

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

### **ABPDAU**

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

### **Average New and Returning Monthly Unique Payers and Monthly Repurchase Rate**

We define new monthly unique payers as user accounts that made their first payment on the platform, or via redemption of prepaid cards, during a given month. Average new monthly unique payers for a specified period is the average of the new monthly unique payers for each month during that period. Because we do not always have the data necessary to link an individual who has paid under multiple user accounts, an individual may be counted as multiple new monthly unique payers.

We define returning monthly unique payers as user accounts that have made a payment on the platform, or via redemption of prepaid cards, in the current month and in any prior month. Average returning monthly unique payers for a specified period is the average of the returning monthly unique payers for each month during that period. Because we do not always have the data necessary to link an individual who has paid under multiple user accounts, an individual may be counted as multiple returning monthly unique payers.

We define monthly repurchase rate as the returning monthly unique payers in the current month, divided by the sum of the prior month's new monthly unique payers and returning monthly unique payers. Average monthly repurchase rate for a specified period is the average of the monthly repurchase rates for each month during that period.

### **Average Bookings per Monthly Unique Payer**

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

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

ROBLOX CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(in thousands, except par values)  
(unaudited)

	As of	
	June 30, 2025	December 31, 2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 994,570	\$ 711,683
Short-term investments	1,632,626	1,697,862
Accounts receivable—net of allowances	524,488	614,838
Prepaid expenses and other current assets	100,562	75,415
Deferred cost of revenue, current portion	694,377	628,232
Total current assets	3,946,623	3,728,030
Long-term investments	2,111,258	1,610,215
Property and equipment—net	613,707	659,589
Operating lease right-of-use assets	634,624	665,885
Deferred cost of revenue, long-term	350,052	321,824
Intangible assets, net	25,827	34,153
Goodwill	142,610	141,688
Other assets	20,870	13,619
Total assets	\$ 7,845,571	\$ 7,175,003
<b>Liabilities and Stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 61,796	\$ 42,885
Accrued expenses and other current liabilities	317,150	275,754
Developer exchange liability	314,174	339,600
Deferred revenue—current portion	3,365,460	3,004,969
Total current liabilities	4,058,580	3,663,208
Deferred revenue—net of current portion	1,749,480	1,567,007
Operating lease liabilities	641,132	670,051
Long-term debt, net	992,377	1,006,371
Other long-term liabilities	66,346	59,712
Total liabilities	7,507,915	6,966,349
Commitments and contingencies (Note 9)		
Stockholders' equity		
Common stock, \$0.0001 par value; 5,000,000 authorized as of June 30, 2025 and December 31, 2024, 693,161 and 666,419 shares issued and outstanding as of June 30, 2025 and December 31, 2024, respectively; Class A common stock—4,935,000 shares authorized as of June 30, 2025 and December 31, 2024, 644,947 and 618,116 shares issued and outstanding as of June 30, 2025 and December 31, 2024, respectively; Class B common stock—65,000 shares authorized as of June 30, 2025 and December 31, 2024, 48,214 and 48,303 shares issued and outstanding as of June 30, 2025 and December 31, 2024, respectively	64	62
Additional paid-in capital	4,828,393	4,220,916
Accumulated other comprehensive income/(loss)	13,832	(3,895)
Accumulated deficit	(4,489,068)	(3,995,637)
Total Roblox Corporation Stockholders' equity	353,221	221,446
Noncontrolling interest	(15,565)	(12,792)
Total Stockholders' equity	337,656	208,654
Total Liabilities and Stockholders' equity	\$ 7,845,571	\$ 7,175,003

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

**ROBLOX CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except per share amounts)  
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2025	2024	2025	2024
Revenue	\$ 1,080,677	\$ 893,543	\$ 2,115,884	\$ 1,694,843
Costs and expenses:				
Cost of revenue <sup>(1)</sup>	236,113	198,557	460,838	377,423
Developer exchange fees	316,371	208,270	597,935	410,675
Infrastructure and trust & safety	260,684	221,064	502,811	447,998
Research and development	384,996	361,684	759,596	723,749
General and administrative	152,166	105,627	271,298	203,451
Sales and marketing	52,807	36,290	100,575	71,824
Total costs and expenses	1,403,137	1,131,492	2,693,053	2,235,120
Loss from operations	(322,460)	(237,949)	(577,169)	(540,277)
Interest income	48,844	44,383	95,167	86,553
Interest expense	(10,342)	(10,204)	(20,692)	(20,567)
Other income/(expense), net	5,131	(3,315)	8,390	(3,661)
Loss before income taxes	(278,827)	(207,085)	(494,304)	(477,952)
Provision for/(benefit from) income taxes	973	110	1,836	1,163
Consolidated net loss	(279,800)	(207,195)	(496,140)	(479,115)
Net loss attributable to noncontrolling interest	(1,425)	(1,312)	(2,709)	(2,628)
Net loss attributable to common stockholders	\$ (278,375)	\$ (205,883)	\$ (493,431)	\$ (476,487)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.41)	\$ (0.32)	\$ (0.73)	\$ (0.75)
Weighted-average shares used in computing net loss per share attributable to common stockholders—basic and diluted	684,837	642,814	678,307	638,917

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

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

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

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Consolidated net loss	\$ (279,800)	\$ (207,195)	\$ (496,140)	\$ (479,115)
Other comprehensive income/(loss), net of tax:				
Foreign currency translation adjustments	5,707	57	7,539	(621)
Net change in unrealized gains/(losses) on available-for-sale marketable securities	3,101	(676)	10,124	(7,057)
Other comprehensive income/(loss), net of tax	8,808	(619)	17,663	(7,678)
Total comprehensive loss, including noncontrolling interest	(270,992)	(207,814)	(478,477)	(486,793)
Less: net loss attributable to noncontrolling interest	(1,425)	(1,312)	(2,709)	(2,628)
Less: cumulative translation adjustments attributable to noncontrolling interest	(48)	21	(64)	87
Other comprehensive loss attributable to noncontrolling interest, net of tax	(1,473)	(1,291)	(2,773)	(2,541)
Total comprehensive loss attributable to common stockholders	<u>\$ (269,519)</u>	<u>\$ (206,523)</u>	<u>\$ (475,704)</u>	<u>\$ (484,252)</u>

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

**ROBLOX CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(in thousands)  
(unaudited)

**Three Months Ended June 30, 2025**

	Class A and Class B Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income/(Loss)	Accumulated Deficit	Non- Controlling Interest	Total Stockholders' Equity
	Shares	Amount					
<b>Balance at March 31, 2025</b>	677,750	\$ 63	\$4,516,341	\$ 4,976	\$ (4,210,693)	\$ (14,092)	\$ 296,595
Issuance of common stock upon exercise of stock options	9,727	1	27,290	—	—	—	27,291
Vesting of restricted stock units and performance stock units	5,684	—	—	—	—	—	—
Stock-based compensation expense	—	—	284,762	—	—	—	284,762
Other comprehensive income/(loss)	—	—	—	8,856	—	(48)	8,808
Net loss	—	—	—	—	(278,375)	(1,425)	(279,800)
<b>Balance at June 30, 2025</b>	<u>693,161</u>	<u>\$ 64</u>	<u>\$4,828,393</u>	<u>\$ 13,832</u>	<u>\$ (4,489,068)</u>	<u>\$ (15,565)</u>	<u>\$ 337,656</u>

**Six Months Ended June 30, 2025**

	Class A and Class B Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income/(Loss)	Accumulated Deficit	Non- Controlling Interest	Total Stockholders' Equity
	Shares	Amount					
<b>Balance at December 31, 2024</b>	666,419	\$ 62	\$4,220,916	\$ (3,895)	\$ (3,995,637)	\$ (12,792)	\$ 208,654
Issuance of common stock upon exercise of stock options	14,358	2	39,320	—	—	—	39,322
Issuance of common stock under Employee Stock Purchase Plan	1,011	—	24,459	—	—	—	24,459
Vesting of restricted stock units and performance stock units	11,373	—	—	—	—	—	—
Stock-based compensation expense	—	—	543,698	—	—	—	543,698
Other comprehensive income/(loss)	—	—	—	17,727	—	(64)	17,663
Net loss	—	—	—	—	(493,431)	(2,709)	(496,140)
<b>Balance at June 30, 2025</b>	<u>693,161</u>	<u>\$ 64</u>	<u>\$4,828,393</u>	<u>\$ 13,832</u>	<u>\$ (4,489,068)</u>	<u>\$ (15,565)</u>	<u>\$ 337,656</u>

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

**ROBLOX CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(in thousands)  
(unaudited)

**Three Months Ended June 30, 2024**

	Class A and Class B Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income/(Loss)	Accumulated Deficit	Non-Controlling Interest	Total Stockholders' Equity
	Shares	Amount					
<b>Balance at March 31, 2024</b>	639,734	\$ 61	\$3,407,986	\$ (5,589)	\$ (3,330,857)	\$ (8,914)	\$ 62,687
Issuance of common stock upon exercise of stock options	1,692	—	4,537	—	—	—	4,537
Vesting of restricted stock units	5,185	—	—	—	—	—	—
Stock-based compensation expense	—	—	251,891	—	—	—	251,891
Other comprehensive income/(loss)	—	—	—	(640)	—	21	(619)
Net loss	—	—	—	—	(205,883)	(1,312)	(207,195)
<b>Balance at June 30, 2024</b>	<u>646,611</u>	<u>\$ 61</u>	<u>\$3,664,414</u>	<u>\$ (6,229)</u>	<u>\$ (3,536,740)</u>	<u>\$ (10,205)</u>	<u>\$ 111,301</u>

**Six Months Ended June 30, 2024**

	Class A and Class B Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income/(Loss)	Accumulated Deficit	Non-Controlling Interest	Total Stockholders' Equity
	Shares	Amount					
<b>Balance at December 31, 2023</b>	631,221	\$ 61	\$3,134,946	\$ 1,536	\$ (3,060,253)	\$ (7,664)	\$ 68,626
Issuance of common stock upon exercise of stock options	4,286	—	12,333	—	—	—	12,333
Issuance of common stock under Employee Stock Purchase Plan	1,085	—	24,742	—	—	—	24,742
Vesting of restricted stock units	10,019	—	—	—	—	—	—
Stock-based compensation expense	—	—	492,393	—	—	—	492,393
Other comprehensive income/(loss)	—	—	—	(7,765)	—	87	(7,678)
Net loss	—	—	—	—	(476,487)	(2,628)	(479,115)
<b>Balance at June 30, 2024</b>	<u>646,611</u>	<u>\$ 61</u>	<u>\$3,664,414</u>	<u>\$ (6,229)</u>	<u>\$ (3,536,740)</u>	<u>\$ (10,205)</u>	<u>\$ 111,301</u>

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

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

	<b>Six Months Ended June 30,</b>	
	<b>2025</b>	<b>2024</b>
<b>Cash flows from operating activities:</b>		
Consolidated net loss	\$ (496,140)	\$ (479,115)
Adjustments to reconcile consolidated net loss to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization expense	107,518	106,513
Stock-based compensation expense	543,698	492,393
Operating lease non-cash expense	60,719	57,488
Accretion on marketable securities, net	(34,439)	(39,533)
Amortization of debt issuance costs	706	679
Impairment expense, (gain)/loss on investment and other asset sales, and other, net	4,686	443
Changes in operating assets and liabilities, net of effect of acquisitions:		
Accounts receivable	87,688	160,045
Prepaid expenses and other current assets	(24,485)	(12,955)
Deferred cost of revenue	(93,321)	(52,615)
Other assets	(7,164)	(6,666)
Accounts payable	13,433	(8,828)
Accrued expenses and other current liabilities	7,684	(23,516)
Developer exchange liability	(25,426)	15,423
Deferred revenue	538,756	197,650
Operating lease liabilities	(53,087)	(29,329)
Other long-term liabilities	12,350	12,318
Net cash and cash equivalents provided by operating activities	<u>643,176</u>	<u>390,395</u>
<b>Cash flows from investing activities:</b>		
Acquisition of property and equipment	(39,975)	(86,381)
Payments related to business combination, net of cash acquired	—	(2,000)
Purchases of intangible assets	—	(1,370)
Purchases of investments	(2,610,824)	(1,866,782)
Maturities of investments	1,809,450	1,589,320
Sales of investments	411,691	233,306
Net cash and cash equivalents used in investing activities	<u>(429,658)</u>	<u>(133,907)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of common stock	63,692	37,247
Financing payments related to acquisitions	—	(4,450)
Net cash and cash equivalents provided by financing activities	<u>63,692</u>	<u>32,797</u>
Effect of exchange rate changes on cash and cash equivalents	5,677	(1,345)
Net increase/(decrease) in cash and cash equivalents	282,887	287,940
Cash and cash equivalents		
Beginning of period	711,683	678,466
End of period	<u>\$ 994,570</u>	<u>\$ 966,406</u>
Supplemental disclosure of noncash investing and financing activities:		
Property and equipment additions in accounts payable, accrued expenses and other current liabilities, and other long-term liabilities	\$ 36,387	\$ 23,470

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

**Roblox Corporation**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**1. Organization and Description of Business**

**Description of Business**

Roblox Corporation (the “Company” or “Roblox”) was incorporated under the laws of the state of Delaware in March 2004. On May 30, 2025 following approval of the Company’s stockholders at its 2025 annual meeting of stockholders, the Company completed its reincorporation from Delaware to Nevada.

The Company operates a free to use immersive platform for connection and communication (the “Roblox Platform” or “Platform”) where people come to create, play, work, learn, and connect with each other in experiences built by our global community of creators. Users are free to immerse themselves in experiences on the Roblox Platform and can acquire experience-specific enhancements or avatar items by using purchased Robux, our virtual currency. Any user can be a developer or creator on the Platform using Roblox Studio, a set of free software tools. Developers and creators build the experiences that are published on Roblox and can earn Robux by monetizing their experience, creating and selling or reselling avatar items, or creating and selling Roblox Studio plugins.

**2. Basis of Presentation and Summary of Significant Accounting Policies**

**Fiscal Year**

The Company’s fiscal year ends on December 31. For example, references to fiscal year 2025 and 2024 refer to the fiscal year ending December 31, 2025 and December 31, 2024, respectively.

**Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”), and applicable rules and regulations of the Securities and Exchange Commission (“SEC”), regarding interim financial reporting. Accordingly, they do not include all disclosures normally required in annual consolidated financial statements prepared in accordance with U.S. GAAP. Therefore, these unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024, which was filed with the SEC on February 18, 2025.

In the Company’s opinion, the information contained herein reflects all adjustments necessary for a fair presentation of the Company’s results of operations, financial position, cash flows, and stockholders’ equity. All such adjustments are of a normal, recurring nature. The results of operations for the three and six months ended June 30, 2025 shown in this report are not necessarily indicative of the results to be expected for the full year ending December 31, 2025 or any other interim period.

For a discussion of the Company’s significant accounting policies, refer to the significant accounting policies as described in the Company’s consolidated financial statements and related notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024, which was filed with the SEC on February 18, 2025.

**Principles of Consolidation**

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

## **Use of Estimates**

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

## **Change in Accounting Estimate**

At the onset of the second quarter of 2024, we updated our estimated paying user life from 28 months to 27 months, where it remained through June 30, 2025. Based on the carrying amount of deferred revenue and deferred cost of revenue as of March 31, 2024, the change resulted in an increase in revenue and cost of revenue during the three months ended June 30, 2024 by \$58.9 million and \$12.4 million, respectively.

Refer to the heading "Basis of Presentation and Summary of Significant Accounting Policies — Revenue Recognition Policy" as described in the Company's consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, which was filed with the SEC on February 18, 2025, for a complete discussion on the Company's revenue recognition policies, including further background on the Company's process to estimate the average lifetime of a paying user.

## ***Recent Accounting Pronouncements***

### **Recent Accounting Pronouncements Not Yet Adopted**

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, "*Income Taxes (Topic 740): Improvements to Income Tax Disclosures*," which requires public entities to disclose specific tax rate reconciliation categories, as well as income taxes paid disaggregated by jurisdiction, amongst other disclosure enhancements. The ASU is effective for financial statements issued for annual periods beginning after December 15, 2024, with early adoption permitted. The ASU can be adopted on a prospective or retrospective basis. The Company is evaluating the disclosure requirements related to the new standard.

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

### 3. Revenue from Contracts with Customers

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

	Three Months Ended June 30,			
	2025		2024	
	Amount	Percentage of Revenue	Amount	Percentage of Revenue
United States and Canada <sup>(1)</sup>	\$ 669,648	62 %	\$ 565,867	63 %
Europe	204,672	19	163,407	18
Asia-Pacific, including Australia and New Zealand	115,706	11	95,055	11
Rest of world	90,651	8	69,214	8
<b>Total</b>	<b>\$ 1,080,677</b>	<b>100 %</b>	<b>\$ 893,543</b>	<b>100 %</b>

	Six Months Ended June 30,			
	2025		2024	
	Amount	Percentage of Revenue	Amount	Percentage of Revenue
United States and Canada <sup>(1)</sup>	\$ 1,316,914	62 %	\$ 1,075,431	63 %
Europe	398,308	19	308,971	18
Asia-Pacific, including Australia and New Zealand	224,742	11	180,329	11
Rest of world	175,920	8	130,112	8
<b>Total</b>	<b>\$ 2,115,884</b>	<b>100 %</b>	<b>\$ 1,694,843</b>	<b>100 %</b>

(1) The Company's revenues in the United States were 58% of consolidated revenue for the three and six months ended June 30, 2025 and 59% for the three and six months ended June 30, 2024.

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

Durable virtual items accounted for 90% and 91% of virtual item-related revenue for the three and six months ended June 30, 2025, respectively, and 92% for the three and six months ended June 30, 2024. Consumable virtual items accounted for 10% and 9% of virtual item-related revenue for the three and six months ended June 30, 2025, respectively, and 8% for the three and six months ended June 30, 2024.

At the onset of the second quarter of 2024, we updated our estimated paying user life from 28 months to 27 months, where it remained through June 30, 2025.

#### **Deferred Revenue**

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

The increase in deferred revenue for the six months ended June 30, 2025 was driven by sales during the period exceeding revenue recognized from the satisfaction of our performance obligations, which includes the revenue recognized during the period that was included in the current portion of deferred revenue at the beginning of the period. During the six months ended June 30, 2025, we recognized \$1,680.7 million of revenue that was included in the current deferred revenue balance as of December 31, 2024.

### 4. Leases

The Company has executed subleases as sub-lessor pursuant to which it has subleased office space in its former San Mateo, California corporate headquarters. Sublease income was as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Sublease income	\$ 2,465	\$ 2,338	\$ 4,796	\$ 3,743

**5. Cash Equivalents and Investments**

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

	As of June 30, 2025						
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cash Equivalents	Short-Term Investments	Long-Term Investments
<b>Debt Securities</b>							
<b>Level 1</b>							
Money market funds	\$ 795,856	\$ —	\$ —	\$ 795,856	\$ 795,856	\$ —	\$ —
U.S. Treasury securities	2,269,883	4,672	(707)	2,273,848	19,900	1,345,621	908,327
<b>Subtotal</b>	<b>3,065,739</b>	<b>4,672</b>	<b>(707)</b>	<b>3,069,704</b>	<b>815,756</b>	<b>1,345,621</b>	<b>908,327</b>
<b>Level 2</b>							
U.S. agency securities	467,031	83	(123)	466,991	—	—	466,991
Commercial paper	277,694	—	—	277,694	30,695	246,999	—
Corporate debt securities	768,449	4,548	(77)	772,920	—	36,980	735,940
<b>Subtotal</b>	<b>1,513,174</b>	<b>4,631</b>	<b>(200)</b>	<b>1,517,605</b>	<b>30,695</b>	<b>283,979</b>	<b>1,202,931</b>
<b>Total Debt Securities</b>	<b>\$4,578,913</b>	<b>\$ 9,303</b>	<b>\$ (907)</b>	<b>\$4,587,309</b>	<b>\$ 846,451</b>	<b>\$1,629,600</b>	<b>\$2,111,258</b>
<b>Equity Securities</b>							
<b>Level 1</b>							
Mutual funds <sup>(1)</sup>				\$ 3,026	\$ —	\$ 3,026	\$ —
<b>Total Equity Securities</b>				<b>\$ 3,026</b>	<b>\$ —</b>	<b>\$ 3,026</b>	<b>\$ —</b>
<b>Total Cash Equivalents and Investments</b>	<b>\$4,578,913</b>	<b>\$ 9,303</b>	<b>\$ (907)</b>	<b>\$4,590,335</b>	<b>\$ 846,451</b>	<b>\$1,632,626</b>	<b>\$2,111,258</b>
	As of December 31, 2024						
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cash Equivalents	Short-Term Investments	Long-Term Investments
<b>Debt Securities</b>							
<b>Level 1</b>							
Money market funds	\$ 615,890	\$ —	\$ —	\$ 615,890	\$ 615,890	\$ —	\$ —
U.S. Treasury securities	2,159,558	1,886	(4,446)	2,156,998	—	1,402,694	754,304
<b>Subtotal</b>	<b>2,775,448</b>	<b>1,886</b>	<b>(4,446)</b>	<b>2,772,888</b>	<b>615,890</b>	<b>1,402,694</b>	<b>754,304</b>
<b>Level 2</b>							
U.S. agency securities	293,423	82	(211)	293,294	—	1	293,293
Commercial paper	280,243	—	(1)	280,242	19,818	260,424	—
Corporate debt securities	594,221	2,202	(1,240)	595,183	—	32,565	562,618
<b>Subtotal</b>	<b>1,167,887</b>	<b>2,284</b>	<b>(1,452)</b>	<b>1,168,719</b>	<b>19,818</b>	<b>292,990</b>	<b>855,911</b>
<b>Total Debt Securities</b>	<b>\$3,943,335</b>	<b>\$ 4,170</b>	<b>\$ (5,898)</b>	<b>\$3,941,607</b>	<b>\$ 635,708</b>	<b>\$1,695,684</b>	<b>\$1,610,215</b>
<b>Equity Securities</b>							
<b>Level 1</b>							
Mutual funds <sup>(1)</sup>				\$ 2,178	\$ —	\$ 2,178	\$ —
<b>Total Equity Securities</b>				<b>\$ 2,178</b>	<b>\$ —</b>	<b>\$ 2,178</b>	<b>\$ —</b>
<b>Total Cash Equivalents and Investments</b>	<b>\$3,943,335</b>	<b>\$ 4,170</b>	<b>\$ (5,898)</b>	<b>\$3,943,785</b>	<b>\$ 635,708</b>	<b>\$1,697,862</b>	<b>\$1,610,215</b>

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

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As of June 30, 2025, all of the Company's short-term debt investments have contractual maturities of one year or less and all of the Company's long-term debt investments have contractual maturities between one and five years.

Changes in market interest rates, credit risk of borrowers, and overall market liquidity, amongst other factors, may cause our short-term and long-term debt investments to fall below their amortized cost basis, resulting in unrealized losses. For those debt securities in an unrealized loss position as of June 30, 2025, the unrealized losses were primarily driven by increases in market interest rates following the date of purchase and the Company does not intend to sell, nor is it more likely than not it will be required to sell, such securities before recovering the amortized cost basis.

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

	As of June 30, 2025					
	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury securities	\$ 1,195,633	\$ (707)	\$ —	\$ —	\$ 1,195,633	\$ (707)
U.S. agency securities	295,008	(123)	—	—	295,008	(123)
Corporate debt securities	48,164	(77)	—	—	48,164	(77)
<b>Total</b>	<b>\$ 1,538,805</b>	<b>\$ (907)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1,538,805</b>	<b>\$ (907)</b>

	As of December 31, 2024					
	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury securities	\$ 638,363	\$ (4,434)	\$ 25,891	\$ (12)	\$ 664,254	\$ (4,446)
U.S. agency securities	102,229	(211)	—	—	102,229	(211)
Commercial paper	10,937	(1)	—	—	10,937	(1)
Corporate debt securities	256,629	(1,233)	3,041	(7)	259,670	(1,240)
<b>Total</b>	<b>\$ 1,008,158</b>	<b>\$ (5,879)</b>	<b>\$ 28,932</b>	<b>\$ (19)</b>	<b>\$ 1,037,090</b>	<b>\$ (5,898)</b>

**6. Goodwill and Intangible Assets**

**Goodwill**

The following table represents the changes to goodwill during the six months ended June 30, 2025 (in thousands):

	Carrying Amount
Balance as of December 31, 2024	\$ 141,688
Foreign currency translation adjustments	922
Balance as of June 30, 2025	<u>\$ 142,610</u>

There are no accumulated impairment losses for any period presented.

**Intangible Assets**

The following tables present details of the Company’s finite-lived intangible assets as of June 30, 2025 and December 31, 2024 (in thousands):

	As of June 30, 2025		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed technology	\$ 75,291	\$ (61,623)	\$ 13,668
Patents	14,200	(2,900)	11,300
Assembled workforce	10,000	(10,000)	—
Trade name	500	(383)	117
<b>Total intangible assets</b>	<b>\$ 99,991</b>	<b>\$ (74,906)</b>	<b>\$ 25,085</b>

	As of December 31, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed technology	\$ 75,291	\$ (54,348)	\$ 20,943
Patents	14,200	(2,150)	12,050
Assembled workforce	10,000	(9,750)	250
Trade name	500	(333)	167
<b>Total intangible assets</b>	<b>\$ 99,991</b>	<b>\$ (66,581)</b>	<b>\$ 33,410</b>

The above tables do not include \$0.7 million of indefinite lived intangible assets as of June 30, 2025 and December 31, 2024.

Amortization expense related to our finite-lived intangible assets was \$4.1 million and \$8.3 million for the three and six months ended June 30, 2025, respectively, and \$5.0 million and \$10.1 million for the three and six months ended June 30, 2024, respectively.

Expected future amortization expenses related to the Company’s finite-lived intangible assets as of June 30, 2025 are as follows (in thousands):

Year ending December 31:	
Remainder of 2025	\$ 7,369
2026	6,660
2027	3,096
2028	1,910
2029	1,500
Thereafter	4,550
Total remaining amortization expense	<b>\$ 25,085</b>

**7. Other Balance Sheet Components**

**Prepaid expenses and other current assets**

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

	As of	
	June 30, 2025	December 31, 2024
Prepaid expenses	\$ 59,681	\$ 47,919
Accrued interest receivable	29,088	19,690
Other current assets	11,793	7,806
Total prepaid expenses and other current assets	<b>\$ 100,562</b>	<b>\$ 75,415</b>

**Property and equipment, net**

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

	As of	
	June 30, 2025	December 31, 2024
Servers and related equipment and software	\$ 901,951	\$ 898,598
Computer hardware and software licenses	42,476	55,002
Furniture and fixtures	2,328	2,121
Leasehold improvements	249,807	245,150
Construction in progress	16,287	46,158
Total property and equipment	1,212,849	1,247,029
Less accumulated depreciation and amortization	(599,142)	(587,440)
Property and equipment—net	<u>\$ 613,707</u>	<u>\$ 659,589</u>

Construction in progress primarily relates to networking and other infrastructure equipment to support the Company’s data centers.

Total depreciation and amortization expense of property and equipment was \$49.6 million and \$99.2 million for the three and six months ended June 30, 2025, respectively, and \$47.8 million and \$96.5 million for the three and six months ended June 30, 2024, respectively.

**Accrued expenses and other current liabilities**

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

	As of	
	June 30, 2025	December 31, 2024
Accrued operating expenses and liabilities	\$ 72,455	\$ 49,478
Short-term operating lease liabilities	136,909	128,857
Accrued interest on the 2030 Notes	6,458	6,458
Taxes payable	49,012	54,609
Accrued compensation and other employee related liabilities	22,150	28,147
Short-term debt	14,700	—
Other current liabilities	15,466	8,205
Total accrued expenses and other current liabilities	<u>\$ 317,150</u>	<u>\$ 275,754</u>

**8. Debt**

**2030 Notes**

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

The aggregate proceeds from the offering of the 2030 Notes were approximately \$987.5 million, after deducting lenders costs and other issuance costs incurred by the Company. The issuance costs of \$12.5 million are amortized into interest expense using the effective interest method over the term of the 2030 Notes.

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

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

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

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

- (3) Prior to November 1, 2024, the Company could have redeemed all or a part of the 2030 Notes at a redemption price equal to 100% of the principal amount of 2030 Notes redeemed, including accrued and unpaid interest, if any, plus the applicable “make-whole” premium set forth in the indenture governing the 2030 Notes (the “Indenture”) as of the date of such redemption; and
- (4) In connection with any tender offer for the 2030 Notes, including an offer to purchase (as defined in the Indenture), if holders of not less than 90% in aggregate principal amount of the outstanding 2030 Notes validly tender and do not withdraw such notes in such tender offer and the Company (or any third party making such a tender offer in lieu of the Company) purchases all of the 2030 Notes validly tendered and not withdrawn by such holders, the Company (or such third party) will have the right, upon not less than 10, but not more than 60 days’ prior notice, given not more than 30 days following such purchase date to the holders of the 2030 Notes and the trustee, to redeem all of the 2030 Notes that remain outstanding following such purchase at a redemption price equal to the price offered to each holder of 2030 Notes (excluding any early tender or incentive fee) in such tender offer plus to the extent not included in the tender offer payment, accrued and unpaid interest, if any.

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

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

As of June 30, 2025, the Company was in compliance with all of its covenants under the Indenture.

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

	As of	
	June 30, 2025	December 31, 2024
<b>2030 Notes</b>		
Principal	\$ 1,000,000	\$ 1,000,000
Unamortized issuance costs	(7,623)	(8,329)
Net carrying amount	<u>\$ 992,377</u>	<u>\$ 991,671</u>

Interest expense related to the 2030 Notes was as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Contractual interest expense	\$ 9,688	\$ 9,688	\$ 19,376	\$ 19,376
Amortization of debt issuance costs	355	341	706	679
Total interest expense	\$ 10,043	\$ 10,029	\$ 20,082	\$ 20,055

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

As of June 30, 2025 and December 31, 2024, the estimated fair value of the 2030 Notes was approximately \$946.4 million and \$901.5 million, respectively, determined based on the last trading price of the 2030 Notes during the reporting period (a Level 2 input).

### **Joint Venture Financing**

Refer to Note 13, “Joint Venture”, in the notes to the condensed consolidated financial statements for additional information on debt issued by the Company’s consolidated subsidiary, Roblox China Holding Corp.

## **9. Commitments and Contingencies**

**Lease Commitments**—The Company leases office facilities and space for data center operations under operating leases expiring in various years through 2035. Certain of these arrangements have free or escalating rent payment provisions and optional renewal clauses. All of the Company’s leases are accounted for as operating leases. There has been no material change in the Company’s lease commitments during the six months ended June 30, 2025, except for lease commitments primarily related to office facilities and data centers in the ordinary course of business.

**Purchase Obligations**—Non-cancellable contractual purchase obligations primarily consist of contracts associated with data center hosting providers, software vendors, and payment processors. There have been no material changes in the Company’s purchase obligations during the six months ended June 30, 2025, other than non-cancellable purchase commitments made in the ordinary course of business, primarily related to data center hosting providers, software vendors, and payment processors.

**Letters of Credit**—The Company has letters of credit in connection with its operating leases which are not reflected in the Company’s condensed consolidated balance sheets as of June 30, 2025 and December 31, 2024. There have been no material changes to the Company’s letters of credit during the six months ended June 30, 2025.

**Legal Proceedings**—The Company is and, from time to time may in the future become, involved in legal proceedings, claims, and litigation in the ordinary course of business.

As of June 30, 2025 and December 31, 2024, the Company accrued for immaterial losses related to litigation matters that the Company believes to be probable and for which an amount of loss can be reasonably estimated. The Company considered the progress of these cases, the opinions and views of its legal counsel and outside advisors, its experience and settlements in similar cases, and other factors in arriving at the conclusion that a potential loss was probable. The Company cannot determine a reasonable estimate of the maximum possible loss or range of loss for all of these matters given that they are at various stages of the litigation process and each case is subject to the inherent uncertainties of litigation. The Company may incur substantial legal fees, which are expensed as incurred, in defending against these legal proceedings. The maximum amount of liability that may ultimately result from any of these matters cannot be predicted with absolute certainty and the ultimate resolution of one or more of these matters could ultimately have a material adverse effect on our operations.

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

Separately, on March 14, 2024, *Gentry v. Roblox* was filed in the United States District Court for the Northern District of California premised on substantially identical allegations as the Colvin matter. On April 18, 2024, the *Gentry v. Roblox* matter was consolidated with the Colvin matter. Plaintiffs filed a consolidated complaint on April 23, 2024. The consolidated complaint seeks monetary damages, including actual, punitive, and statutory damages, restitution, attorneys' fees and costs, and declaratory and injunctive relief. The Company filed a motion to dismiss the consolidated complaint on May 14, 2024, which the court granted in part and denied in part on September 19, 2024. The court dismissed with prejudice plaintiffs' fraud-based claims and claims for injunctive relief, but allowed plaintiffs' claims under California's Unfair Competition Law and for negligence and unjust enrichment to proceed. On October 30, 2024, the Company filed an answer denying plaintiffs' claims. On November 20, 2024, the Company filed an Amended Answer, again denying plaintiffs' claims, and adding cross-claims against virtual casino defendants for intellectual property infringement, violation of the Computer Fraud and Abuse Act, breach of contract, tortious interference, and indemnification, among others. One of the cross-defendants, Based Plate Studios, LLC moved to dismiss the Company's claims. On April 16, 2025, the court granted in part and denied in part Based Plate Studios' motion to dismiss, allowing the Company's claims against Based Plate Studios for trademark infringement, violation of California Comprehensive Computer Data Access and Fraud Act, tortious interference with contract, breach of contract, and indemnification to proceed. On June 2, 2025, plaintiffs filed a Second Amended Complaint, adding new defendants and more detailed allegations regarding existing plaintiffs. The Company filed a motion to dismiss portions of the Second Amended Complaint on June 23, 2025. Hearing on that motion is set for hearing on September 4, 2025. Discovery is ongoing.

On September 16, 2024, *Robinson v. Binello* was filed in the United States District Court for the Northern District of California as Case No. 3:24-cv-06501. The complaint alleges the Company and one of its developers engaged in copyright infringement because a recording that plaintiff allegedly owns a copyright for was allegedly featured in the "Meep City" experience on Roblox from 2016 to 2022. Plaintiff is seeking a declaration that the Company has willfully infringed their work, actual damages, equitable relief, pre-judgement and post-judgement interest, and such other relief as the court deems proper. The Company has retained counsel and filed a motion to dismiss on November 1, 2024. On March 24, 2025, the court granted in part and denied in part the Company's motion, allowing claims for direct copyright infringement and vicarious copyright infringement to proceed. The Company filed an answer denying the claims on April 28, 2025. Discovery is ongoing.

The Company intends to defend itself vigorously against all claims asserted against it. At this time, the Company is unable to reasonably estimate the loss or range of loss, if any, arising from the above-referenced matters.

**Indemnification**—In the ordinary course of business, the Company enters into agreements that may include indemnification provisions. Pursuant to such agreements, the Company may indemnify, hold harmless, and defend an indemnified party for losses suffered or incurred by the indemnified party. Some of the provisions will limit losses to those arising from third-party actions. In some cases, the indemnification will continue after the termination of the agreement. The maximum potential amount of future payments the Company could be required to make under these provisions is not determinable. To date, the Company has not incurred material costs to defend lawsuits or settle claims related to these indemnification provisions.

The Company has also entered into indemnification agreements with its directors and officers that may require the Company to indemnify its directors and officers against liabilities that may arise by reason of their status or service as directors or officers to the fullest extent permitted under applicable law. To date, the Company has not incurred any material costs and has not accrued any liabilities related to such obligations. The Company also has directors' and officers' insurance.

## **10. Stockholders' Equity**

As of June 30, 2025, the Company had 4,935.0 million shares of Class A common stock authorized, with a par value of \$0.0001 per share, 65.0 million shares of Class B common stock authorized, with a par value of \$0.0001 per share, and 100.0 million shares of preferred stock authorized, with a par value of \$0.0001 per share. Holders of Class A common stock are entitled to one vote per share. Holders of Class B common stock are entitled to 20 votes per share.

During the second quarter of 2025 and first quarter of 2024, 0.1 million and 1.4 million shares of Class B common stock held by entities affiliated with David Baszucki, the Company's Founder, President, CEO and Chair of its Board of Directors (the "CEO") were converted to Class A common stock, respectively.

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

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

	As of	
	June 30, 2025	December 31, 2024
Stock options outstanding	13,086	27,458
Restricted Stock Units (“RSUs”) outstanding	31,296	34,941
Performance Stock Units (“PSUs”) outstanding <sup>(1)</sup>	3,030	2,304
2020 Equity Incentive Plan	116,525	91,642
2020 Employee Stock Purchase Plan	26,508	20,855
Other awards and warrants outstanding or unreleased	335	367
<b>Total</b>	<b>190,780</b>	<b>177,567</b>

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

### ***11. Stock-Based Compensation Expense***

The Company has three equity incentive plans: its 2004 Incentive Stock Plan (the “2004 Plan”), its 2017 Amended and Restated Equity Incentive Plan (the “2017 Plan”), and its 2020 Equity Incentive Plan (the “2020 Plan”). The Company’s stockholders approved the 2020 Plan in 2020, which became effective in connection with the Company’s March 10, 2021 direct listing of its Class A common stock (the “Direct Listing”). The 2017 Plan was terminated effective immediately prior to the Direct Listing in connection with the effectiveness of the Company’s 2020 Plan, and accordingly no shares are available for issuance under the 2017 Plan. The 2004 Plan was terminated on the effective date of the 2017 Plan, and accordingly no shares are available for issuance under the 2004 Plan. Any outstanding stock awards under the 2004 Plan and 2017 Plan remain outstanding, subject to the terms of the applicable plan and award agreements, until such shares are issued under those stock awards, by exercise of stock options, settlement of RSUs, or until those stock awards become vested or expired by their terms.

Additionally, in 2020, the Company’s stockholders approved the 2020 Employee Stock Purchase Plan (the “2020 ESPP”), which became effective in connection with the Direct Listing.

### ***Stock-Based Compensation Expense***

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Infrastructure and trust & safety	\$ 34,618	\$ 27,973	\$ 68,168	\$ 55,248
Research and development	188,698	180,556	365,598	353,803
General and administrative	48,551	34,796	84,565	66,441
Sales and marketing	12,895	8,566	25,367	16,901
<b>Total stock-based compensation expense</b>	<b>\$ 284,762</b>	<b>\$ 251,891</b>	<b>\$ 543,698</b>	<b>\$ 492,393</b>

**Stock Options**

The following table summarizes the Company’s stock option activity (in thousands, except per option data and remaining contractual term):

	Stock Options Outstanding			
	Number of Shares Subject to Options	Weighted-Average Exercise Price (per Option)	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
<b>Balances as of December 31, 2024</b>	27,458	\$ 3.08	4.24	\$ 1,504,261
Granted	—	—		
Cancelled, forfeited, and expired	(14)	\$ 5.21		
Exercised	(14,358)	\$ 2.75		
<b>Balances as of June 30, 2025</b>	<u>13,086</u>	\$ 3.44	3.52	\$ 1,331,627
Exercisable as of June 30, 2025	13,062	\$ 3.44	3.52	\$ 1,329,207
Vested and expected to vest at June 30, 2025	13,086	\$ 3.44	3.52	\$ 1,331,627

**RSUs and PSUs**

The following table summarizes the Company’s RSU and PSU activity, excluding the 2024 CEO PSU Award, which is described in more detail in the following section (in thousands, except per share data):

	Unvested RSUs Outstanding <sup>(1)</sup>		Unvested PSUs Outstanding <sup>(2)</sup>	
	Number of Shares	Weighted-Average Grant Date Fair Value (per Share)	Number of Shares	Weighted-Average Grant Date Fair Value (per Share)
<b>Unvested as of December 31, 2024</b>	34,941	\$ 41.07	1,411	\$ 43.00
Granted	9,508	\$ 64.11	1,244	\$ 57.17
Vested	(11,186)	\$ 43.88	(187)	\$ 45.70
Cancelled	(1,967)	\$ 36.70	(331)	\$ 43.52
<b>Unvested as of June 30, 2025</b>	<u>31,296</u>	\$ 47.34	<u>2,137</u>	\$ 50.93

- (1) The unvested RSUs balances of June 30, 2025 and December 31, 2024 both exclude 0.1 million of RSUs associated with the Company’s nonqualified deferred compensation plan that have vested but have not yet been released.
- (2) Includes PSUs issued to certain members of management (the “Management PSUs”) in each of the years 2022 through 2025 and excludes the 2024 CEO PSU Award, which is described in more detail below. The Management PSUs include awards with financial performance-based targets and market performance-based targets. All unvested PSU balances and grants are shown at the aggregate maximum number of shares that were granted and may be earned and issued with respect to each award over its full term. Stock-based compensation expense recognized related to the Management PSUs was \$16.7 million and \$22.6 million during the three and six months ended June 30, 2025, respectively, and \$3.8 million during each of the three and six months ended June 30, 2024.

**Certain PSU and RSU Grants**

*CEO Long-Term Performance Award*

In February 2021, the Leadership Development and Compensation Committee granted a PSU award (the “CEO Long-Term Performance Award”) under the 2017 Plan, which provided our CEO the opportunity to earn a maximum number of 11,500,000 shares of Class A common stock. The CEO Long-Term Performance Award would have vested upon the satisfaction of a service condition and achievement of certain Class A common stock price targets over five years. The Leadership Development and Compensation Committee approved the cancellation of the CEO-Long Term Performance Award on March 1, 2024, as further discussed below. The Class A common stock price targets were not achieved and therefore no shares vested under the CEO Long-Term Performance Award prior to its cancellation.

*2024 CEO PSUs and RSUs*

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

As of the Modification Date, total subsequent stock-based compensation expense to be recognized was measured as (i) the remaining unrecognized stock-based compensation expense related to the grant date fair value of the CEO Long-Term Performance Award of \$84.4 million and (ii) the incremental fair value resulting from the modification, if any. To estimate the incremental fair value resulting from the modification (if any), the Company first estimated the fair value of the modified CEO Long-Term Performance Award immediately prior to the Modification Date using a model based on multiple stock price outcomes developed through the use of a Monte Carlo simulation that incorporated into the valuation the possibility that the stock price targets may not be satisfied. A Monte Carlo simulation model requires the use of various assumptions, including the underlying stock price, volatility, and the risk-free interest rate as of the valuation date, corresponding to the length of time remaining in the performance period, and expected dividend yield. On the Modification Date, the estimated fair value of the CEO Long-Term Performance Award immediately prior to the modification was greater than the estimated fair value of the 2024 CEO Award (which was generally estimated based on the Modification Date fair value of the Class A common stock underlying the 2024 CEO Award, with consideration of the probability of achievement against the pre-established performance measures). As a result, the modification did not result in any incremental stock-based compensation expense and therefore, as of the Modification Date, total subsequent stock-based compensation expense to be recognized totaled \$84.4 million. Of the total estimated stock-based compensation expense, 75% of the value was allocated to the 2024 CEO PSU Award with the remaining 25% allocated to the RSUs, based on the relative value of the two awards on the Modification Date.

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

The target number of the 2024 CEO PSU Award was 446,534 in aggregate, with 80% of the target number of shares allocated to the cumulative bookings performance measure and 20% of the target number of shares allocated to the cumulative PSU Adjusted EBITDA performance measure.

The Company recorded \$7.3 million and \$14.5 million of stock-based compensation expense related to the 2024 CEO PSU Award during the three and six months ended June 30, 2025, respectively, and \$7.3 million and \$17.8 million of stock-based compensation expense related to the 2024 CEO PSU Award and CEO Long-Term Performance Award, in total, during the three and six months ended June 30, 2024, respectively, within general and administrative expenses.

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

### ***2025 PSU Awards***

During the first quarter of 2025, the Leadership Development and Compensation Committee granted PSU awards to certain members of management (the "2025 PSU Awards").

Under the 2025 PSU Awards, the number of shares that can be earned will range from 0% to 200% of the target number of shares based on the Company's performance against two independent performance measures relative to pre-established thresholds during a two-year performance period ending on December 31, 2026. The two independent performance measures include the Company's cumulative (i) bookings during the performance period, as defined in the grant agreement with each member of management and (ii) PSU Adjusted EBITDA margin during the performance period, which correlates to cumulative PSU Adjusted EBITDA during the performance period divided by cumulative bookings during the performance period. Further, the awards are subject to each executive's continuous service with the Company through each vesting date, with the initial vesting date to occur in the first quarter of 2027 (of which 67% of the award earned, if any, will vest) and the remaining vesting dates to occur in four equal quarterly installments beginning in the second quarter of 2027.

As of June 30, 2025, the target number of 2025 PSU Awards was 621,971 in total, with 80% of the target number of shares allocated to the cumulative bookings performance measure and 20% of the target number of shares allocated to the cumulative PSU Adjusted EBITDA margin performance measure.

The Company recognizes stock-based compensation expense for the 2025 PSU Awards based upon the per-share grant date fair value of \$57.17 on an accelerated attribution method over the requisite service period of each separately vesting tranche. At each reporting period, the amount of stock-based compensation expense is determined based on the probability of achievement against the pre-established performance measures and if necessary, a cumulative catch-up adjustment is recorded to reflect any revised estimates regarding the probability of achievement.

**Employee Stock Purchase Plan**

The Company recorded \$2.7 million and \$6.5 million of stock-based compensation expense related to the 2020 ESPP during the three and six months ended June 30, 2025, respectively, and \$5.0 million and \$11.5 million during the three and six months ended June 30, 2024, respectively.

**12. Accumulated Other Comprehensive Income/(Loss)**

The following table shows a summary of changes in accumulated other comprehensive income/(loss) by component for the six months ended June 30, 2025 (in thousands):

	Foreign Currency Translation	Unrealized Gains/ (Losses) on Available- For-Sale Debt Securities	Total
<b>Balance as of December 31, 2024</b>	\$ (2,167)	\$ (1,728)	\$ (3,895)
Other comprehensive income/(loss), net of tax, before reclassifications	7,603	11,518	19,121
Amounts reclassified from accumulated other comprehensive income/(loss), net of tax	—	(1,394)	(1,394)
Change in accumulated other comprehensive income/(loss), net of tax	7,603	10,124	17,727
<b>Balance as of June 30, 2025</b>	<u>\$ 5,436</u>	<u>\$ 8,396</u>	<u>\$ 13,832</u>

**13. Joint Venture**

**Background**

In February 2019, the Company entered into a joint venture agreement with Songhua River Investment Limited (“Songhua”), an affiliate of Tencent Holdings Ltd., (“Tencent Holdings”), to create Roblox China Holding Corp. (in which the Company holds a 51% ownership interest as it relates to the voting shares). Songhua contributed \$50.0 million in capital in exchange for a 49% ownership interest in Roblox China Holding Corp. The business of the joint venture (either directly or indirectly through the joint venture’s wholly owned subsidiaries) is to engage in the (i) development, localization, and licensing of the Roblox application to Shenzhen Tencent Computer Systems Co., Ltd. for operation and publication as a game in China, and (ii) development, localization, and licensing to creators of a Chinese version of the Roblox Studio and to oversee relations with local Chinese developers.

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

**Joint Venture Financing**

On May 10, 2023, Roblox China Holding Corp. (the “Borrower”) issued \$30.0 million aggregate principal debt which matures on May 10, 2026 (the “2026 Notes”), unless earlier prepaid by the Borrower or converted by the holders into the Borrower’s voting shares. Further, the Borrower, at its sole election, may extend the maturity date by two years.

The 2026 Notes were funded by the Company and Songhua (the “Lenders”) in the amounts of \$15.3 million and \$14.7 million, respectively. The 2026 Notes bear interest at a rate of 6.0% per annum, with accrued interest payable on the final maturity date.

At any point, the Lenders may voluntarily convert the 2026 Notes into voting shares of the Borrower, provided that immediately after such conversion, the Lenders continue to own the same percentage of voting shares in the Borrower as they did immediately prior to the conversion. The conversion ratio will be determined at the time of such conversion (if any), and will be determined by dividing the then fair value of the Borrower’s voting shares (as mutually agreed to by the Lenders and Borrower) into the sum of the unpaid principal and accrued interest.

The portion of the 2026 Notes outstanding to Songhua is reflected in the Company’s condensed consolidated financial statements as accrued expenses and other current liabilities as of June 30, 2025 and long-term debt, net as of December 31, 2024, at its principal amount, while the portion outstanding to the Company – including any related interest expense – is eliminated upon consolidation. Interest expense related to the 2026 Notes was not material for any of the periods presented.

**14. Income Taxes**

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

The provision for/(benefit from) income taxes for the three and six months ended June 30, 2025 and 2024 consisted of immaterial federal, state, and foreign income taxes. The Company continues to maintain a full valuation allowance on its federal, state, and certain foreign net deferred tax assets as it is not likely that the deferred assets will be utilized. The primary difference between the effective tax rate and the federal statutory tax rate relates to the valuation allowance on the Company’s deferred tax assets.

**15. Basic and Diluted Net Loss Per Common Share**

The following table presents the calculation of basic and diluted net loss per share (in thousands, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
<b>Basic and diluted net loss per share</b>				
<i>Numerator</i>				
Consolidated net loss	\$ (279,800)	\$ (207,195)	\$ (496,140)	\$ (479,115)
Less: net loss attributable to noncontrolling interest	(1,425)	(1,312)	(2,709)	(2,628)
Net loss attributable to common stockholders	\$ (278,375)	\$ (205,883)	\$ (493,431)	\$ (476,487)
<i>Denominator</i>				
Weighted-average common shares used in computing net loss per share attributable to common stockholders, basic and diluted	684,837	642,814	678,307	638,917
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.41)	\$ (0.32)	\$ (0.73)	\$ (0.75)

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

	As of June 30,	
	2025	2024
Stock options outstanding	13,086	35,718
RSUs outstanding	31,296	37,702
2020 ESPP	822	2,123
PSU awards based on performance target achievement at period-end <sup>(1)</sup>	383	49
Other awards and warrants outstanding or unreleased	335	363
Total	45,922	75,955

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

**16. Reportable Segments**

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenue	\$ 1,080,677	\$ 893,543	\$ 2,115,884	\$ 1,694,843
Add (deduct):				
Cost of revenue <sup>(1)</sup>	\$ (236,113)	\$ (198,557)	\$ (460,838)	\$ (377,423)
Developer exchange fees	(316,371)	(208,270)	(597,935)	(410,675)
Adjusted infrastructure expenses <sup>(2)</sup>	(146,531)	(113,016)	(276,635)	(228,031)
Adjusted trust & safety expenses <sup>(2)</sup>	(70,208)	(62,665)	(138,445)	(128,394)
Personnel costs, excluding stock-based compensation expense and excluding infrastructure and trust & safety personnel costs	(215,201)	(178,758)	(423,065)	(376,020)
Stock-based compensation expense, excluding infrastructure and trust & safety stock-based compensation expense	(250,144)	(223,918)	(475,530)	(437,145)
Depreciation and amortization expense	(53,784)	(52,772)	(107,518)	(106,513)
Other segment items <sup>(3)</sup>	(109,654)	(96,851)	(204,697)	(174,580)
Interest income	48,844	44,383	95,167	86,553
Interest expense	(10,342)	(10,204)	(20,692)	(20,567)
(Provision for)/benefit from income taxes	(973)	(110)	(1,836)	(1,163)
Consolidated net loss	<u>\$ (279,800)</u>	<u>\$ (207,195)</u>	<u>\$ (496,140)</u>	<u>\$ (479,115)</u>

- (1) Depreciation of servers and infrastructure equipment included in infrastructure and trust & safety expenses in the Company’s consolidated statement of operations.
- (2) Adjusted infrastructure and adjusted trust & safety expenses exclude depreciation and amortization expense.
- (3) Other segment items primarily include expenses for professional services, facilities, advertising and promotions, certain software and equipment, and other income/(expense), net.

**17. Subsequent Events**

On July 30, 2025, the Company executed a lease agreement pursuant to which the Company will lease an additional 68,333 square feet of office space for one of the buildings at its corporate headquarters for a lease term of approximately 8 years. Concurrently, the Company also extended an existing lease for the same building for an additional term of approximately 5 years, structured to co-terminate with the expansion. The total incremental base rent under the agreement is approximately \$82.0 million (net of rent abatement and tenant improvement allowance). The Company expects to take possession of the majority of the additional space in the second half of 2025.

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

*The following discussion and analysis of our financial condition, results of operations, and cash flows should be read in conjunction with our unaudited condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and our audited consolidated financial statements and the related notes and the discussion under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for the fiscal year ended December 31, 2024 included in the Annual Report on Form 10-K, which was filed with the SEC on February 18, 2025. This discussion and analysis and other parts of this Quarterly Report on Form 10-Q contain forward-looking statements, such as those relating to our plans, objectives, expectations, intentions, and beliefs, that involve risks, uncertainties, and assumptions. Our actual results could differ materially from these forward-looking statements as a result of many factors, including those discussed in the section titled “Risk Factors,” “Special Note Regarding Forward-Looking Statements,” and “Special Note Regarding Operating Metrics” included elsewhere in this Quarterly Report on Form 10-Q. Our historical results are not necessarily indicative of the results that may be expected for any periods in the future. Unless the context otherwise requires, all references in this report to “Roblox,” the “Company,” “we,” “our,” “us,” or similar terms refer to Roblox Corporation and its subsidiaries.*

*Amounts reported in millions are rounded based on the amounts in thousands. As a result, the sum of the components reported in millions may not equal the total amount reported in millions due to rounding. In addition, percentages presented are calculated from the underlying numbers in thousands and may not add to their respective totals due to rounding.*

### Overview

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

Our free to use immersive platform for connection and communication consists of the Roblox Client, the Roblox Studio, and the Roblox Cloud (collectively, the “Roblox Platform” or the “Platform”). Roblox Client is the free application that allows users to explore 3D immersive experiences. Roblox Studio is the free toolset that allows developers and creators to build, publish, and operate 3D immersive experiences and other content accessed with the Roblox Client. Roblox Cloud includes the services and infrastructure that power our Platform. We are continually innovating our Platform by investing in high fidelity avatars, more realistic experiences, artificial intelligence (“AI”) tools, and other social features.

Our mission is to connect a billion users with optimism and civility. We are constantly improving the ways in which our Platform supports shared experiences, ranging from how these experiences are built by an engaged community of developers and creators to how they are enjoyed and safely accessed by users across the globe. We also believe there is a strong potential to capture a greater percentage of the global gaming market within the Roblox ecosystem. Our goal is to make it as easy as possible for creators and developers to build better experiences, including games, expand content into new genres, and ultimately reach more users.

Consistent with our free to play business model, a small portion of our users have historically been payers. For example, in the three months ended June 30, 2025, of our 111.8 million average DAUs, only approximately 1,480,000 represented our average daily unique paying users. Similarly, in the three months ended June 30, 2025, our average daily bookings per DAU was \$0.14, whereas our average daily bookings per daily unique paying user was \$10.68. We believe that maintaining and growing our overall number of DAUs, including the number of DAUs who may not purchase and spend Robux, is important to the success of our business. As a result, we believe that the number of DAUs who choose to purchase and spend Robux will continue to constitute a small portion of our overall users.

In the second half of 2024 and into 2025, we implemented certain Platform policy changes and features as part of our continuing efforts to evolve and refine our safety features. As our safety teams continue to innovate and use advancements in technology to help users feel safe on our Platform, we expect to continue to implement Platform policy, product, technology and other changes, including in anticipation of and in response to regulatory requirements and evolving guidance from leading global organizations focused on child and internet safety in the U.S. and abroad. These changes have impacted and in the future may continue to impact user engagement, revenue, and bookings, particularly from younger users.

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

**Key Metrics**

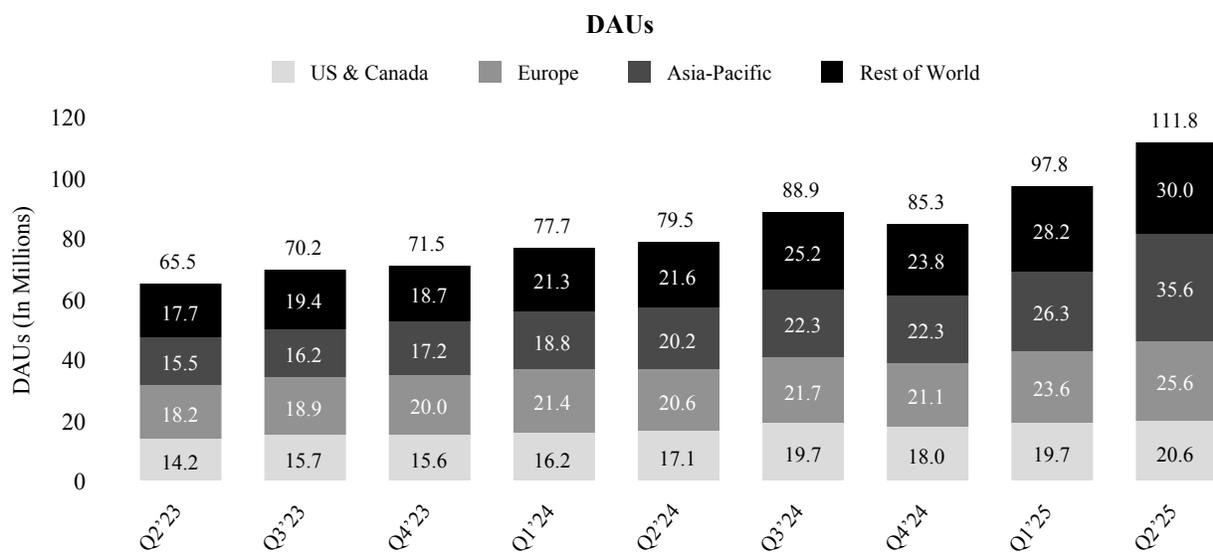
We believe our performance is dependent upon many factors, including the key metrics described below that we track and review to measure our performance, identify trends, formulate financial projections, and make strategic decisions.

**Operating Metrics**

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

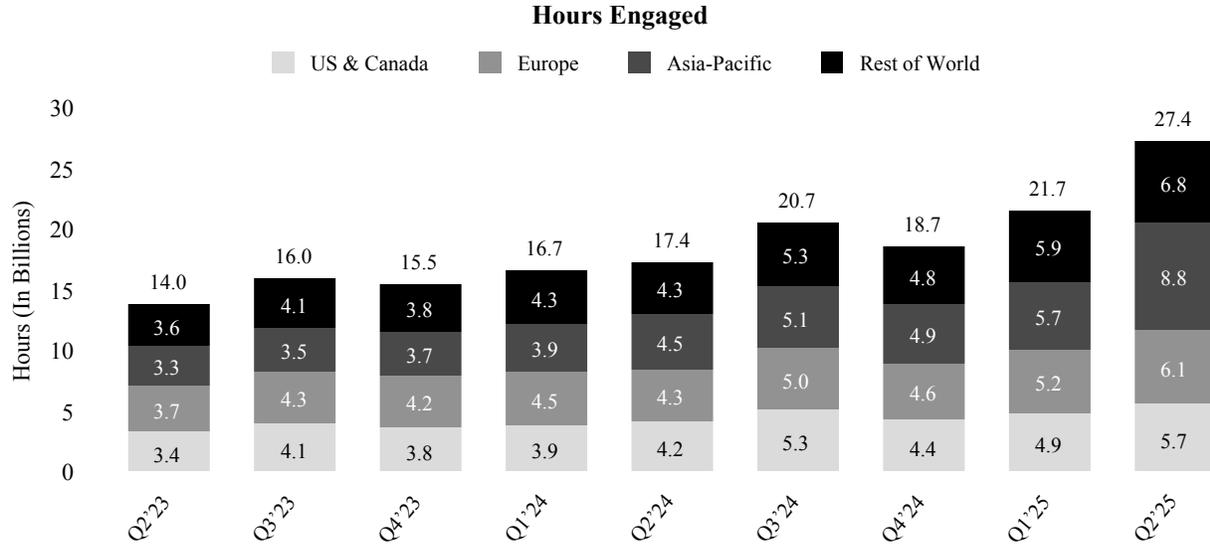
***Average Daily Active Users (“DAUs”)***

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



**Hours Engaged**

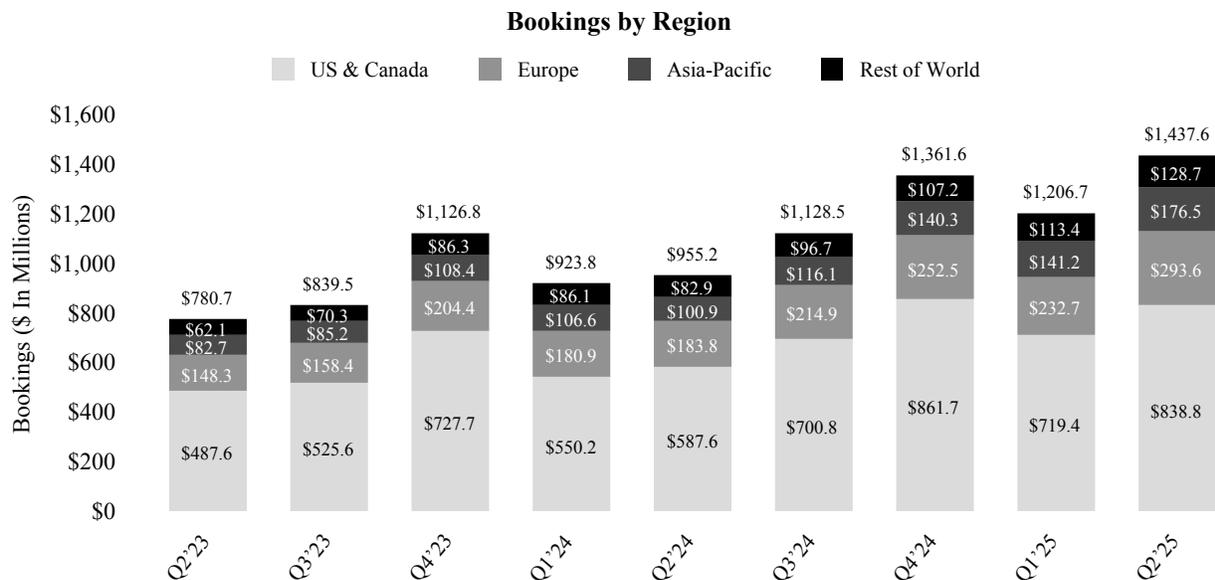
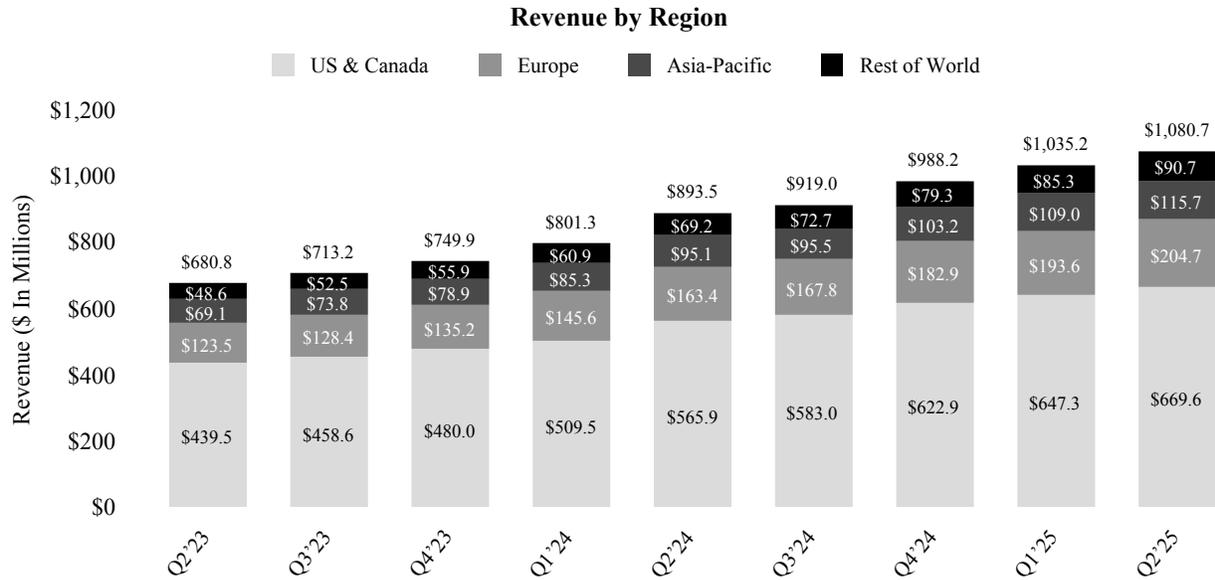
We define hours engaged as the time spent by our users on the Platform. We calculate total hours engaged as the aggregate of user session lengths in a given period. We estimate this length of time using internal company systems that track user activity on our Platform as discrete events, and aggregate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



**Bookings**

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

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

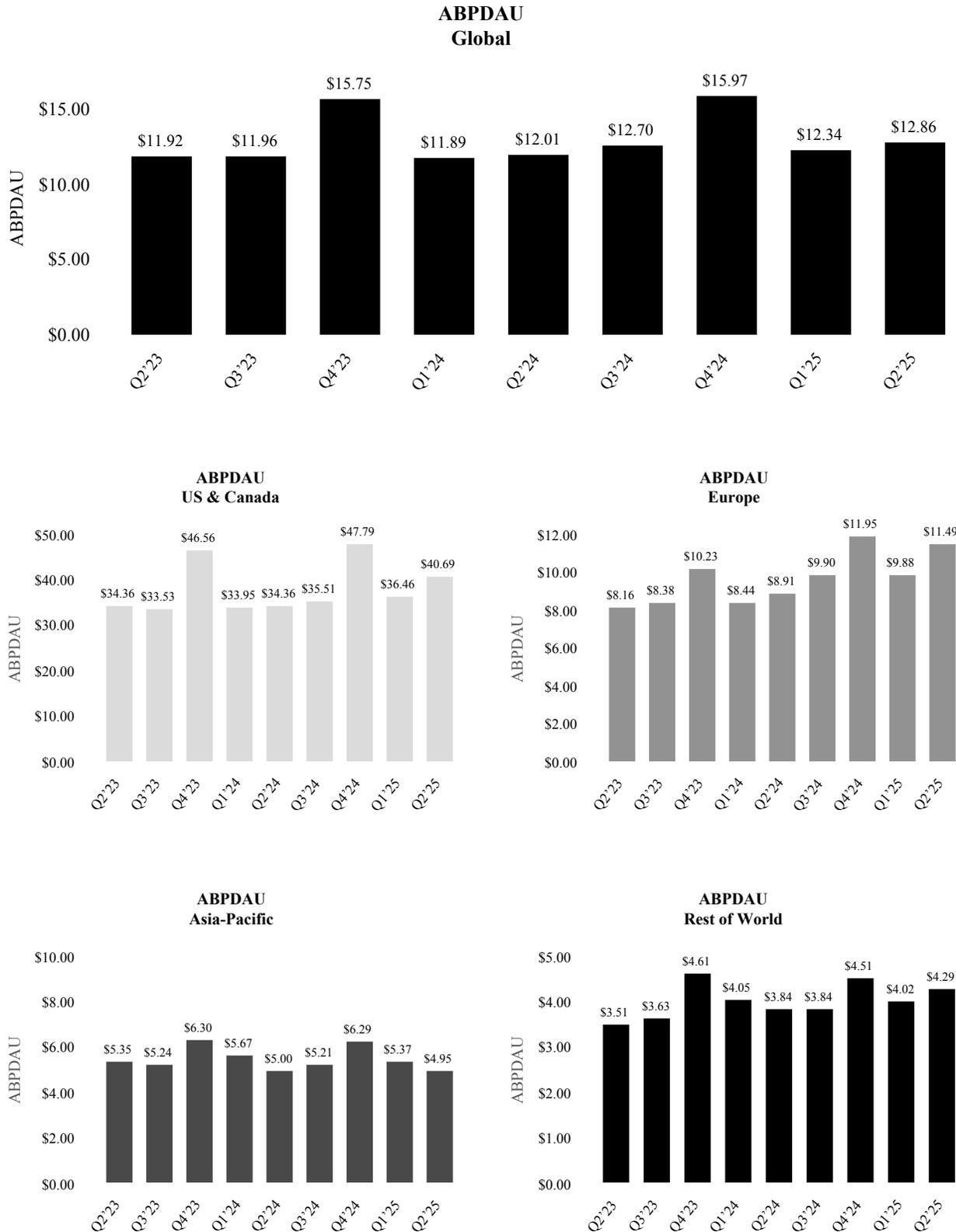


We believe that DAUs, hours engaged, and bookings are highly correlated and over long periods of time, we would expect hours engaged to grow slightly faster than DAUs, and bookings to grow faster than hours engaged. There are many reasons, but generally over long periods of time, as the content on our Platform improves and DAUs increase in tenure, hours engaged tends to go up. Similarly, over time as the content improves and our Platform functionality gets better, we expect more users to become payers and for payers, on average, to increase their purchase of Robux which drives up both average bookings per monthly unique payer and overall bookings per hour engaged. Further, we expect growth in our payers and monetization to lead to growth in revenue and bookings. Within any given month or quarter, the relative behavior of the metrics has not been, and will not always be, consistent.

**Average Bookings per DAU (“ABPDAU”)**

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

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



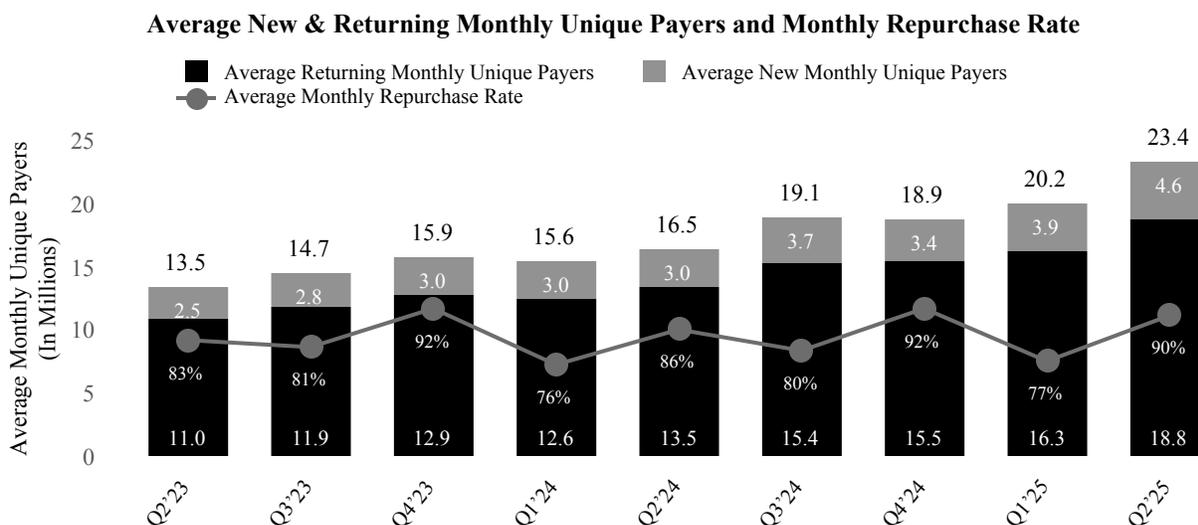
**Average New and Returning Monthly Unique Payers and Monthly Repurchase Rate**

We define new monthly unique payers as user accounts that made their first payment on the Platform, or via redemption of prepaid cards, during a given month. Average new monthly unique payers for a specified period is the average of the new monthly unique payers for each month during that period.

We define returning monthly unique payers as user accounts that have made a payment on the Platform, or via redemption of prepaid cards, in the current month and in any prior month. Average returning monthly unique payers for a specified period is the average of the returning monthly unique payers for each month during that period.

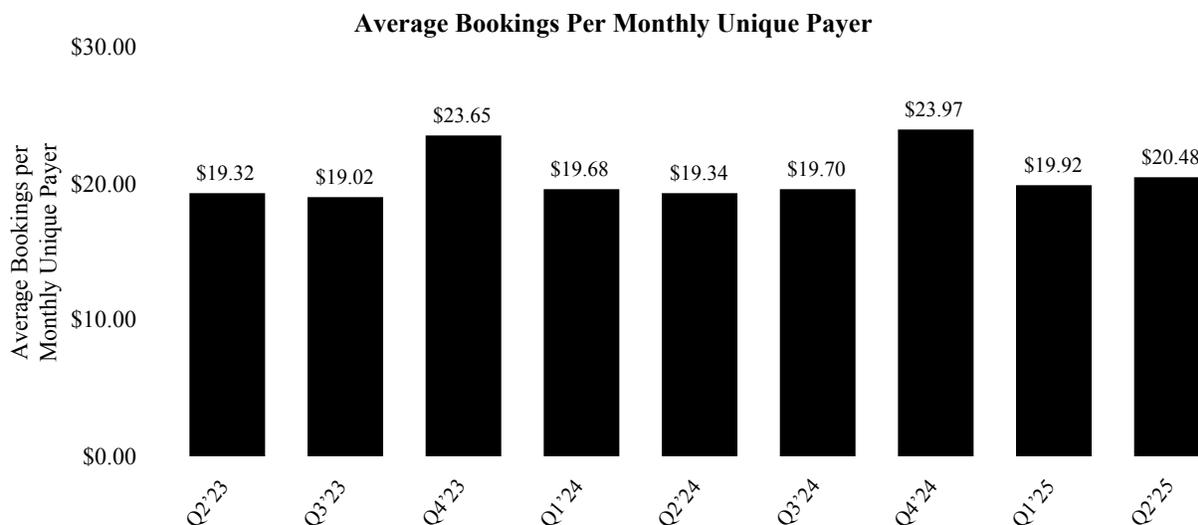
We define monthly repurchase rate as the returning monthly unique payers in the current month, divided by the sum of the prior month’s new monthly unique payers and returning monthly unique payers. Average monthly repurchase rate for a specified period is the average of the monthly repurchase rates for each month during that period.

We use these measures to understand our monetization across our payers.



**Average Bookings per Monthly Unique Payer**

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



**Non-GAAP Financial Measures**

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

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

**Bookings**

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

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
<b>Reconciliation of revenue to bookings:</b>				
Revenue	\$ 1,080,677	\$ 893,543	\$ 2,115,884	\$ 1,694,843
Add (deduct):				
Change in deferred revenue	365,068	66,728	542,964	194,332
Other	(8,117)	(5,093)	(14,510)	(10,240)
Bookings	<u>\$ 1,437,628</u>	<u>\$ 955,178</u>	<u>\$ 2,644,338</u>	<u>\$ 1,878,935</u>

**Adjusted EBITDA**

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

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
<b>Reconciliation of consolidated net loss to Adjusted EBITDA:</b>				
Consolidated net loss	\$ (279,800)	\$ (207,195)	\$ (496,140)	\$ (479,115)
Add (deduct):				
Interest income	(48,844)	(44,383)	(95,167)	(86,553)
Interest expense	10,342	10,204	20,692	20,567
Other (income)/expense, net	(5,131)	3,315	(8,390)	3,661
Provision for/(benefit from) income taxes	973	110	1,836	1,163
Depreciation and amortization expense	53,784	52,772	107,518	106,513
Stock-based compensation expense	284,762	251,891	543,698	492,393
Other charges	2,274	(189)	2,274	993
Adjusted EBITDA	<u>\$ 18,360</u>	<u>\$ 66,525</u>	<u>\$ 76,321</u>	<u>\$ 59,622</u>

**Free cash flow**

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

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

	Six Months Ended June 30,	
	2025	2024
<b>Reconciliation of net cash and cash equivalents provided by operating activities to free cash flow:</b>		
Net cash and cash equivalents provided by operating activities	\$ 643,176	\$ 390,395
Deduct:		
Acquisition of property and equipment	(39,975)	(86,381)
Purchases of intangible assets	—	(1,370)
Free cash flow	<u>\$ 603,201</u>	<u>\$ 302,644</u>

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

## **Change in Accounting Estimate**

At the onset of each quarter, we complete an assessment of our estimated average lifetime of a paying user, which is used for revenue recognition of durable virtual items and calculated based on historical monthly retention data for each paying user cohort to project future participation on the Roblox Platform. Following that assessment and effective April 1, 2024, the average lifetime of a paying user was estimated to be 27 months, a decrease compared to the previous estimate of 28 months. The estimated paying user life remained at 27 months through June 30, 2025.

Based on the carrying amount of deferred revenue and deferred cost of revenue as of March 31, 2024, the change resulted in an increase in revenue and cost of revenue during the three months ended June 30, 2024 of \$58.9 million and \$12.4 million, respectively.

Refer to the heading “Critical Accounting Policies and Estimates — Revenue Recognition” as described in the Company’s Management’s Discussion and Analysis of Financial Condition and Results of Operations included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024, which was filed with the SEC on February 18, 2025, for further background on the Company’s process to estimate the average lifetime of a paying user.

## **Components of Results of Operations**

### **Revenue**

We generate substantially all of our revenue through the sale of or access to virtual content to users, enabling them to enhance their social experience on the Roblox Platform. We recognize revenue over the estimated period of time the virtual items are available to the user on the Roblox Platform (estimated average lifetime of a paying user) or at the time the virtual item is consumed. The estimated average lifetime of a paying user is calculated based on the monthly retention data for each paying user cohort. We then calculate the average retention period by determining the weighted-average period paying users have spent on the Platform and are projected to participate in the Roblox environment.

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

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

### **Costs and expenses**

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

Personnel costs generally include employee expenses (salaries, benefits, and stock-based compensation expense) and contractor expenses, and are reflected in each expense category, with the exception of cost of revenue and developer exchange fees. In the three and six months ended June 30, 2025, personnel costs were \$529.5 million and \$1,027.0 million, respectively, and during the three and six months ended June 30, 2024, were \$456.5 million and \$923.3 million, respectively.

### **Cost of revenue**

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

Cost of revenue as a percentage of revenue is affected by shifts in user purchasing preferences and trends, including those influenced by Robux offerings made by the Company, such as differential Robux pricing. Differential Robux pricing launched in November 2024, and offers more Robux for users purchasing Robux through payment processing channels with lower transaction processing fees. Since the introduction of differential Robux pricing, we have seen some shift of our sales towards distribution channels with lower transaction processing fees, such as desktop and prepaid cards. In the future, we expect to continue seeing the overall distribution channel mix shift based on user purchasing preferences, including those influenced by Robux offerings made by the Company, demographics, and seasonal variations.

We intend to use nearly all of any efficiencies earned in this area over time to increase earnings for our developers and creators.

### ***Developer exchange fees***

Developer exchange fees expense represent the amount earned by developers and creators on the Roblox Platform that are qualified and registered in the Developer Exchange Program. Developers and creators are able to exchange their earned Robux for fiat currency under certain conditions outlined in our Developer Exchange Program. Developers and creators can earn Robux through the sale of access to their experiences and enhancements in their experiences, the incorporation of immersive ads, the sale of content and tools between developers through the Creator Store, and the sale of items to users through the Marketplace. Through July 23, 2025, developers also were able to earn Robux through our engagement-based payouts (“EBP”) program which rewarded developers based on the number of hours spent in their experiences by Roblox Premium subscribers. Beginning July 24, 2025, our EBP program was replaced by our Creator Rewards program, a bonus program that allows creators who publish experiences to earn directly from the engagement their content drives on our Platform. We expect that moving forward, aggregate creator earnings under our Creator Rewards program will exceed aggregate creator earnings under the previous EBP program.

In order to be qualified for our Developer Exchange Program and eligible to exchange earned Robux for fiat currency, developers and creators must meet certain conditions, such as having earned the minimum amount of Robux required to qualify for the program, a verified developer account, and an account in good standing. On January 31, 2022, we reduced the minimum amount of earned Robux required to qualify for the program from 100,000 Robux to 50,000 Robux and subsequently on January 31, 2023, we further reduced the minimum requirement from 50,000 Robux to 30,000 Robux. We believe these reductions in the minimum amounts required further incentivize our developer and creator community, and promote the long-term growth and the health of such community. As of June 30, 2025, over 29,000 developers and creators qualified for and were registered in our Developer Exchange Program.

A major goal of ours is to continue increasing developer and creator earnings by continuing to (i) create new earnings methods and enhancing existing ones and (ii) pass on efficiencies realized in other areas of our business, while maintaining reasonable margins.

### ***Infrastructure and trust & safety***

Infrastructure and trust & safety expenses consist primarily of expenses related to the operation of our data centers and technical infrastructure. These costs include third-party service provider costs, such as cloud computing or other hosting and data storage, facilities-related expenses for our co-located data centers and edge data centers that we lease and operate, and network and bandwidth costs, as well as depreciation and associated support and maintenance costs of our servers and infrastructure equipment. Depreciation and amortization expense related to infrastructure and trust & safety in the three and six months ended June 30, 2025 was \$43.9 million and \$87.7 million, respectively, and in the three and six months ended June 30, 2024 was \$45.4 million and \$91.6 million, respectively.

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

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

### ***Research and development***

Research and development expenses consist primarily of personnel costs and allocated overhead expenses for our engineering, design, product management, data science, and other employees engaged in maintaining and enhancing the functionality of the Platform. We plan to increase research and development expenses for the foreseeable future primarily driven by increased headcount to develop new features, functionality, and innovation of our product. We expect to continue generating operating leverage generally through the end of fiscal year 2025.

***General and administrative***

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

***Sales and marketing***

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

***Interest income***

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

***Interest expense***

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

***Other income/(expense), net***

Other income/(expense), net primarily includes foreign currency exchange gains/(losses) and realized gains/(losses) on our short-term and long-term investments, as well as certain insurance recoveries (if any).

***Provision for/(benefit from) income taxes***

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

On July 4, 2025, the One Big Beautiful Bill Act (“OBBBA”) was signed into U.S. law. The OBBBA contains numerous tax reform provisions including immediate deduction of domestic research and development expenditures and accelerated fixed asset depreciation. We are required to recognize the effect of the tax law changes in the period of enactment which is the third quarter of 2025. We do not expect the OBBBA to have a material impact due to anticipated U.S. taxable losses and the full valuation allowance on our net U.S. deferred tax assets. We will continue to evaluate the impact this tax legislation may have on our business.

**Results of Operations**

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

	Three Months Ended June 30,				Six Months Ended June 30,			
	2025		2024		2025		2024	
Revenue	\$ 1,080,677	100 %	\$ 893,543	100 %	\$ 2,115,884	100 %	\$ 1,694,843	100 %
Costs and expenses:								
Cost of revenue <sup>(1)</sup>	236,113	22	198,557	22	460,838	22	377,423	22
Developer exchange fees	316,371	29	208,270	23	597,935	28	410,675	24
Infrastructure and trust & safety <sup>(2)</sup>	260,684	24	221,064	25	502,811	23	447,998	26
Research and development <sup>(2)</sup>	384,996	36	361,684	40	759,596	36	723,749	43
General and administrative <sup>(2)</sup>	152,166	14	105,627	12	271,298	13	203,451	12
Sales and marketing <sup>(2)</sup>	52,807	5	36,290	4	100,575	5	71,824	4
Total costs and expenses	1,403,137	130	1,131,492	127	2,693,053	127	2,235,120	132
Loss from operations	(322,460)	(30)	(237,949)	(27)	(577,169)	(27)	(540,277)	(32)
Interest income	48,844	5	44,383	5	95,167	5	86,553	5
Interest expense	(10,342)	(1)	(10,204)	(1)	(20,692)	(1)	(20,567)	(1)
Other income/(expense), net	5,131	—	(3,315)	—	8,390	—	(3,661)	—
Loss before income taxes	(278,827)	(26)	(207,085)	(23)	(494,304)	(23)	(477,952)	(28)
Provision for/(benefit from) income taxes	973	—	110	—	1,836	—	1,163	—
Consolidated net loss	(279,800)	(26)	(207,195)	(23)	(496,140)	(23)	(479,115)	(28)
Net loss attributable to noncontrolling interest <sup>(3)</sup>	(1,425)	—	(1,312)	—	(2,709)	—	(2,628)	—
Net loss attributable to common stockholders	<u>\$ (278,375)</u>	<u>(26)%</u>	<u>\$ (205,883)</u>	<u>(23)%</u>	<u>\$ (493,431)</u>	<u>(23)%</u>	<u>\$ (476,487)</u>	<u>(28)%</u>
Net loss per share attributable to common stockholders, basic and diluted	<u>\$ (0.41)</u>		<u>\$ (0.32)</u>		<u>\$ (0.73)</u>		<u>\$ (0.75)</u>	
Weighted-average shares used in computing net loss per share attributable to common stockholders—basic and diluted	<u>684,837</u>		<u>642,814</u>		<u>678,307</u>		<u>638,917</u>	

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

(2) Includes stock-based compensation expense as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Infrastructure and trust & safety	\$ 34,618	\$ 27,973	\$ 68,168	\$ 55,248
Research and development	188,698	180,556	365,598	353,803
General and administrative	48,551	34,796	84,565	66,441
Sales and marketing	12,895	8,566	25,367	16,901
Total stock-based compensation expense	<u>\$ 284,762</u>	<u>\$ 251,891</u>	<u>\$ 543,698</u>	<u>\$ 492,393</u>

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

**Comparison of the Three and Six Months Ended June 30, 2025 and 2024**

**Revenue**

	Three Months Ended June 30,		2025 to 2024	Six Months Ended June 30,		2025 to 2024
	2025	2024	% Change	2025	2024	% Change
	(dollars in thousands)			(dollars in thousands)		
Revenue	\$ 1,080,677	\$ 893,543	21 %	\$ 2,115,884	\$ 1,694,843	25 %

Revenue increased \$187.1 million, or 21%, for the three months ended June 30, 2025 compared to the three months ended June 30, 2024. The increase is primarily due to a higher amortization of prior period deferred revenue and an increase in bookings in the current period.

The increase in bookings during the three months ended June 30, 2025 compared to the three months ended June 30, 2024 was primarily driven by a higher average number of daily unique paying users during the current period, which increased from approximately 983,000 during the three months ended June 30, 2024 to approximately 1,480,000 during the three months ended June 30, 2025. The average number of daily unique paying users represents the number of user accounts that made a payment on the Platform, including via redemption of prepaid cards for Robux, on an average daily basis during the respective period.

Revenue increased \$421.0 million, or 25%, for the six months ended June 30, 2025 compared to the six months ended June 30, 2024. The increase is primarily due to higher amortization of prior period deferred revenue and an increase in bookings in the current period. The increase in the amortization of prior period deferred revenue was supplemented by the decrease of the estimated average lifetime of a paying user to 27 months in the second quarter of 2024. Refer to the heading “Change in Accounting Estimate” earlier in this section above for more information on the change in paying user life estimates in fiscal year 2024.

The increase in bookings during the six months ended June 30, 2025 compared to the six months ended June 30, 2024 was primarily driven by a higher average number of daily unique paying users during the current period, which increased from approximately 949,000 during the six months ended June 30, 2024 to approximately 1,350,000 during the six months ended June 30, 2025.

**Cost of revenue**

	Three Months Ended June 30,		2025 to 2024	Six Months Ended June 30,		2025 to 2024
	2025	2024	% Change	2025	2024	% Change
	(dollars in thousands)			(dollars in thousands)		
Cost of revenue	\$ 236,113	\$ 198,557	19 %	\$ 460,838	\$ 377,423	22 %

Cost of revenue increased \$37.6 million, or 19%, for the three months ended June 30, 2025 compared to the three months ended June 30, 2024. The increase is primarily due to an increase of \$34.8 million in expense for payment processing fees, primarily driven by a higher amortization of prior period deferred cost of revenue and an increase in current period payment processing fees from the related growth in bookings.

Cost of revenue increased \$83.4 million, or 22%, for the six months ended June 30, 2025 compared to the six months ended June 30, 2024. The increase is primarily due to an increase of \$81.3 million in expense for payment processing fees, primarily driven by a higher amortization of prior period deferred cost of revenue and an increase in current period payment processing fees from the related growth in bookings. The increase in the amortization of prior period deferred cost of revenue was supplemented by the decrease of the estimated average lifetime of a paying user to 27 months in the second quarter of 2024. Refer to the heading “Change in Accounting Estimate” earlier in this section above for more information on the change in paying user life estimates in fiscal year 2024.

***Developer exchange fees***

	Three Months Ended June 30,		2025 to 2024	Six Months Ended June 30,		2025 to 2024
	2025	2024	% Change	2025	2024	% Change
	(dollars in thousands)			(dollars in thousands)		
Developer exchange fees	\$ 316,371	\$ 208,270	52 %	\$ 597,935	\$ 410,675	46 %

Developer exchange fees increased \$108.1 million, or 52%, for the three months ended June 30, 2025 compared to the three months ended June 30, 2024. The increase is primarily driven by an increase in amounts earned by developers and creators due to the growth in bookings over the same period. However, the growth in developer exchange fees slightly exceeded the growth in bookings, primarily driven by differential Robux pricing which launched in November 2024, and offers more Robux for users purchasing Robux through payment processing channels with lower transaction processing fees, which in turn increases the supply of Robux available for developers to earn.

Developer exchange fees increased \$187.3 million, or 46%, for the six months ended June 30, 2025 compared to the six months ended June 30, 2024. The increase is primarily driven by an increase in amounts earned by developers and creators due to the growth in bookings over the same period. However, the growth in developer exchange fees exceeded the growth in bookings, primarily driven by the aforementioned differential Robux pricing which launched in November 2024.

***Infrastructure and trust & safety***

	Three Months Ended June 30,		2025 to 2024	Six Months Ended June 30,		2025 to 2024
	2025	2024	% Change	2025	2024	% Change
	(dollars in thousands)			(dollars in thousands)		
Infrastructure and trust & safety	\$ 260,684	\$ 221,064	18 %	\$ 502,811	\$ 447,998	12 %

Infrastructure and trust & safety expenses increased \$39.6 million, or 18%, for the three months ended June 30, 2025 compared to the three months ended June 30, 2024. The increase is primarily driven by an increase of \$27.7 million related to data center and technical infrastructure expenses (including depreciation and amortization) and hosting costs associated with providing the Platform to our users, as well as an increase of \$10.4 million in personnel costs, which includes an increase of \$6.6 million in stock-based compensation expense, primarily due to an increase in headcount to support our infrastructure growth.

Infrastructure and trust & safety expenses increased \$54.8 million, or 12%, for the six months ended June 30, 2025 compared to the six months ended June 30, 2024. The increase is primarily due to an increase of \$37.8 million related to data center and technical infrastructure expenses (including depreciation and amortization) associated with providing the Platform to our users, as well as an increase of \$18.2 million in personnel costs, which includes an increase of \$12.9 million in stock-based compensation expense, primarily due to an increase in headcount to support our infrastructure growth. The overall increase was offset by a decrease of \$6.2 million in moderation and customer support related costs primarily due to internal efficiency gains and automation from AI-driven tools.

***Research and development***

	Three Months Ended June 30,		2025 to 2024	Six Months Ended June 30,		2025 to 2024
	2025	2024	% Change	2025	2024	% Change
	(dollars in thousands)			(dollars in thousands)		
Research and development	\$ 384,996	\$ 361,684	6 %	\$ 759,596	\$ 723,749	5 %

Research and development expenses increased \$23.3 million, or 6%, for the three months ended June 30, 2025 compared to the three months ended June 30, 2024. The increase is primarily due to an increase of \$26.0 million in personnel costs, which includes an increase of \$8.1 million in stock-based compensation expense, primarily due to growth in headcount supporting our engineering, design, and product teams.

Research and development expenses increased \$35.8 million, or 5%, for the six months ended June 30, 2025 compared to the six months ended June 30, 2024. The increase is primarily due to an increase of \$36.0 million in personnel costs, which includes an increase of \$11.8 million in stock-based compensation expense, primarily due to growth in headcount supporting our engineering, design, and product teams.

**General and administrative**

	Three Months Ended June 30,		2025 to 2024	Six Months Ended June 30,		2025 to 2024
	2025	2024	% Change	2025	2024	% Change
	(dollars in thousands)			(dollars in thousands)		
General and administrative	\$ 152,166	\$ 105,627	44 %	\$ 271,298	\$ 203,451	33 %

General and administrative expenses increased \$46.5 million, or 44%, for the three months ended June 30, 2025 compared to the three months ended June 30, 2024. The increase is primarily due to an increase of \$27.1 million in personnel costs, which includes an increase of \$13.8 million in stock-based compensation expense, primarily due to growth in headcount, an increase of \$10.3 million in professional services-related expense, primarily related to litigation costs, and an increase of \$3.1 million in withholding-related taxes.

General and administrative expenses increased \$67.8 million, or 33%, for the six months ended June 30, 2025 compared to the six months ended June 30, 2024. The increase is primarily due to an increase of \$32.8 million in personnel costs, which includes an increase of \$18.1 million in stock-based compensation expense, primarily due to growth in headcount, an increase of \$23.7 million in professional services-related expense, primarily related to litigation costs, and an increase of \$4.1 million in withholding-related taxes.

**Sales and marketing**

	Three Months Ended June 30,		2025 to 2024	Six Months Ended June 30,		2025 to 2024
	2025	2024	% Change	2025	2024	% Change
	(dollars in thousands)			(dollars in thousands)		
Sales and marketing	\$ 52,807	\$ 36,290	46 %	\$ 100,575	\$ 71,824	40 %

Sales and marketing expenses increased \$16.5 million, or 46%, for the three months ended June 30, 2025 compared to the three months ended June 30, 2024. The increase is primarily due to an increase of \$9.5 million in personnel costs, which includes an increase of \$4.3 million in stock-based compensation expense, primarily due to continued growth in headcount to support our sales and marketing teams, and an increase of \$6.9 million in advertising and promotional expenses.

Sales and marketing expenses increased \$28.8 million, or 40%, for the six months ended June 30, 2025 compared to the six months ended June 30, 2024. The increase is primarily due to an increase of \$16.6 million in personnel costs, which includes an increase of \$8.5 million in stock-based compensation expense, primarily due to continued growth in headcount to support our sales and marketing teams, and an increase of \$11.4 million in advertising and promotional expenses.

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

	Three Months Ended June 30,		2025 to 2024	Six Months Ended June 30,		2025 to 2024
	2025	2024	% Change	2025	2024	% Change
	(dollars in thousands)			(dollars in thousands)		
Interest income	\$ 48,844	\$ 44,383	10 %	\$ 95,167	\$ 86,553	10 %
Interest expense	\$ (10,342)	\$ (10,204)	1 %	\$ (20,692)	\$ (20,567)	1 %
Other income/(expense), net	\$ 5,131	\$ (3,315)	NM	\$ 8,390	\$ (3,661)	NM
Provision for/(benefit from) income taxes	\$ 973	\$ 110	NM	\$ 1,836	\$ 1,163	58 %

Interest income increased \$4.5 million for the three months ended June 30, 2025 compared to the three months ended June 30, 2024 and increased \$8.6 million for the six months ended June 30, 2025 compared to the six months ended June 30, 2024. The increase for both periods was primarily due to higher average investments in debt securities, partially offset by lower average interest rates.

Other income/(expense), net changed by \$8.4 million for the three months ended June 30, 2025 compared to the three months ended June 30, 2024 and changed by \$12.1 million for the six months ended June 30, 2025 compared to the six months ended June 30, 2024. The change was primarily driven by foreign currency exchange gains.

Interest expense and provision for/(benefit from) income taxes were relatively flat (in terms of amount) for the three and six months ended June 30, 2025 compared to the same periods of the prior year.

## Liquidity and Capital Resources

As of June 30, 2025 and December 31, 2024, our principal sources of liquidity were cash and cash equivalents and short-term and long-term investments of \$4.7 billion and \$4.0 billion, respectively, which were primarily held for working capital purposes, capital expenditures, and acquisitions. Our investment policy and strategy are focused on the preservation of capital and supporting our liquidity requirements. We do not enter into investments for trading or speculative purposes.

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

On October 29, 2021, we issued the 2030 Notes, which will mature on May 1, 2030, unless earlier repurchased or redeemed. Interest is payable semi-annually in arrears on May 1 and November 1 of each year, commencing on May 1, 2022. The net proceeds from the 2030 Notes issuance were approximately \$987.5 million and we intend to use the net proceeds for general corporate purposes, which may include working capital purposes, capital expenditures, and acquisitions.

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

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
<b>Calculation of Covenant Adjusted EBITDA:</b>				
Consolidated net loss	\$ (279,800)	\$ (207,195)	\$ (496,140)	\$ (479,115)
Add (deduct):				
Interest income	(48,844)	(44,383)	(95,167)	(86,553)
Interest expense	10,342	10,204	20,692	20,567
Other (income)/expense, net	(5,131)	3,315	(8,390)	3,661
Provision for/(benefit from) income taxes	973	110	1,836	1,163
Depreciation and amortization expense	53,784	52,772	107,518	106,513
Stock-based compensation expense	284,762	251,891	543,698	492,393
Other charges	2,274	(189)	2,274	993
Change in deferred revenue	365,068	66,728	542,964	194,332
Change in deferred cost of revenue	(63,553)	(18,813)	(94,373)	(51,745)
<b>Covenant Adjusted EBITDA</b>	<b>\$ 319,875</b>	<b>\$ 114,440</b>	<b>\$ 524,912</b>	<b>\$ 202,209</b>

As of June 30, 2025, contractual obligations related to the 2030 Notes are remaining payments of \$19.4 million in 2025, \$38.8 million each year from 2026 through 2029, and \$1,019.4 million due in 2030. These amounts represent principal and interest cash payments over the term of the 2030 Notes based on the stated maturity date. Any future redemption of the 2030 Notes could impact the amount or timing of our cash payments. For more information regarding the 2030 Notes, refer to Note 8, "Debt" to the notes to condensed consolidated financial statements.

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

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

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

## Cash Flows

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

	Six Months Ended June 30,	
	2025	2024
<b>Condensed Consolidated Statements of Cash Flow Data:</b>		
Net cash and cash equivalents provided by operating activities	\$ 643,176	\$ 390,395
Net cash and cash equivalents used in investing activities	\$ (429,658)	\$ (133,907)
Net cash and cash equivalents provided by financing activities	\$ 63,692	\$ 32,797

### *Operating activities*

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

During the six months ended June 30, 2025, net cash and cash equivalents provided by operating activities was \$643.2 million, which consisted of consolidated net loss of \$496.1 million, adjusted by non-cash charges of \$682.9 million and net cash inflows from the change in net operating assets and liabilities of \$456.4 million. The non-cash charges were primarily comprised of stock-based compensation expense of \$543.7 million and depreciation and amortization expense of \$107.5 million. The net cash and cash equivalents inflow from the change in our net operating assets and liabilities was primarily due to a \$538.8 million increase in deferred revenue, primarily due to bookings generated in the current period, and an \$87.7 million decrease in accounts receivable, net, due to the timing of collection of prior period bookings and receipts on bookings generated in the current period. The overall increase was offset by a \$93.3 million increase in deferred cost of revenue, primarily due to payment processing fees incurred in the current period, and a \$53.1 million decrease due to payment of operating lease liabilities.

### *Investing activities*

During the six months ended June 30, 2025, net cash and cash equivalents used in investing activities was \$429.7 million, primarily consisting of \$389.7 million of investment purchases – net of sales and maturities, and capital expenditures of \$40.0 million.

### *Financing activities*

During the six months ended June 30, 2025, net cash and cash equivalents provided by financing activities was \$63.7 million, driven by the exercise of stock options and purchase of shares under our employee stock purchase plan.

## **Off-Balance Sheet Arrangements**

The Company has letters of credit in connection with its office facilities in San Mateo, California and data center facilities in Ashburn, Virginia and Chicago, Illinois which are not reflected in the Company's condensed consolidated balance sheets as of June 30, 2025 and December 31, 2024. There have been no material changes to the Company's letters of credit during the six months ended June 30, 2025. We did not have any relationships with unconsolidated entities or financial partnerships, such as structured finance or special purpose entities that were established for the purpose of facilitating off-balance sheet arrangements or other purposes.

## **Contractual Obligations and Commitments**

Contractual commitments include obligations under operating leases for office facilities and data center operations. There have been no material changes to the nature of our operating lease commitments during the six months ended June 30, 2025, except for lease commitments primarily related to office facilities and space for data center operations in the ordinary course of business.

Other purchase obligations primarily consist of non-cancellable obligations with our data center hosting providers, software vendors, and payment processors. There have been no material changes in the Company's purchase obligations during the six months ended June 30, 2025, other than for non-cancellable obligations primarily related to data center hosting providers, software vendors, and payment processors in the ordinary course of business.

See our Annual Report on Form 10-K for the year ended December 31, 2024, which was filed with the SEC on February 18, 2025 for additional information regarding our contractual commitments.

## **Critical Accounting Policies and Estimates**

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

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

There have been no material changes to our critical accounting policies and estimates as compared to those described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" set forth in the Annual Report on Form 10-K for the year ended December 31, 2024, which was filed with the SEC on February 18, 2025.

## **Recent Accounting Pronouncements**

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

## **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

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

### **Interest Rate Risk**

As of June 30, 2025, our cash equivalents, short-term investments, and long-term investments primarily consist of debt securities, including corporate debt securities, commercial paper, money market funds, U.S. Treasury securities, and U.S. agency securities. Our debt securities are subject to market risk due to changes in prevailing interest rates that may cause their fair values to fluctuate in the future. Based on a sensitivity analysis, we have determined that a hypothetical 100 basis points increase in interest rates would have resulted in a decrease in the fair values of our debt securities of approximately \$40.1 million as of June 30, 2025. Such losses would only be realized if we sold the investments prior to maturity.

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

In October 2021, we issued \$1.0 billion aggregate principal amount of the 2030 Notes. The 2030 Notes were issued at par and we incurred approximately \$12.5 million in debt issuance costs. Interest on the 2030 Notes is payable semiannually in arrears on May 1 and November 1 of each year, beginning on May 1, 2022, and the entire outstanding principal amount of the 2030 Notes is due at maturity on May 1, 2030. The 2030 Notes have a fixed interest rate; therefore, we have no financial statement risk associated with changes in interest rates with respect to the 2030 Notes. Additionally, on our balance sheet we carry the 2030 Notes at face value less unamortized discount and debt issuance costs, and we present the fair value for disclosure purposes only. The fair value of our 2030 Notes will fluctuate with movements in interest rates, increasing in periods of declining rates of interest and declining in periods of increasing rates of interest, as well as from other factors.

### **Foreign Currency Exchange and Inflation Risk**

During the six months ended June 30, 2025, there were no significant changes to our quantitative and qualitative disclosures about foreign currency exchange risk or inflation risk. For more information, refer to Item 7A. “Quantitative and Qualitative Disclosures About Market Risk” set forth in the Annual Report on Form 10-K for the year ended December 31, 2024, which was filed with the SEC on February 18, 2025.

## **Item 4. Controls and Procedures.**

### **Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2025. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, our management recognizes that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable assurance that the objectives of the disclosure controls and procedures are met. Based on the evaluation of our disclosure controls and procedures as of June 30, 2025, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

### **Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the three months ended June 30, 2025, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### **Inherent Limitations on Effectiveness of Controls and Procedures**

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

**PART II—OTHER INFORMATION**

**Item 1. Legal Proceedings.**

This information is set forth under “Note 9 – Commitments and Contingencies – Legal Proceedings” to the condensed consolidated financial statements in this Quarterly Report on Form 10-Q and is incorporated herein by reference.

## Item 1A. Risk Factors

### RISK FACTORS

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

#### Risk Factors Summary

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

- We have a history of net losses and we may not be able to achieve or maintain profitability in the future.
- Our business is affected by seasonal demands, and our financial condition and results of operations will fluctuate from quarter to quarter, which makes our financial results difficult to predict and may not fully reflect our underlying performance.
- We are subject to laws and regulations worldwide, many of which are unsettled and still developing, which could increase our costs or adversely affect our business, including preventing our ability to operate our Platform in certain jurisdictions.
- We have experienced rapid growth at times, in part due to the virality of certain experiences on our Platform, and our growth rates may not be indicative of our future growth or the growth of our market.
- We depend on effectively operating with third-party operating systems, hardware, and networks that may make changes affecting our operating costs, as well as our ability to maintain our Platform, which would hurt our business.
- The success of our business model is contingent upon maintaining a strong reputation and brand, including our ability to provide a safe online environment for our users, many of whom are children, to experience and if we are not able to provide such an environment, our business will suffer dramatically.
- If we experience outages, constraints, disruptions, or degradations in our services, Platform support, and/or technological infrastructure, our ability to provide sufficiently reliable services to our users and maintain the performance of our Platform could be negatively impacted, which could harm our relationships with our developers, creators, and users, and, consequently, our business.
- If the security of our Platform is compromised, it could compromise our and our developers’, creators’, and users’ private information, disrupt our internal operations and harm public perception of our Platform, which could cause our business and reputation to suffer.
- Because we recognize revenue from bookings over the estimated average lifetime of a paying user or as the virtual items are consumed, changes in our business may not be immediately reflected in our operating results.
- Our user metrics and other estimates are subject to inherent challenges in measurement, and real or perceived inaccuracies in those metrics may significantly harm and negatively affect our reputation and our business.
- We may incur liability as a result of content published using our Platform or as a result of claims related to content generated by our developers, creators, and users, including copyright infringement, and legislation regulating content on our Platform may require us to change our Platform or business practices.
- We must continue to attract and retain users, developers, and creators, and highly qualified personnel in very competitive markets to continue to execute on our business strategy and growth plans, and the loss of key personnel or failure to attract and retain users, developers, and creators could significantly harm our business.
- We depend on our developers to create digital content that our users find compelling, and if we fail to properly incentivize our developers and creators to develop and monetize content, our business will suffer.
- The public trading price of our Class A common stock is volatile and could decline regardless of our operating performance.
- The dual class stock structure of our common stock has the effect of concentrating voting control in our Founder, which may limit or preclude your ability to influence corporate matters, including the election of directors and the approval of any change of control transaction.

- If securities or industry analysts, media, or other third parties do not publish research or publish inaccurate or unfavorable research about us, our business, or our market, or if they change their recommendation regarding our Class A common stock adversely, the market price and trading volume of our Class A common stock could decline.

## **Risks Related to Our Business**

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

We have incurred net losses since our inception, and we expect to continue to incur net losses in the foreseeable future. We incurred net losses attributable to common stockholders of \$935.4 million, \$1,151.9 million, and \$924.4 million for the years ended December 31, 2024, 2023, and 2022, respectively. As of June 30, 2025, we had an accumulated deficit of \$4,489.1 million. We also expect our operating expenses to continue to increase, and if our growth does not increase to offset these anticipated increases in our operating expenses, our business, results of operations, and financial condition will be harmed, and we may not be able to achieve or maintain profitability. We expect our costs and investments to continue to increase in future periods as we intend to continue to make investments to grow our business, including an expected increase in infrastructure and stock-based compensation expenses. These efforts may be more costly than we expect and may not result in increased revenue or growth of our business. In addition to the expected costs to grow our business, we have incurred and expect to continue to incur significant additional legal, accounting, and other expenses as a public company. Compliance with these additional rules and regulations continues to increase our legal and financial compliance costs and demand on our systems and requires significant attention from our senior management that could divert their attention away from the day-to-day management of our business. If we fail to increase our revenue to sufficiently offset the increases in our operating expenses, we will not be able to achieve or maintain profitability in the future.

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

Historically, our business has been highly seasonal, with the highest percentage of our bookings occurring in the fourth quarter when holidays permit our users to spend increased time on our Platform and lead to increased spend on pre-paid Robux gift cards, and we expect this trend to continue. We also typically see higher levels of engagement in the months of June, July, and August, which are summer periods in the northern hemisphere, and lower levels of engagement in the post-summer months of September, October, and November. However, school holidays around the world differ in timing year-over-year and therefore have impacted and may continue to impact our quarterly results. Similarly, other periods of seasonality include holidays such as Lunar New Year, Easter, and Ramadan, each of which may differ in timing year-over-year, and therefore have impacted and may continue to impact our quarterly results. We may also experience fluctuations due to other factors outside of our control that affect user, developer, or creator engagement with our Platform.

Accordingly, our quarterly results of operations have fluctuated in the past and will fluctuate in the future, both based on the seasonality of our business as well as external factors impacting the global economy, our industry, our community and our company. Our results of operations and financial condition in any given quarter can be influenced by numerous factors, many of which we are unable to predict or are outside of our control as further described in our other Risk Factors included in this Quarterly Report on Form 10-Q. As a result, you should not rely on our past quarterly results of operations as indicators of future performance. You should take into account the risks and uncertainties frequently encountered by companies in rapidly evolving market segments.

### ***We are subject to laws and regulations worldwide, many of which are unsettled and still developing, which could increase our costs or adversely affect our business, including preventing our ability to operate our Platform in certain jurisdictions.***

As a global platform with users, developers, and creators in over 170 countries, we are subject to a myriad of laws and regulations that affect our business, including but not limited to, laws and regulations regarding online gaming, online safety, privacy, AI, online platform liability, social media platforms, content moderation, intellectual property ownership and infringement, consumer protection, protection of minors, anti-competition, taxation, labor, real estate, export and national security, requirements related to the use of verifiable parental consent, biometrics, cybersecurity, data protection and data localization requirements, the use of prepaid cards, subscriptions, advertising, electronic marketing, illegal content, escheatment, tariffs, anti-corruption, campaign finance, gambling, loot boxes, ratings, and telecommunications, all of which are continuously evolving and developing. We have policies and procedures designed to promote compliance with applicable laws and regulations, but we cannot assure you that authorities will not find that our practices violate such laws and regulations.

The widespread availability of 3D user-generated content online is relatively new, and the regulatory framework is new and continuously evolving with increased legislative initiatives and regulatory focus on areas including the protection of minors online and users' personal information, among other areas. The scope and interpretation of these laws and regulations that are or may be applicable to us, are often uncertain and may be conflicting from jurisdiction to jurisdiction and compliance with laws, regulations and similar requirements may be burdensome and expensive. Moreover, in some cases these new regulations can be enforced by private parties in addition to governmental agencies.

There are a suite of global laws focusing on the area of online safety and content moderation, including notice, transparency and product design obligations. Recent regulation in this area has arisen in the United Kingdom, (“U.K.”) the European Union (“EU”), the U.S., Brazil, Indonesia, and Australia, among several other jurisdictions. The U.K.’s Online Safety Act (“OSA”) introduces, among other things, duties to protect children and other users online, complete risk assessments, and remove illegal content and content harmful to children. Many of the obligations under OSA, for example, require the U.K.’s Office of Communications (“Ofcom”) to publish codes of practice before the obligations come into force. Ofcom published its guidance and codes of practice in connection with the illegal harms related obligations under the OSA in December 2024 and its guidance and codes of practice in and the protection of children related obligations under the OSA in April 24, 2025. Additional guidance and codes of practice are expected to be published in the coming months. Ofcom issued a policy statement on April 24, 2025, stating that, among other things, covered operators of online services must conduct and document a children’s risk assessment in accordance with the OSA by July 24, 2025, and must implement measures to protect children from content that is harmful to them by July 25, 2025. Noncompliance with the OSA could lead to investigations and other proceedings, substantial fines of up to £18 million or 10% of the prior year’s global revenues, and possible imposition of criminal liability on senior managers and company officers, as well as the imposition of business disruption measures such as restricting access to the Platform. The EU’s Digital Services Act (“DSA”) imposes new content moderation obligations, notice and transparency obligations, protection of minors obligations, advertising restrictions, and other requirements on digital platforms to protect consumers and their rights online. Guidelines for the DSA’s requirements specific to children (Art. 28) include, among other matters, age assurance measures, default settings obligations and various other aspects of product design and function, risk assessment obligations, measures to improve moderation and reporting tools, and requirements for parental control tools. Noncompliance with the DSA could result in fines of up to 6% of annual global revenues, which are in addition to the ability of civil society organizations and non-governmental organizations to commence class action lawsuits. Australia’s Online Safety Act of 2021 (“AUS OSA”) also includes a number of content and product design requirements.

Additionally, we are subject to regulations with respect to advertising, in particular, advertising to minors, and advertising regulations could differ based on the jurisdiction of a user. For example, in the U.S. the Federal Trade Commission (“FTC”) and other regulators restrict deceptive or unfair commercial activities, including in relation to targeted advertising and advertising to minors. As we evolve our advertising products and policies, we may not be able to implement an advertising model that is compliant with regulations in all jurisdictions in which we operate. Moreover, our brand and reputation may suffer if users disagree with our advertising policies.

In the U.S., we are subject to both federal and state regulation of online services accessed and used by children, which have and may continue to vary significantly. For example, in 2024 the State of Texas enacted new restrictions on purchasing by minors, including requiring parental consent for minors to purchase digital items, including on our Platform. Further, in March 2025 the States of Utah, Louisiana, and Texas enacted new restrictions on applications available via app stores, which include requiring app stores collect verifiable parental consent for minors to engage in in-app purchases, including on our Platform. In Louisiana, the law also carries a private right of action. These additional restrictions may have an adverse impact on our revenue and bookings from users in Utah, Louisiana, and Texas in the near term.

In June 2025, the Brazilian Supreme Court ruled that Article 19 of Brazil’s Internet Act is partially unconstitutional, creating platform liability for third-party content in certain instances. The resulting legal framework is in flux, but as it stands, platforms that host third party content like Roblox will be subject to presumptive civil liability for certain categories of content, as well as new regulatory requirements around localization, content moderation, transparency, and customer support. The Brazilian legislature is also considering new laws that would regulate online safety, artificial intelligence, and content ratings that, if enacted, may prohibit or restrict certain aspects of our Platform, and as a result, may have an adverse impact on our revenue and bookings from users in Brazil.

In addition, there are ongoing academic, political, and regulatory discussions in the U.S., Canada, EU, U.K., Australia, and other jurisdictions regarding whether certain mechanisms that may be included in experiences on our Platform, such as features commonly referred to as “loot boxes,” and certain genres of experiences, such as social casino, that may reward gambling-like behavior, should be subject to a higher level or different type of regulation than other genres of experiences to protect consumers, in particular minors and persons susceptible to addiction, and, if so, what such regulation should include. In some countries such as Belgium and the Netherlands, “loot box” mechanics may be considered gambling, and are restricted as a result. In Australia, gaming content containing “loot boxes” requires a mature age rating (15 years of age and older). Other jurisdictions are considering similar limitations or bans on “loot boxes.”

There are similar discussions ongoing in several jurisdictions, including the U.S., EU, and Australia, related to restricting minors’ access to social media platforms, with a particular emphasis on restricting access to features that may be considered addictive or harmful to minors. Depending on the scope of covered services, regulations such as these may affect how we configure and present our Platform, which may in turn have an adverse impact on our bookings and revenue.

Governmental agencies in any of the countries in which we, our users, developers, or creators are located from time to time have sought and continue to seek to and could in the future seek to impose restrictions on our Platform, our website, operating system platforms, application stores or the internet generally. Compliance with these existing and new laws and regulations, uncertainty over changes in laws and regulations, uncertainty over the scope and interpretation of laws and regulations that may be applicable to us, and conflicting laws and obligations, have led to, and will continue to lead to increases in the cost of compliance, moderation and doing business and exposes us to possible litigation, fines or other injunctive and monetary penalties. We have been required to and could in the future be required to modify or remove certain content in the experiences on our Platform, change the default settings of our Platform, and modify, restrict access to, or disable certain features on our Platform in various jurisdictions. These requirements may impact user engagement, the functionality and effectiveness of our Platform, our ability to operate across demographics and geographies, our developer's ability to monetize their experiences in some geographies and reduce the overall use or demand for our Platform, which would harm our business, financial condition, and results of operations. We have been required to and could in the future be required to change our business model for specific jurisdictions or subsets of our users, take on more onerous obligations, including, but not limited to, applying for government-issued licenses to operate, establishing a local presence in certain jurisdictions, developing localized product offerings and practices, and storing user information on servers in a jurisdiction within which we operate. The costs of compliance with, and other burdens imposed by, these laws, regulations, standards, and obligations, could be prohibitively expensive. Requirements to change age ratings of our Platform or of specific content on our Platform may make our Platform less attractive for or restrict availability to younger users and harm our business, financial condition and results of operations. Furthermore, any inability to adequately address these burdens has led to, and in the future could lead to suspension of our Platform in certain jurisdictions. Restrictions on our ability to offer our Platform or on our users' ability to engage with our Platform may have a significant adverse impact on the revenue and bookings that we derive from those jurisdictions, which could materially adversely affect our operating results and our business. We may be required to expend substantial resources or to modify our Platform substantially to comply with evolving laws and regulations, which would harm our business, financial condition and results of operations. In addition, the increased attention on liability and regulatory issues as a result of lawsuits and legislative proposals could harm our reputation or otherwise impact the growth of our business.

Moreover, the adoption of any laws or regulations adversely affecting the growth, popularity or use of the internet, including laws impacting internet neutrality, could decrease the demand for our Platform and/or increase our operating costs. The legislative and regulatory landscape regarding the regulation of the internet and, in particular, internet neutrality, in the U.S. and internationally is subject to uncertainty. Users generally need to access the internet, and also mobile platforms such as the Apple App Store and the Google Play Store, to engage with experiences on our Platform, including in geographically diverse areas. If governmental or other entities block, limit or otherwise restrict developers, creators, and users from accessing our Platform, or users from engaging with experiences on our Platform, we may need to take on more onerous obligations, limit the functionality of our Platform, and/or establish certain local entities, each of which could adversely affect our results of operations or subject us to additional fines and penalties.

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

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

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

For the three months ended June 30, 2025, 29% of our revenue was attributable to Robux sales through the Apple App Store and 15% of our revenue was attributable to Robux sales through the Google Play Store. Because of the significant use of our Platform on mobile devices, our application must remain interoperable with these and other popular mobile app stores and platforms, and related hardware. We are subject to the standard policies and terms of service of these operating systems, as well as policies and terms of service of the various software application stores that make our application and experiences available to our developers, creators, and users. These policies and terms of service govern the availability, promotion, distribution, content, and operation of applications and experiences on such operating systems and stores. Each provider of these operating systems and stores has broad discretion to change and interpret its terms of service and policies with respect to our Platform and those changes may be unfavorable to us and our developers', creators', and users' use of our Platform. If an operating system provider or application store limits or discontinues access to, or changes the terms governing, its operating system or store for any reason, it could adversely affect our business, financial condition, or results of operations.

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

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

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

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

Additionally, we do not directly process purchases made on our Platform or the exchange of earned Robux for fiat currency through our Developer Exchange Program. Information on those purchases or exchanges (e.g., debit and credit card numbers and expiration dates, personal information, and billing addresses) is disclosed to the third-party online platform and service providers facilitating purchases or exchanges of Robux for fiat currency by users (such as Stripe, Xsolla, and Tipalti). We do not have control over the security measures of those providers, and their security measures may not be adequate. We could be exposed to litigation and possible liability if our users' (including our developers') transaction information involving their purchases or exchanges for fiat currency are compromised, which could harm our reputation and our ability to attract users and may materially adversely affect our business.

We also rely on the stability of such distribution channels and their payment transmissions, and third-party payment processors for the continued payment services provided to our users. If any of these providers fail to process or ensure the security of users' payments for any reason, our reputation may be damaged and we may lose our paying users and developers interested in our Developer Exchange Program, developers may be discouraged from creating on our Platform, and users may be discouraged from making purchases on our Platform in the future, which, in turn, would materially and adversely affect our business, financial condition, and prospects.

In addition, from time to time, we or our partners encounter fraudulent use of payment methods, which could impact our results of operations and if not adequately controlled and managed could create negative consumer perceptions of our Platform services. If we are unable to maintain our fraud and chargeback rate at acceptable levels, card networks may impose fines, our users' card approval rate may be impacted and we may be subject to additional card authentication requirements. The termination of our ability to process payments on any major payment method would significantly impair our ability to operate our business. Further, the Consumer Financial Protection Bureau ("CFPB") has issued a regulation to exercise authority to conduct supervisory examinations over large nonbank technology companies offering digital funds transfer and payment wallet apps. Accordingly, the third-party online distribution channels and third-party payment processors on which we rely, to the extent they are covered by the CFPB's regulation, may face external pressures that could impose additional compliance costs, impact their ability to offer digital payment services, and affect our relationships with them over time or have other adverse impacts upon our business and our ability to serve users and developers.

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

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

We invest significant technical and human resources to prevent inappropriate content on our Platform by using a range of tools and policies, including several designed to review all images, audio, and video at the time of upload in order to block inappropriate content before users have a chance to encounter it on our Platform. Notwithstanding our efforts, from time to time, inappropriate content is successfully uploaded onto our Platform and can be viewed by others prior to being identified and removed by us. Additionally, in some of our experiences users are able to generate in-experience content which may not be detectable by our automated moderation systems.

Moreover, measures intended to make our Platform more attractive to an older, age-verified audience, chat without filters and the introduction of experiences with mature content, and new methods of communication could fail to gain sufficient market acceptance by its intended audience and may create the perception that our Platform is not safe for younger users. This in turn has caused and may continue to cause some operating system providers, application stores, or regulatory agencies to require a higher age rating for our Platform, which could cause us to become less available to younger users and harm our business, financial condition, and results of operations. For example, USK, who are responsible for game ratings in Germany, increased our age rating from USK12 to USK16 in January 2025.

We have introduced Content Maturity Labels that are intended to enable users to make informed decisions about the experiences they interact with and we have introduced additional parental controls that help parents and caregivers manage their child's experience on our Platform. However, users from time to time, notwithstanding our efforts, have been able to evade our systems, including by misrepresenting their age. As we begin to employ age assurance technologies, the technologies may also misclassify a user's age. Evasion of our systems, misrepresentations of user age or inaccuracies with our age assurance technologies have led to and may continue to lead to users being exposed to inappropriate content or behavior by participating in experiences that are not age-appropriate or gaining access to features we have restricted to older users. We have at times experienced negative media coverage related to content that our Content Maturity Labels have indicated may be age-inappropriate but younger users have accessed. At times, user generated content may not be violative of our terms, particularly for teenagers, but may still be in poor taste or considered crude and has led to and may in the future lead to negative media attention. In addition, as more of our brand partners, developers, and creators offer physical products for sale through our Platform, younger users may be able to purchase products that may not be age-appropriate. Unintentional access to content or physical products could cause harm to our audience and to our reputation of providing a safe environment for younger users.

In addition to limiting content to age-appropriate audiences and blocking other inappropriate content, we have statutory obligations under U.S. federal law to block or remove child pornography and report apparent offenses to the National Center for Missing and Exploited Children. While we have dedicated technology and trained human moderator staff that can detect and remove sexual content involving children, there have been instances where such content has been uploaded, and any unforeseen future non-compliance by us or allegations of non-compliance by us with respect to U.S. federal laws on child pornography or the sexual exploitation of children could significantly harm our reputation, create criminal liability, and could be costly and time consuming to address or defend. We may also be subject to additional criminal liability related to child pornography or child sexual exploitation under other domestic and international laws and regulations.

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

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

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

We view DAUs as a critical measure of our user engagement, and adding, maintaining, and engaging users has been and will continue to be necessary to our continued growth. Our DAU growth rate has fluctuated in the past and may slow in the future due to various factors including: the introduction of new or updated experiences or virtual items on our Platform; the diversity of experiences on our Platform; the virality of experiences or items on our Platform; our ability to personalize and feature relevant experiences to our users; performance issues with our Platform; the removal of popular experiences or virtual items on our Platform including due to copyright or other legal violations that may or may not be within our control; the availability of our Platform across markets and user demographics, which may be impacted by regulatory or legal requirements, including the use of verifiable parental consent and age assurance technologies and policies; changes to the default settings on our Platform overall, or for specific user groups; changes to our terms of use, advertising policies and generative AI policies; and higher market penetration rates and competition from a variety of entertainment sources for our users and their time. In addition, our strategy seeks to expand the age groups and geographic markets that make up our users. If and when we achieve maximum market penetration rates among any particular user cohort overall and in particular geographic markets, future growth in DAUs will need to come from other age or geographic cohorts, which may be difficult, costly, or time consuming for us to achieve. Additionally, as we implement and further use technology to obtain more granularity in our estimate of users' ages, users may lose access to certain features of our Platform. We cannot currently determine how such technology may impact user retention across our Platform and whether it could have a material impact on our business, financial conditions and operations. Accessibility to the internet and bandwidth or connectivity limitations as well as regulatory requirements, may also affect our ability to further expand our user base in a variety of geographies. If the growth rate in our key metrics such as DAUs or hours engaged slows or becomes stagnant, or we have a decline in one of our key metrics such as DAUs or hours engaged, or we fail to effectively monetize new or existing users, our financial performance could be significantly harmed.

Our business plan assumes that the demand for interactive entertainment offerings will increase for the foreseeable future. However, if this market shrinks or grows more slowly than anticipated or if demand for our Platform does not grow as quickly as we anticipate, whether as a result of competition, product obsolescence, budgetary constraints of our developers, creators, and users, technological changes, unfavorable economic conditions, uncertain geopolitical or regulatory environments or other factors, we may not be able to increase our revenue and bookings sufficiently to ever achieve profitability and our stock price would decline.

Moreover, a large number of our users are under the age of 13. This demographic may be less brand loyal and more likely to follow trends, including viral trends, than other demographics. These and other factors may lead users to switch to another entertainment option rapidly, which can interfere with our ability to forecast usage or DAUs and would negatively affect our user retention, growth, and engagement. We also may not be able to penetrate other demographics in a meaningful manner to compensate for the loss of DAUs in this age group. Falling user retention, growth, or engagement rates could seriously harm our business.

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

Our Platform relies on our developers and creators to create experiences and virtual items on our Platform for our users, and we believe the interactions between and within the developer, creator, and user communities on our Platform create a thriving and organic ecosystem, and this network effect drives our growth. To facilitate and incentivize the creation of experiences and virtual items by developers, our Platform offers developers an opportunity to earn Robux, a virtual currency on our Platform, which, as described in our terms of use, is a license to engage in experiences and/or obtain virtual items. When virtual items are acquired on our Platform, the originating developer or creator earns a portion of the Robux paid for the item. Developers are able to exchange their accumulated earned Robux for fiat currency under certain conditions outlined in our Developer Exchange Program. In addition, we have paid access experiences where developers can offer access to their experiences to users for a set price in fiat currency and in exchange earn a higher revenue share of these user purchases.

While we have millions of developers and creators on our Platform, a substantial portion of user engagement is concentrated in a relatively small number of highly popular experiences. For example, 50% of in-experience hours engaged were spent in the top 50 experiences in the month ended December 31, 2024. At times, particularly viral experiences have constituted a substantial portion of our DAUs and engagement. While these viral experiences can drive significant short-term growth, if the popularity of such experiences wanes, and new, compelling content does not emerge to replace them, our DAUs and engagement could decline, which would have a material impact on our business, financial condition, and operations, including a loss of revenue. We continuously review and revise our Platform policies to enhance regulatory compliance and the trust and safety of our Platform. Changes to our Platform policies may reduce or create the perception that they may reduce the ability of developers to monetize their experience. For example, we announced a move towards DataStore access limits, which would require developers to purchase data storage over certain limits. While the vast majority of our developers are not expected to be impacted by these changes, if our top developers believe this change will impact the monetization and profitability of their experience, they may elect to develop user-generated content on other platforms. The loss of any of our top developers could have a material impact on our business, financial condition, and operations, including a loss of revenue.

We spend substantial amounts of time and money to research, develop, and enhance versions of our Platform to incorporate additional features, improve functionality or other enhancements and prioritize user safety and security in order to meet the rapidly evolving demands of our developers, creators, and users. Developments and innovations on our Platform may rely on new or evolving technologies which may at times be still in development and may never be fully developed. Maintaining adequate research and development resources, such as the appropriate personnel and development technology, to meet the demands of the market is essential. Despite our efforts, users, developers, or creators may become dissatisfied with our Platform technology or policies, billing or payment policies, our handling of personal data, or other aspects of our Platform. If we fail to adequately address these or other user, developer, or creator complaints, negative publicity about us or our Platform could diminish confidence in and the use of our Platform. If we do not provide the right technologies, education or financial incentives to our developers and creators, they may develop fewer experiences or virtual items or be unable to or choose not to monetize their experiences, and our users may elect to not participate in the experiences or acquire the virtual items, and, thus, our Platform, revenue, and bookings could be adversely affected. Additionally, if we fail to anticipate developers' and creators' needs, the quality of the content they create may not attract users to engage with experiences and result in a decline of users on our Platform. When we develop new or enhanced features for our Platform, we typically incur expenses and expend resources upfront to develop, market, promote, and sell new features, and we may not be able to realize some or all of the anticipated benefits of these investments.

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

Our users expect fast, reliable, and resilient systems to enhance their experience and support their activity on our Platform, which depends on the continuing operation and availability of our Platform from our global network of data centers controlled and operated by us and our external service providers, including third-party “cloud” computing services. Our reliance on these third-party providers introduces inherent risks, as their actions, security practices, and operational resilience directly impact our ability to deliver services. We also provide services to our developer and creator community through our Platform, including DevForum and Creator Hub for tutorials, hosting, customer service, regulatory compliance, and translation, among many others. The experiences and technologies on our Platform are complex software products and maintaining the sophisticated internal and external technological infrastructure required to reliably deliver these experiences and technologies is expensive and complex. The reliable delivery and stability of our Platform has been, and could in the future be, adversely impacted by outages, disruptions, failures, or degradations in our network and related infrastructure or those of our partners or service providers, including those stemming from vulnerabilities in authentication mechanism, service spoofing, or the complexities of managing micro-systems architecture.

We have experienced outages from time to time since our inception when our Platform is unavailable for all or some of our users, developers, and creators, including in June 2025, October 2024, May 2022, October 2021, and at other times during our history. In addition, there may be times when access to our Platform for users, developers, and creators may be temporarily unavailable or limited. This could be due to proactive actions we take while we provide critical updates or as an unexpected outcome of routine maintenance, which most recently occurred in July 2023. Outages can be caused by a number of factors, including a move to a new technology or security vulnerabilities in new or existing technologies, the demand on our Platform exceeding the capabilities of our technological infrastructure, delays or failures resulting from natural disasters, manmade disasters, or other catastrophic events, the migration of data among data centers and to third-party hosted environments, a cyber event or act of terrorism, and issues relating to our reliance on third-party software, third-party application stores, and third parties that host our Platform in areas where we do not operate our own data centers. The unavailability of our Platform, particularly if outages should become more frequent or longer in duration, could cause our users to seek other entertainment options, including those provided by our competitors, which may adversely affect our financial results. If we or our partners or third-party service providers experience outages and our Platform is unavailable or if our developers, creators, and users are unable to access our Platform within a reasonable amount of time or at all, as a result of any such events, our reputation and brand may be harmed, developer, creator and user engagement with our Platform may be reduced, and our revenue, bookings and profitability could be, and has been in the past, negatively impacted. We may also experience a negative impact to our financial results as a result of decreased usage on our Platform or decrease of payouts to developers and creators, as well as potential monetary penalties, including regulatory fines related to an outage determined to be a significant security incident. We may not have full redundancy for all of our systems at all times and our disaster recovery planning may not be sufficient to mitigate the risks posed by technological exploitation used by threat actors and to address all aspects of any consequence or incident or allow us to maintain business continuity at profitable levels or at all. Further, in the event of damage or service interruption, our business interruption insurance policies will not adequately compensate us for losses that we may incur. These factors in turn could further reduce our revenues, subject us to liability, or otherwise harm our business, financial condition, or results of operations.

In addition to the events described above, our data and our technological infrastructure may also be subject to government laws, administrative actions or regulations, changes to legal or permitting requirements, and litigation that could stop, limit, or delay operations. Despite a reliability program focused on anticipating and solving issues that may impact the availability of our Platform and precautions taken at our data centers, such as disaster recovery and business continuity arrangements, the occurrence of spikes in usage volume, the occurrence of a natural disaster, a cyber event or act of terrorism, a decision to close the facilities without adequate notice, our inability to secure additional or replacement data center capacity as needed, increased energy consumption as a result of AI-related growth, or other unanticipated problems at our data centers could result in interruptions or delays on our Platform, impede our ability to scale our operations or have other adverse impacts upon our business and adversely impact our ability to serve our developers, creators, and users.

Customer support personnel and technologies are critical to resolve issues and to allow developers, creators, and users to realize the full benefits that our Platform provides and provide an excellent customer experience. High-quality support is important for the retention of our existing developers, creators, and users and to encourage the expansion of their use of our Platform. We rely on third-party service providers to assist in our customer support. Our third-party providers, employees, developers, and users have been and may in the future be a source of exploitation for threat actors to attempt to compromise our systems and information. For example, a third-party service provider with weak security protocols or an individual engaged by a third-party service provider with malicious intent have and could in the future inadvertently or intentionally expose our systems to unauthorized access, data breaches, or other cyber events. We do not have sufficient control over the security practices of all our third-party vendors, which could lead to vulnerabilities that can be exploited by sophisticated threat actors. If a threat actor is successful in using one or more of our third-party service providers, employees, developers, or users to compromise our systems or personal information of our users, it could impact our business and results of operation as well as our reputation.

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

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

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

***If the security of our Platform is compromised, it could compromise our and our developers', creators', and users' private information, disrupt our internal operations, and harm public perception of our Platform, which could cause our business and reputation to suffer.***

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

The techniques used by malicious actors to obtain unauthorized access to, or to sabotage, our systems or networks, or to utilize our systems maliciously, are constantly evolving and generally are not recognized in the industry until launched against a target. Despite the measures we have taken, we at times have not been able to anticipate these techniques, detect, or react in a timely manner, or implement preventive measures, which has resulted in and could continue to result in, delays in our detection or remediation of, or other responses to, security breaches and other security-related incidents. In addition, the use of open source software in our Platform has exposed us to security vulnerabilities in the past and will likely continue to expose us to security vulnerabilities in the future. For example, in December 2021, a vulnerability in popular logging software, Log4j, was publicly announced, and while we have taken steps to patch these and similar vulnerabilities in our systems, we cannot guarantee that all vulnerabilities have been patched in every system upon which we are dependent or that additional critical vulnerabilities of open source software which we rely upon will not be discovered. Our use of AI in our products and business practices may increase or create additional cybersecurity and privacy risks, including risks of security breaches and incidents.

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

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

If any unauthorized access to our network, systems or data, including our sensitive and proprietary information, personal data from our users, developers, or creators, or other data, or any other loss or unavailability of, or unauthorized use, modification, disclosure, or other processing of personal data or any other security breach or incident, occurs or is believed to have occurred, whether as a result of third-party action, employee negligence, error or malfeasance, defects, social engineering techniques, ransomware attacks, or otherwise, our reputation, brand and competitive position could be damaged, our and our users', developers' and creators' data and intellectual property could potentially be lost or compromised, and we could be required to spend capital and other resources to alleviate problems caused by such actual or perceived breaches or incidents and remediate our systems. In the past, we have experienced social engineering and phishing attacks, and if similar attacks occur and are successful, this could have a negative impact on our business or result in unfavorable publicity. Additionally, we contract with certain third parties to store and process certain data for us, including our distribution channels, and these third parties face similar risks of actual and potential security breaches and incidents, which could present similar risks to our business, reputation, financial condition, and results of operations.

We incur significant costs in an effort to detect and prevent security breaches and other security-related incidents, including those to secure our product development, test, evaluation, and deployment activities, and we expect our costs will increase as we make improvements to our systems and processes to prevent future breaches and incidents. The economic costs to us to reduce cyber or other security problems, such as spammers, errors, bugs, flaws, "cheating" programs, defects or corrupted data, could be significant and may be difficult to anticipate or measure. Even the perception of these issues may cause developers, creators, and users to use our Platform less or stop using it altogether, and the costs could divert our attention and resources, any of which could result in claims, demands, and legal liability to us, regulatory investigations and other proceedings, and otherwise harm our business, reputation, financial condition, or results of operations. There could also be regulatory fines or non-monetary penalties imposed in connection with certain data breaches that take place around the world. Further, certain laws and regulations relating to privacy, biometrics, cybersecurity, and data protection, such as the California Consumer Privacy Act ("CCPA"), allow for a private right of action, which may lead to consumer litigation for certain data breaches that relate to specified categories of personal information. From time to time, we identify product vulnerabilities, including through our bug bounty program. Although we have policies and procedures in place designed to promptly characterize the potential impact of such vulnerabilities and develop appropriate patching or upgrade recommendations and also maintain policies and procedures related to vulnerability scanning and management of our internal corporate systems and networks, such policies and procedures may not be followed or detect every issue, and from time to time, we have, and may in the future again, need to proactively disable access to our Platform in order to provide necessary patching or upgrades.

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

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

We operate our Platform throughout the world and are subject to risks and challenges associated with international business. For the three months ended June 30, 2025, approximately 82% of our DAUs and 38% of our revenue was derived from outside the U.S. and Canada region. We intend to continue to expand internationally, and this expansion is a critical element of our future business strategy. However, as we continue to expand internationally, including into developing countries where consumer discretionary spending is relatively weak, while our DAUs increase, the growth rate of our bookings could decelerate due to weaker spending by users from those regions, and our ABPDAU has been and may continue to be negatively impacted. While we have data centers, contractors, developers, creators, and users outside of the U.S., we have limited offices located outside of the U.S. and Canada, and there is no guarantee that our international expansion efforts will be successful. The risks and challenges associated with expanding our international presence and operations include:

- greater difficulty in enforcing contracts and accounts receivable collection, and longer collection periods;
- higher costs of doing business internationally, including increased accounting, travel, infrastructure, legal and compliance costs;

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- double taxation of our international earnings and potentially adverse tax consequences due to changes in the tax laws of the U.S. or the foreign jurisdictions in which we operate;
- compliance with multiple, ambiguous, or evolving laws and regulations, including those relating to employment, tax, child protection, consumer protection, content regulation, online safety, privacy, data protection, anti-corruption, import/export, customs, anti-boycott, sanctions and embargoes, antitrust, data transfer, storage and security, content monitoring, preclusion, and removal, online entertainment offerings, advertising and consumer protection in general, and industry-specific laws and regulations, particularly as these requirements apply to users under the age of 18;
- uncertainty regarding the imposition of and changes in the U.S.’ and other governments’ trade regulations, trade wars, tariffs or other restrictions, and responsive retaliatory actions as a result thereof or other geopolitical events, including, without limitation, the evolving relations between the U.S. and China, the issuance of new executive orders and related national security-based data transfer restrictions, and geopolitical conflicts such as between Russia and Ukraine, India and Pakistan, as well as the U.S., Iran, and Israel;
- expenses related to monitoring and complying with differing labor and employment regulations, especially in jurisdictions where labor and employment laws may be more favorable to employees than in the U.S.;
- increased exposure to fluctuations in exchange rates between the U.S. dollar and foreign currencies in markets where we do business;
- challenges inherent to efficiently recruiting and retaining qualified employees in foreign countries and maintaining our company culture and employee programs across all of our offices;
- management communication and integration problems resulting from language or cultural differences and geographic dispersion;
- the uncertainty of protection for intellectual property in some countries;
- the uncertainty of our exposure to third-party claims of intellectual property infringement and the availability of statutory safe harbors in some countries;
- foreign exchange controls that might prevent us from repatriating cash earned outside the U.S.;
- risks associated with trade restrictions and foreign legal requirements, and greater risk of unexpected changes in regulatory requirements, tariffs and tax laws, trade laws, foreign investment restrictions, and export controls (including data export) and other trade restrictions;
- negative perceptions of U.S.-based companies in regions where we operate or plan to operate;
- risks relating to the implementation of exchange controls, including restrictions promulgated by the Office of Foreign Assets Control (“OFAC”), and other similar trade protection regulations and measures;
- exposure to regional or global public health issues, and to travel restrictions and other measures undertaken by governments in response to such issues;
- general economic and political conditions in these foreign markets, including political and economic instability in some countries and regions;
- localization of our services, including translation into foreign languages and associated expenses and the ability to monitor our Platform in new and evolving markets and in different languages to confirm that we maintain standards, including trust and safety standards, consistent with our brand and reputation;
- regulatory frameworks or business practices favoring local competitors;
- changes in the perception of our Platform by governments in the regions where we operate or plan to operate; and
- natural disasters, acts of war, and terrorism, and resulting changes to laws and regulations, including changes oriented to protecting local businesses.

These and other factors could harm our ability to generate revenue and bookings outside of the U.S. and, consequently, adversely affect our business, financial condition and results of operations. We may not be able to expand our business and attract users in international markets and doing so will require considerable management attention and resources. International expansion is subject to the particular challenges of supporting a business in an environment of multiple languages, cultures, customs, legal systems, alternative dispute systems, regulatory systems and commercial infrastructures. We may not be able to offer our Platform in certain countries, and expanding our international focus may subject us to risks that we have not faced before or increase risks that we currently face. For example, in August 2024 we learned that our Platform was blocked in the Republic of Türkiye and we are working with the local authorities with the goal of resolving it.

***If we are unable to successfully grow our user base, compete effectively with other platforms, and further monetize our Platform, our business will suffer.***

We have made, and are continuing to make, investments to enable our developers and creators to design and build compelling content and deliver it to our users on our Platform. Existing and prospective developers may not be successful in creating content that leads to and maintains user engagement (including maintaining the quality of experiences); they may fail to expand the types of experiences that they can build for users; or our competitors may entice our developers, users and potential users away from, or to spend less time with, our Platform, each of which could adversely affect users' interest in our Platform and lead to a loss of revenue opportunities and harm our results of operations. The multitude of other entertainment options, online gaming, and other interactive experiences is high, making it difficult to retain users who are dissatisfied with our Platform and seek other entertainment options.

Additionally, we may not succeed in further monetizing our Platform and user base. As a result, our user growth, user engagement, financial performance and ability to grow revenue could be significantly harmed if we fail to increase or maintain DAUs; our user growth outpaces our ability to monetize our users, including if our user growth occurs in markets that are not profitable; we fail to provide the tools and education to our developers and creators to enable them to monetize their experiences and developers do not create engaging or new experiences for users; we fail to increase the overall number of developers and creators on our Platform; we fail to establish a successful advertising model; we fail to increase or maintain the amount of time spent on our Platform, the number of experiences, or variety of genres of experiences, that our users engage with, or the usage of our technology for our developers; we fail to increase the features of our Platform, allowing it to more broadly serve the entertainment, education, communication and business markets; we fail to increase penetration and engagement across all demographics, including our goal of reaching ten percent of the global gaming software market, or measures intended to make our Platform more attractive to older, age-verified users create the perception that our Platform is not safe for young users; or the experiences on our Platform do not maintain or gain popularity.

Continuing to manage our growth effectively has required, and may in the future require expanding our internal IT systems, technological operations infrastructure, financial infrastructure, and operating and administrative systems and controls. In addition, we have expended in the past and may in the future expend significant resources to launch new features and changes on our Platform that we are unable to monetize, which may significantly harm our business. Any future growth would add more complexity to our organization and require effective coordination across our organization, and an inability to do so would adversely affect our business, financial conditions, and results of operations.

Only a small portion of our users regularly purchase Robux compared to all users who use our Platform in any period. Our ability to continue to attract and retain paying users will depend in part on our ability to consistently provide our paying users with a quality experience and features. If our users do not perceive our offerings, or the offerings of our developers and creators, to be of value, or if we introduce new or adjust existing features or pricing in a manner that is not favorably received by them, we may not be able to attract and retain payers or be able to convince users to become paying users of such additional service offerings, and we may not be able to increase the amount of revenue from our user base. If users fail to purchase Robux at rates similar to or greater than they have historically and if we fail to attract new paying users, or if our paying users fail to continue interacting with our Platform and purchasing Robux as they increase in age, our revenue will suffer. Users may reduce their spend on our Platform for many reasons, including a perception that they do not use the service sufficiently, the need to reduce household expenses, competitive services that provide a better value or experience or as a result of changes in pricing. If our efforts to attract and retain paying users are not successful, our business, operating results, and financial condition may be adversely impacted.

***If we are not successful in our efforts to develop virtual platform-wide events or live experiences on our Platform, our business could suffer.***

We have undergone efforts to develop the live and limited time events and experiences available on our Platform, such as virtual platform-wide events, concerts, classrooms, and other meeting types, and to offer commercial partners with branding opportunities in conjunction with key events, such as a product launch. There is no guarantee that these efforts will be successful or that users will engage with these experiences. New features or enhancements and changes to the existing features of our Platform, such as virtual reality applications, could fail to attain sufficient market acceptance for many reasons, including: failure to predict market demand accurately in terms of functionality and to supply features that meet this demand in a timely fashion; defects, errors, or failures; negative publicity about performance, safety, privacy, or effectiveness; delays in releasing new features or enhancements on our Platform; and introduction or anticipated introduction of competing products by competitors. The failure to obtain market acceptance for these live experiences would negatively affect our business, financial condition, results of operations, and brand.

***Introduction of new technology, such as generative AI, could harm our business and results of operations.***

The market for an immersive platform for connection and communication is a new and evolving market characterized by rapid, complex, and disruptive changes in technology and user, developer, and creator demands that could make it difficult for us to effectively compete. The expectations and needs of our users, developers, and creators are constantly evolving. Our future success depends on a variety of factors, including our continued ability to innovate, introduce new products and services efficiently, enhance and integrate our products and services in a timely and cost-effective manner, extend our core technology into new applications, and anticipate technological developments. If we are unable to react quickly to new technology trends—for example the continued growth of generative AI solutions which affect the ways developers create experiences or may affect the way users consume virtual goods—it may harm our business and results of operation. Furthermore, our adoption of generative AI solutions and changes to our generative AI policies may not be favored by our community of developers and users, and may result in diminished engagement on our Platform. The expertise in AI, as well as other emerging technologies, can be difficult and costly to obtain given the increasing focus on AI development and competition for talent. Further, social and ethical issues relating to the use of new and evolving technologies such as AI in our offerings, may result in reputational harm and liability, and may cause us to incur additional research and development costs to resolve such issues. If we enable or offer solutions that draw controversy due to their perceived or actual impact on society, we may experience brand or reputational harm, competitive harm, or legal liability. Failure to address AI ethics issues by us or others in our industry could undermine public confidence in our use of AI.

We have incorporated, and are continuing to develop and deploy, AI in our products and the operations of our business. Our use of generative AI in aspects of our Platform may present risks and challenges that could increase as AI solutions become more prevalent. The Roblox Cloud may be more relied upon in the future to facilitate increasingly complex decision-making as it integrates hardware and accelerated machine learning AI, including generative AI, for a broad range of compute tasks, including improved personalization, synthetic content generation, and enhanced automation of the player experience. However, AI algorithms may be flawed. Datasets may be insufficient or contain biased information. AI systems may make decisions unpredictably or autonomously, which can raise new or exacerbate existing ethical, technological, legal, and other challenges, and may negatively affect the performance or the perception of our Platform and the user, developer, and creator experience. While we have and will continue to implement safeguards, these deficiencies and potential failures of AI systems could subject us to competitive harm, regulatory action, legal liability, and brand or reputational harm.

There are also many new and evolving laws and regulations focused on the use of AI. For example, the EU’s Artificial Intelligence Act (“AI Act”) entered into force on August 1, 2024. Certain of its obligations entered into effect on February 2, 2025, and the large majority of its applicable provisions will be effective by August 2, 2026. The AI Act proposes a framework of prohibitions as well as disclosure, transparency, and other regulatory obligations based on various levels of risk for businesses introducing AI systems in the EU. Provisions of the AI Act could require us to alter or restrict our use of AI both in features or products available to our users and in our systems that interact with our users, depending on respective levels of risk-categorization, types of systems, and manner of use, as set forth in the AI Act. The AI Act also may require us to comply with monitoring and reporting requirements. As a result, we may need to devote substantial time and resources to evaluate our obligations under the AI Act and to develop and execute a plan designed to promote compliance. Noncompliance with the AI Act could result in fines of up to €35 million or 7% of annual global turnover for the previous year, whichever is higher. There have been numerous other laws and bills proposed at the U.S. federal and state level, as well as internationally, aimed at regulating the deployment or provision of AI systems and services. This includes the Texas Responsible Artificial Intelligence Governance Act which will become effective January 1, 2026, and focuses on prohibiting harmful uses of AI, and the Colorado AI Act, which will become effective February 1, 2026, and, similar to the AI Act, provides for a regulatory risk-based framework.

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

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

These metrics are based on what we believe to be reasonable estimates and underlying assumptions for the applicable period of measurement, but there are inherent challenges in measuring how our Platform is used. As a result, the metrics may misstate the number of DAUs, monthly unique payers, average monthly repurchase rate, hours engaged, ABPDAU, and average bookings per monthly unique payer. The methodologies used to measure these metrics require significant judgment and are also susceptible to algorithm or other technical errors. In addition, we are continually seeking to improve our metrics, which are based on estimates, and such metrics may change due to improvements or changes in our methodology or underlying assumptions. We regularly review our processes and assumptions for calculating these metrics, and from time to time we discover inaccuracies in our metrics or make adjustments to improve their accuracy, which can result in our use of updated metrics in a current period and corresponding adjustments to our historical metrics. Our ability to recalculate our historical metrics to reflect any change in methodology of a metric in a current period may be impacted by data limitations, limitations in functionality of and user behaviors on different platforms, or other factors that require us to apply different methodologies for such adjustments over current and historic periods.

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

In addition, some of our demographic data may also be incomplete or inaccurate. For example, historically our reported age demographics have been based on age information self-reported by our users. However, we have implemented and continue to develop, implement, and test systems to obtain additional user demographic data, including age verification and/or assurance technology, parental consents, and user identification verification. Starting in the third quarter of 2025, our reported age demographics are expected to be based on a hierarchy of data sources, which may include some of the additional data sources noted above, and in which self-reported data will be used only if we do not obtain additional data regarding the age of the user, such as, for example, through age verification. The data sources and the hierarchy we utilize may change from time to time. As a result of these changes, prior period demographics may not be comparable to future ones. Our age demographic data could differ from users' actual ages due to the functionality of our age verification or age assurance systems and technology or if users provide us with incorrect or incomplete information regarding their age or other attributes. Users seeking to evade our age verification and assurance systems and tools may be more likely to create alternate or multiple accounts which would inflate our user activity.

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

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

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

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

Robux and digital goods on our Platform have no monetary value, except to the extent earned Robux may be exchanged for real currency in accordance with our Developer Exchange Terms of Use, but users have made and may in the future make unauthorized, fraudulent, or illegal sales and/or purchases of Robux, other digital goods and Roblox accounts on or off of our Platform, including by use of unauthorized third-party websites in exchange for fiat currency or to facilitate online wagers. For example, some users have made fraudulent use of credit cards owned by others to purchase Robux and offer the purchased Robux for sale at a discount on third-party websites. For the three months ended June 30, 2025, total chargebacks and refunds to us, some of which may have been related to fraud were approximately 2.7% of bookings.

While we regularly monitor and screen usage of our Platform with the aim of identifying and preventing these activities, and regularly monitor third-party websites for fraudulent Robux or digital goods offers as well as regularly send cease-and-desist letters to operators of these third-party websites, we are unable to control or stop all unauthorized, fraudulent, or illegal transactions in Robux or other digital goods that occurs on or off of our Platform. Although we are not responsible for such unauthorized, fraudulent, and/or illegal activities conducted by these third parties, our user experience may be adversely affected, and users and/or developers may choose to leave our Platform if these activities are pervasive. These activities have and may in the future result in negative publicity, disputes, and legal claims, and measures we take in response may be expensive, time consuming, and disruptive to our operations.

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

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

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

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

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

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

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

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

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

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

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

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

We have entered into an enterprise agreement with AWS and a supplemental private pricing addendum that will remain in effect until June 2026. In the event that our AWS service agreements are terminated, or there is a lapse of service, elimination of AWS services or features that we utilize, we could experience interruptions in access to our Platform as well as significant delays and additional expense in arranging for or creating new facilities or re-architecting our Platform for deployment on a different cloud infrastructure service provider, which would adversely affect our business, financial condition, and results of operations.

***We must continue to attract and retain users, developers, and creators, and highly qualified personnel in very competitive markets to continue to execute on our business strategy and growth plans, and the loss of key personnel or failure to attract and retain users, developers, and creators could significantly harm our business.***

We compete for users, developers, and creators. We compete to attract and retain our users' attention and their hours engaged with other global technology leaders such as Amazon, Apple, Meta Platforms, Google, Microsoft, and Tencent, global entertainment companies such as Comcast, Disney, Paramount Global, and Warner Bros Discovery, global gaming companies such as Activision Blizzard (now owned by Microsoft), Electronic Arts, Take-Two, Epic Games, Krafton, NetEase, and Valve, online content platforms including Netflix, Spotify, and YouTube, as well as social platforms such as Facebook, TikTok, Instagram, WhatsApp, Pinterest, X, Reddit, Discord and Snap.

We also rely on developers and creators to create the content that leads to and maintains user engagement (including maintaining the quality of experiences). We compete to attract and retain developers and engineering talent with gaming and metaverse platforms such as Epic Games, Unity, Meta Platforms, and Valve Corporation, which also give developers the ability to create or distribute interactive content. We do not have any agreements with our developers that require them to continue to use our Platform for any time period. Some of our developers have developed attractive businesses in developing content, including games, on our Platform. While we have millions of developers and creators on our Platform, 50% of in-experience hours engaged were spent in the top 50 experiences in the month ended December 31, 2024. In the future, if we are unable to continue to provide value to these developers and they have alternative methods to publish and commercialize their offerings, they may not continue to provide content to our Platform. Should we fail to provide compelling advantages to continued use of our ecosystem to developers, they may elect to develop content on competing interactive entertainment platforms. Should we fail to control botting and other forms of automated play on our Platform, developers, creators and users may find our Platform less attractive and may elect to engage on competing interactive entertainment platforms. If a significant number of our developers no longer provide content, we fail to increase the number of developers using our Platform, or developers and creators whose experiences account for a substantial portion of our hours engaged choose to leave our Platform, we may experience an overall reduction in the quantity and quality of our experiences, which could adversely affect users' interest in our Platform and lead to a loss of revenue opportunities and harm our results of operations.

We expect competition to continue to increase in the future. Many of our existing competitors have, and some of our potential competitors could have, substantial competitive advantages, such as larger sales and marketing budgets and resources; broader and more established relationships with users, developers, and creators; greater resources to make acquisitions and enter into strategic partnerships; lower labor and research and development costs; larger and more mature intellectual property portfolios; and substantially greater financial, technical, and other resources.

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

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

As we continue to expand our international operations, we become more exposed to the effects of fluctuations in currency exchange rates. We generally collect revenue from our international markets in the local currency. For the three months ended June 30, 2025, approximately 82% of our DAUs and 38% of our revenue was derived from outside the U.S. and Canada region. While we periodically adjust the price of Robux to account for the relative value of this local currency to the U.S. dollar, these adjustments are not immediate nor do they typically exactly track the underlying currency fluctuations. As a result, rapid appreciation of the U.S. dollar against these foreign currencies has harmed and may in the future harm our reported results and cause the revenue derived from our foreign users and overall revenue to decrease. In addition, even if we do adjust the cost of our Robux in foreign markets to fluctuations in the U.S. dollar, such fluctuations could change the costs of purchasing Robux to our users outside of the U.S., which may adversely affect our business, results of operations and financial condition, or improve our financial performance.

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

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

As part of our business strategy, we have made and intend to make acquisitions and investments to add or access specialized employees and complementary companies, features, and technologies. Our ability to acquire and successfully integrate larger or more complex companies, features, and technologies is unproven. In the future, we may not be able to find other suitable acquisition or investment candidates, and we may not be able to complete acquisitions, investments or similar strategic transactions on favorable terms, if at all. The pursuit of potential acquisitions or investments may divert the attention of management and cause us to incur significant expenses related to identifying, investigating, and pursuing suitable targets, whether or not they are consummated. Our previous and future acquisitions and investments may not achieve our goals, and any future acquisitions or investments we complete could be viewed negatively by users, developers, creators, partners, or investors. In addition, if we fail to successfully close transactions or integrate new teams into our corporate culture, or fail to integrate the features and technologies associated with acquisitions or investments, our business could be significantly harmed. Any integration process may require significant time and resources, and we may not be able to manage the process successfully. We may not successfully evaluate or use the acquired products, technology, and personnel, or accurately forecast the financial impact of an acquisition, including accounting charges which could be recognized as a current period expense. We also may not achieve the anticipated benefits of synergies from the target business, may encounter challenges with incorporating the acquired features and technologies into our Platform while maintaining quality and security standards consistent with our brand, or may fail to identify security vulnerabilities in acquired technology prior to integration with our technology and Platform. We may also incur unanticipated liabilities that we assume as a result of acquiring companies, including claims related to the acquired company, its offerings or technologies or potential violations of applicable law or industry rules and regulations arising from prior or ongoing acts or omissions by the acquired business that were not discovered during diligence. We will pay cash, incur debt, or issue equity securities to pay for any acquisitions or investments, any of which could significantly harm our financial results. In addition, it generally takes several months after the closing of an acquisition to finalize the purchase price allocation. Therefore, it is possible that our valuation of an acquisition may change and result in unanticipated write-offs or charges, impairment of our goodwill, or a material change to the fair value of the assets and liabilities associated with a particular acquisition, any of which could significantly harm our business. Selling equity to finance any such acquisition would also dilute our stockholders. Incurring debt would increase our fixed obligations and could also include covenants or other restrictions that would impede our ability to manage our operations.

The U.S. government recently introduced regulations that require notification of or prohibit certain transactions by U.S. persons with entities in China or with linkages to China (the “Outbound Investment Rules”). The Outbound Investment Rules could apply to certain intracompany activities between Roblox and Roblox China Holding Corp or Luobu, as well as other Roblox investments or activities with entities in China or with linkages to China. The Outbound Investment Rules regulations could also limit the ability of others to transact certain business with us if those transactions involve or benefit, directly or indirectly Roblox China Holding Corp, Luobu or our other operations in China. Where the Outbound Investment Rules apply to a given transaction, it might limit our ability to carry out our long-term business strategy.

Our acquisition and investment strategy may not succeed if we are unable to remain attractive to target companies or expeditiously close transactions. If we develop a reputation for being a difficult acquirer or having an unfavorable work environment, or if target companies view our Class A common stock unfavorably, we may be unable to consummate key acquisition transactions essential to our corporate strategy and our business may be significantly harmed.

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

As of December 31, 2024, we had federal net operating loss carryforwards of \$2,382.3 million, which do not expire, federal net operating loss carryforwards of \$10.7 million, which begin to expire in 2037, state net operating loss carryforwards of \$1,433.7 million, which began to expire in 2025, and foreign net operating loss carryforwards of \$64.8 million, which begin to expire in 2025. Utilization of our net operating loss carryforwards and other tax attributes may be subject to limitations on utilization or benefit due to the ownership change limitations provided by Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the “Code”), and other similar provisions. All of the \$2,382.3 million of federal net operating losses are carried forward indefinitely but the deductibility of these losses is generally limited to 80% of current year taxable income. Our net operating loss carryforwards may also be subject to limitations under state law. For example, California legislation enacted in June 2024 limits the use of state net operating loss carryforwards and tax credits for tax years beginning on or after January 1, 2024 and before January 1, 2027. If our net operating loss carryforwards and other tax attributes expire before utilization or are subject to limitations, our business and financial results could be harmed.

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

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in our financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as described in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” For example, the majority of the virtual items available on our Platform are durable virtual items, which, when acquired, are recognized ratably over the estimated period of time the virtual items are available to the user (estimated to be the average lifetime of a paying user). Every quarter, we complete an assessment of our estimated average lifetime of a paying user, which is used for revenue recognition of durable virtual items and calculated based on historical monthly retention data for each paying user cohort to project future participation on our Platform. We calculate the average historical monthly retention data by determining the weighted average of monthly paying users that have spent time on our Platform. In 2021, our estimated average lifetime of a paying user was 23 months. In the first quarter of 2022, we updated our estimated average lifetime of a paying user from 23 months to 25 months and in the third quarter of 2022 we increased the estimated average lifetime of a paying user from 25 months to 28 months. The estimated average lifetime of a paying user remained at 28 months through the first quarter of 2024. In the second quarter of 2024, the estimated average lifetime of a paying user decreased to 27 months. Based on the carrying amount of deferred revenue and deferred cost of revenue as of March 31, 2024, the second quarter 2024 change in the estimated average lifetime of a paying user resulted in an increase in our fiscal year 2024 revenue and cost of revenue by \$98.0 million and \$20.4 million, respectively.

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

In addition to revenue recognition and estimates of the average lifetime of a paying user, our accounting policies that involve judgment include, amongst others, those related to assumptions used for estimating the fair value of common stock to calculate stock-based compensation, valuation of goodwill and intangible assets, certain accrued liabilities, the estimated amount of consumable and durable virtual items purchased for which we lack specific information that is used for revenue recognition, and valuation allowances associated with income taxes. If our assumptions change or if actual circumstances differ from those in our assumptions, our results of operations could be adversely affected, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the market price of our Class A common stock.

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

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

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

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

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

Tensions between the U.S. and China have resulted in trade restrictions that could harm our ability to participate in Chinese markets and numerous additional such restrictions have been threatened by both countries. As an example, as of June 2025, the U.S. and China have placed significant additional tariffs upon imported items originating from each other’s territories, though some of these tariffs have been paused through August 2025 pursuant to mutual agreement. The tariff policies and responses of both countries are currently fluid, and it is unclear whether or at what level tariff policies will stabilize. Sustained uncertainty about, or worsening of, current global economic conditions, as well as continued or further escalation of trade tensions between the U.S. and China, could result in a global economic slowdown and long-term impacts on global trade, including the imposition of retaliatory trade restrictions that could restrict our ability to participate in the China JV. As another example, the U.S. Department of Justice has promulgated new rules on Access to U.S. Sensitive Personal Data and Government-Related Data by Countries of Concern or Covered Persons (colloquially “data export rules”), which place limitations, and in some cases prohibitions, on certain transfers of sensitive personal data to business partners located in China and other designated countries, or with other specified links to China and other designated countries. The data export rules may impact our ability to share certain kinds of data, platform access, or other important resources with Tencent or the China JV, or the China JV’s ability to interact with Tencent. We may find it difficult or impossible to comply with these or other conflicting regulations in the U.S. and China, which could make it difficult or impossible to achieve our business objectives in China or realize a return on our investment in this market.

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

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

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

## Risks Related to Government Regulations

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

We are subject to a variety of laws and regulations in the U.S. and other countries that involve matters central to our business, including privacy, cybersecurity, and data protection. The regulatory frameworks for these matters worldwide are rapidly evolving and are likely to remain uncertain for the foreseeable future.

Certain privacy, biometrics, cybersecurity, and data protection laws and regulations have placed and will continue to place significant privacy, data protection, and cybersecurity obligations on organizations such as ours and may require us to continue to change our policies and procedures. For example, the EU’s General Data Protection Regulation (“GDPR”) imposes stringent data protection requirements regarding EU personal data, and its provisions include increasing the maximum level of fines that EU regulators may impose for the most serious breaches of noncompliance of the greater of €20 million or 4% of annual global revenues of the previous year. Such fines would be in addition to (i) the rights of individuals to sue for damages in respect of any data privacy breach which causes them to suffer harm, (ii) the right of individual member states to impose additional sanctions over and above the administrative fines specified in the GDPR, and (iii) the ability of supervisory authorities to impose orders requiring companies to modify their practices. If we are found not to be compliant with GDPR or similar requirements, including obligations to comply with data protection requirements when transferring personal data from the European Economic Area (“EEA”), Switzerland, and the U.K. to the U.S., we may be subject to significant fines and the risk of civil litigation.

The U.K. maintains the Data Protection Act of 2018 and the UK GDPR, which collectively implement and complement the GDPR and provide for penalties for noncompliance of up to the greater of £17.5 million or 4% of annual global revenues of the previous year. On June 28, 2021, the European Commission announced a decision of “adequacy” concluding that the U.K. ensures an equivalent level of data protection to the GDPR, which provides some relief regarding the legality of continued personal data flows from the EEA to the U.K. Such adequacy decision must, however, be renewed and may be modified or revoked in the interim. The U.K. is considering modifications to its data protection regime that, if implemented, may impact this renewal decision. We cannot fully predict how the Data Protection Act of 2018, the UK GDPR and other U.K. data protection laws or regulations may develop, nor the effects of divergent laws and guidance regarding how data transfers to and from the U.K. will be regulated.

In addition, various local, national, and foreign laws and regulations apply to our operations, including the Children’s Online Privacy Protection Act (“COPPA”), in the U.S., Article 8 of the GDPR and similar regulations in other jurisdictions. COPPA imposes strict requirements on operators of websites or online services directed to children under 13 years of age (or 16 years of age under other regulatory regimes). We estimate that approximately 40% of our DAUs were under the age of 13 during the year ended December 31, 2024. COPPA requires companies to obtain verifiable parental consent before collecting personal information from children under the age of 13. Both the U.S. federal government and the states can enforce COPPA and violations of COPPA can lead to significant fines. The FTC released final amendments to its COPPA Rule on January 16, 2025, that, among other things, expand the scope of covered information, provide for revised notices, and impose new data retention and information security obligations. Following an executive order that froze all then-pending federal regulations as of January 20, 2025, the amended COPPA Rule is pending further review and may be subject to additional modifications. No assurances can be given that our compliance efforts will be sufficient to avoid allegations of COPPA violations, and any non-compliance or allegations of non-compliance could expose us to significant liability, penalties and loss of revenue, significantly harm our reputation, and could be costly and time consuming to address or defend. To the extent we rely on consent for processing personal data under the GDPR, consent or authorization from the holder of parental responsibility is required in certain cases for the processing of personal data of children under the age of 16, and member states may enact laws that lower that age to 13. Additionally, in certain jurisdictions the law may allow minors to disaffirm their contracts, including our Terms of Use. If minors on our Platform are able to avoid enforcement of our Terms of Use under applicable law, it could have a material adverse impact on our business, financial condition, results of operations, and cash flow.

We continue to monitor updated guidance from the U.K.’s Information Commissioner Office (“ICO”) on the Age Appropriate Design Code (“AADC”), which focuses on online safety and protection of children’s privacy online. The AADC became enforceable on September 2, 2021. Noncompliance with the AADC may result in publicized investigations, substantial fines, audits or other proceedings by the ICO, and other regulators in the EEA or Switzerland, as noncompliance with the AADC may indicate noncompliance with applicable data protection law. We may incur liabilities, expenses, costs, and other operational losses under the GDPR and laws and regulations of applicable EU Member States and the U.K. relating to privacy, cybersecurity, and data protection in connection with any measures we take to comply with them.

Other jurisdictions have adopted laws and regulations addressing privacy, data protection, and cybersecurity, many of which share similarities with the GDPR. For example, Law no. 13.709/2018 of Brazil, the Lei Geral de Proteção de Dados Pessoais or LGPD, entered into effect on September 18, 2020, authorizing a private right of action for violations. Penalties may include fines of up to 2% of the organization’s revenue in Brazil in the previous year or 50M reais (approximately \$9.5 million U.S. dollars). The LGPD applies to businesses (both inside and outside Brazil) that process the personal data of users who are located in Brazil. The LGPD provides users with the similar rights as the GDPR regarding their data. A Brazilian Data Protection Authority, Brazilian National Data Protection Authority (Autoridade Nacional de Proteção de Dados) has been established to provide rules and guidance on how to interpret and implement the LGPD’s requirements, including regarding notice of processing, data transfer requirements, and other compliance obligations, such as security measures, recordkeeping, training, and governance. Additionally, the Personal Information Protection Law, (“PIPL”) of the People’s Republic of China (“PRC”), was adopted on August 20, 2021, and went into effect on November 1, 2021. The PIPL shares similarities with the GDPR, including extraterritorial application, data minimization, data localization, and purpose limitation requirements, and obligations to provide certain notices and rights to citizens of the PRC. The PIPL allows for fines of up to 50 million renminbi or 5% of a covered company’s revenue in the prior year, whichever is higher. The PIPL also allows for personal fines of up to 1 million renminbi upon each of the persons in charge and other directly liable persons, as well as prevention of such individuals from serving in certain positions for a period of time (e.g., director, senior manager, etc.). Our approach with respect to regimes such as the LGPD, PIPL, and other foreign legislation may be subject to further evaluation and change, our compliance measures may not be fully adequate and may require modification, we may expend significant time and cost in developing and maintaining a privacy governance program, data transfer or localization mechanisms, or other processes or measures to comply with such regimes, and any implementing regulations or guidance under these regimes, and we may potentially face claims, litigation, investigations, or other proceedings or liability regarding such regimes and may incur liabilities, expenses, costs, and other operational losses under such regimes and any measures we take to comply with them. In addition to the changing international landscape, U.S. regulations on the restrictions on transfers of sensitive personal data to foreign jurisdictions continue to evolve and may increase operational complexity and compliance costs.

Additionally, Europe’s Network and Information Security Directive (“NIS2”) regulates resilience and incident response capabilities of entities operating in a number of sectors. Non-compliance with NIS2 may lead to administrative fines of a maximum of €10 million or up to 2% of the total worldwide revenue of the preceding fiscal year.

In addition, the CCPA, which established a new privacy framework for covered businesses in California, such as ours, went into effect in January 2020, requiring us to modify our data processing practices and policies and incur compliance related costs and expenses. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches, which may increase the likelihood and cost of data breach litigation. The CCPA was significantly modified and supplemented by the California Privacy Rights Act (“CPRA”), which was approved in November 2020. The CPRA went into effect on January 1, 2023 and, among other things, gives California residents the ability to limit the use of their sensitive information, provides for penalties for CPRA violations concerning California residents under the age of 16, and establishes a new agency to implement and enforce the law. Further, the CCPA has prompted similar legislative developments in other states in the U.S., including laws enacted in Virginia, Colorado, Utah, Connecticut, Florida, Iowa, Indiana, Montana, Tennessee, Oregon, Delaware, Texas, New Hampshire, New Jersey, Kentucky, Maryland, Nebraska, Rhode Island and Minnesota. Other states, including California, Utah, Vermont, and Arkansas, have passed legislation imposing substantial new obligations upon companies that offer online services, products, or features “likely to be accessed” by children 17 years of age or under, or certain types of social media and digital services, respectively. The California legislation includes certain requirements and principles from the AADC including, among other things, data protection impact assessments and the implementation of privacy by design. The laws in Utah, Florida, and Arkansas impose restrictions and obligations in connection with users who are, or are deemed to be, under 18, including access restrictions and restrictions on abilities for minors to create accounts. Many states have also passed their own laws that require verifiable parental consent before allowing children to create an account or that otherwise impact companies that process children’s personal data. In June 2024, the New York governor signed a bill into law that prohibits covered social media companies from providing individuals under 18 with “addictive feeds,” as a significant part of their services and imposes obligations on such companies that prohibits the collection, use, sharing, and sale personal data of individuals under 18 unless it is strictly necessary, or where informed consent is obtained. The New York Attorney General is expected to issue guidance to help determine what makes an addictive feed a “significant” part of a service, which, depending on the rules, may restrict use of certain Roblox services. California passed a similar law in September 2024 that became effective on January 1, 2025, though it is currently enjoined. Other U.S. states have proposed, and in certain cases enacted, legislation similar to the foregoing laws. These developments create the potential for a patchwork of overlapping but different state laws addressing privacy, cybersecurity, data protection, default settings, online safety, and related matters such as age verification. Some countries also are considering or have passed legislation requiring local storage and processing of data, or similar requirements, which could increase the cost and complexity of operating our products and services and other aspects of our business. The impact of these recent regulations and potential future regulations related to privacy, cybersecurity, data protection, and related matters, such as age verification, are far-reaching, create a patchwork of overlapping but different laws, and have required and may continue to require us to, modify practices, policies, features and Platform defaults, incur substantial costs and expenses, and at times restrict our operations. Additionally, requirements for verified parental consent before allowing children to create an account may limit the use of our Platform or reduce our overall demand for our Platform, which could harm our business, financial condition, and results of operations.

We believe we take reasonable efforts to comply with all applicable laws, regulations, and other legal obligations and certain industry codes of conduct relating to privacy, cybersecurity, and data protection. However, it is possible that the obligations imposed on us by applicable laws and regulations, industry codes of conduct or other actual or asserted obligations relating to privacy, cybersecurity, data protection, or related matters may be interpreted and applied in inconsistent manners and may conflict with other rules or our practices in certain jurisdictions. Additionally, due to the nature of our service, we are unable to maintain complete control over cybersecurity or the implementation of measures that reduce the risk of a security breach or incident. For example, our customers may accidentally disclose their passwords or store them on a mobile device that is “SIM swapped,” lost, or stolen, creating the perception that our systems are not secure against third-party access. Any failure or perceived failure by us to comply with our privacy policies, our obligations to users or other third parties relating to privacy, cybersecurity, data protection, or related matters, or our other policies or actual or asserted obligations relating to privacy, cybersecurity, data protection, or related matters, or any actual or perceived compromise of security, including any such compromise that results in the unauthorized loss, unavailability, modification, release, transfer, or other processing of personal information or other user, developer or creator data, may result in governmental investigations and enforcement actions, litigation, claims or public statements against us by consumer advocacy groups or others and could cause our developers, creators, and users to lose trust in us, any or all of which could have an adverse effect on our business, financial condition, or results of operations.

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

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

The increased use of interactive entertainment offerings like ours by consumers, including younger consumers, have prompted and may continue to prompt calls for more stringent consumer protection laws and regulations throughout the world that may impose additional burdens on companies such as ours making virtual currencies like Robux available for sale. For example, in the EU consumer regulatory authorities have issued new interpretations of existing law regarding virtual currencies that would treat certain virtual currencies as a representation of value and therefore impose strict disclosure and other requirements on the offer and acquisition of those virtual currencies. These regulations could require us to make changes to our Platform, products or policies or how we operate our business in certain jurisdictions and could have a material adverse effect on our business, financial condition or results of operations. Increased regulatory scrutiny globally may increase compliance obligations and require us to devote legal and other resources and make changes to our Platform to address such regulations or otherwise become subject to fines or other penalties, which may negatively impact our business and results of operations.

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

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

In some cases, our software and experiences are subject to export control laws and regulations, including the Export Administration Regulations administered by the U.S. Department of Commerce, data export rules and trade and economic sanctions, including those administered by OFAC, which we collectively refer to as Trade Control Laws and Regulations. Thus, we are subject to laws and regulations that could limit our ability to offer access or full access to our Platform and experiences to certain persons and in certain countries or territories. For example, certain U.S. laws and regulations administered and enforced by OFAC, may limit our ability to give certain users, developers, and creators access to aspects of our Platform and experiences. Trade Control Laws and Regulations are complex and dynamic, and monitoring and ensuring compliance can be challenging. In addition, we rely on our payment processors for compliance with certain of these Trade Control Laws and Regulations, including preventing paid activity by users, developers, and creators that attempt to access our Platform from various jurisdictions comprehensively sanctioned by OFAC, including Cuba, Iran, North Korea, Syria, and sanctioned regions of Ukraine. Users, developers, and creators from certain of these countries and territories have access to our Platform and experiences and there can be no guarantee we will be found to have been in full compliance with Trade Control Laws and Regulations during all relevant periods. Any failure by us or our payment processors to comply with the Trade Control Laws and Regulations may lead to violations of the Trade Control Laws and Regulations that could expose us to liability. Additionally, following Russia's invasion of Ukraine, the U.S. and other countries imposed certain economic sanctions and severe export control restrictions against Russia and Belarus and have continued to strengthen these controls. These countries could impose even broader sanctions and additional export restrictions or take other actions that could impact our business. Any failure to comply with applicable laws and regulations could have negative consequences for us, including reputational harm, government investigations, and monetary penalties.

In addition, various foreign governments may also impose controls, export license requirements, and/or restrictions applicable to our Platform and experiences. Compliance with such applicable regulatory requirements may create delays in the introduction of our Platform in some international markets or prevent certain international users from accessing our Platform.

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

We are subject to tax laws, regulations, and policies of several taxing jurisdictions. Changes in tax laws, as well as other factors, could cause us to experience fluctuations in our tax liability and reporting obligations and effective tax rates and otherwise adversely affect our tax positions, cost of compliance, and/or our tax liabilities. Certain jurisdictions, such as Canada, Italy, the U.K. and France, have enacted a digital services tax on certain digital revenue streams. Other jurisdictions, such as Brazil, have proposed indirect tax reform which may impose value added tax on the sales of electronically supplied services. Further, in response to new or additional U.S. tariffs or taxes, countries may impose retaliatory digital service taxes or other similar measures. Such laws and other attempts to impose taxes on e-commerce activities would likely increase the cost to us of operating our business, discourage potential customers from subscribing to our Platform, or otherwise adversely affect our business, results of operations or financial conditions. In addition, a number of U.S. states, the U.S. federal government, and foreign jurisdictions have implemented and may impose reporting or recording-keeping obligations for digital platforms. These new requirements may require us to modify our data processing and reporting practices and policies, which may cause us to incur substantial costs and expenses to comply. Any failure by us to comply with these and similar information reporting and withholding obligations could result in substantial liabilities, monetary penalties, and other sanctions, adversely impact our ability to do business in certain jurisdictions, and harm our business.

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

Pillar Two provides for a global minimum tax that establishes a floor for tax competition among jurisdictions. Pillar Two has been implemented into the domestic laws of EU members, among other jurisdictions, and is being considered for implementation by other countries. However, the U.S. has withdrawn support for Pillar Two and has indicated that it may take action against countries with tax laws that disproportionately impact U.S. businesses, which may result in retaliatory taxes or other retaliatory actions against U.S. businesses. We currently operate in countries that have digital service taxes and that have enacted all or portions of the Pillar Two framework. Any developments or changes in federal, state, or international tax laws or tax rulings could adversely affect our compliance costs, effective tax rate, and our operating results.

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

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

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

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

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

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

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

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

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

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

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

## **Risks Related to Intellectual Property**

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

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

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

Furthermore, certain federal statutes in the U.S. may apply to us with respect to various activities of our users, including the Digital Millennium Copyright Act of 1998 (“DMCA”) and Section 230 of the Communications Decency Act (“CDA”). For example, we filter communications to eliminate speech we determine to be offensive based on our objective of creating a civil and safe place for all users. Bills have recently been proposed in Congress calling for a range of changes to Section 230 of the CDA which include a complete repudiation of the statute to modifications of it in such a way as to remove certain social media companies from its protection. The FCC may also consider reforms to Section 230 of the CDA, which could include taking action to limit the scope of Section 230 of the CDA and certain liability protections provided to online service providers and other entities. If Section 230 of the CDA were so repealed, amended, or modified by judicial determination we could potentially be subject to liability if we continue to censor speech, even if that speech were offensive to our users, or we could experience a decrease in user activity and revenues if we are unable to maintain a safe environment for our users if certain blocking and screening activities are prohibited by law. In addition, certain states have either passed or are debating laws that would create potential liability for moderating or removing certain user content. While we believe these laws are of dubious validity under the U.S. Constitution and in light of Section 230 of the CDA, they nevertheless present some risk to our content-moderation efforts going forward.

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

Additionally, we have incorporated, and are continuing to develop and deploy, AI in our products and the operations of our business. Any content used to create, or created by using, generative AI tools and products may not be subject to copyright protection, the determination of which may adversely affect our intellectual property rights in, or ability to deploy, commercialize or use, such tools and products or the underlying content. In the U.S., a number of civil lawsuits have been initiated related to the foregoing and other issues, the outcome of any one of which may, amongst other things, require us to limit the ways in which we use AI in our business. In addition, regulatory obligations may require us to modify our practices with respect to intellectual property used in AI development. In addition to lawsuits and regulations focused on the AI service providers and deployers themselves, our use of output produced by generative AI tools may also expose us to claims, increasing our risks of liability.

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

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

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

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

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

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

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

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

We have in the past and may in the future continue to use open source software in our codebase and our Platform. Some open source software licenses require users who make available open source software as part of their proprietary software to publicly disclose all or part of the source code to such proprietary software or make available any derivative works of such software free of charge, under open source licensing terms. The terms of various open source licenses have not been interpreted by courts, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our use of the open source software. Enforcement activity for open source licenses can also be unpredictable. Were it determined that our use was not in compliance with a particular license, we may be required to release our proprietary source code, defend claims, pay damages for breach of contract or copyright infringement, grant licenses to our patents, re-engineer our games or products, discontinue distribution in the event re-engineering cannot be accomplished on a timely basis, or take other remedial action that may divert resources away from our game development efforts, any of which could negatively impact our business. Open source compliance problems can also result in damage to reputation and challenges in recruitment or retention of engineering personnel. Although we have certain policies and procedures in place to monitor our use of open-source software that are designed to avoid subjecting our Platform to open source licensing conditions, those policies and procedures may not be effective to detect or address all such conditions.

Additionally, although we devote significant resources to ensuring the security of our use of open source software on our Platform and in our systems, we cannot ensure that these security measures will be sufficient to prevent or mitigate the damage caused by a cybersecurity incident or network disruption, and our open source software may be vulnerable to hacking, insider threats, employee error or manipulation, theft, system malfunctions, or other adverse events.

### **Risks Related to Ownership of our Class A Common Stock**

***The public trading price of our Class A common stock is volatile and could decline regardless of our operating performance.***

To date, the public trading price of our Class A common stock has been volatile, similar to other newly public companies that have historically experienced highly volatile trading prices. The public trading price of our Class A common stock may fluctuate in response to various factors, including those listed in this Quarterly Report on Form 10-Q, some of which are beyond our control. These fluctuations could cause you to lose all or part of your investment in our Class A common stock since you might be unable to sell your shares at or above the price you paid. Factors that could cause fluctuations in the public trading price of our Class A common stock include the following:

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

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- developments or disputes concerning our intellectual property or other proprietary rights;
- announced or completed acquisitions of businesses, services, or technologies by us or our competitors;
- new laws or regulations, public expectations regarding new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidelines, interpretations, or principles;
- any significant change in our management or other key personnel;
- other events or factors, including those resulting from geopolitical conflicts such as between Russia and Ukraine, India and Pakistan, as well as the U.S., Iran, and Israel, incidents of terrorism, pandemics, or wildfires, earthquakes, or severe weather and power outages or responses to these events; and
- general economic conditions and slow or negative growth of our markets.

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

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

Our Class B common stock has 20 votes per share, and our Class A common stock has one vote per share. Our Founder, President, CEO, Chair of our Board of Directors, and largest stockholder, David Baszucki, and his affiliates, beneficially own 100% of our outstanding Class B common stock, together as a single class, representing a substantial percentage of the voting power of our capital stock, which voting power may increase over time as Mr. Baszucki exercises or vests in his equity awards. Mr. Baszucki and his affiliates could exert substantial influence over matters requiring approval by our stockholders. This concentration of ownership may limit or preclude your ability to influence corporate matters for the foreseeable future, including the election of directors, amendments of our organizational documents, and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction requiring stockholder approval. In addition, this may prevent or discourage unsolicited acquisition proposals or offers for our capital stock that you may believe are in your best interest as one of our stockholders. We believe we are eligible for, but do not intend to take advantage of, the "controlled company" exemption to the corporate governance rules for NYSE-listed companies. We cannot predict whether our dual class structure will result in a lower or more volatile trading price of our Class A common stock, in adverse publicity, or other adverse consequences. The dual class structure of our common stock may trigger actions or publications by stockholder advisory firms or institutional investors critical of our corporate governance practices or capital structure, which could result in the trading price of our Class A common stock being adversely affected. In May 2025, we completed our reincorporation from a Delaware corporation to a Nevada corporation. Nevada law and provisions in our articles of incorporation and bylaws could make a merger, tender offer, or proxy contest difficult, thereby depressing the market price of our Class A common stock.

***If securities or industry analysts, media, or other third parties do not publish research or publish inaccurate or unfavorable research about us, our business, or our market, or if they change their recommendation regarding our Class A common stock adversely, the market price and trading volume of our Class A common stock could decline.***

The market price and trading volume for our Class A common stock will depend in part on the research and reports that securities or industry analysts and other third parties publish about us, our business, our market or our competitors. The analysts' estimates are based upon their own opinions and are often different from our estimates or expectations or incorrect. If any of the analysts who cover us change their recommendation regarding our Class A common stock adversely, provide more favorable relative recommendations about our competitors or publish inaccurate or unfavorable research about our business, the price of our Class A common stock would likely decline. If few securities analysts commence coverage of us, or if one or more of these analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets and demand for our securities could decrease, which could cause the price and trading volume of our Class A common stock to decline. In addition, third parties regularly publish data about us and other mobile, gaming, and social platform companies with respect to DAUs, revenue, bookings, top experience, or game charts, hours engaged and other information concerning social game application usage. These metrics are proprietary to the provider, and in many cases do not accurately reflect the actual levels of bookings, revenue, or usage of our experiences across all platforms. There is a possibility that third parties could change their methodologies for calculating these metrics in the future. For example, short sellers have and may in the future publish reports relying in part on such metrics. These reports appear intended to decrease the price of our Class A common stock and have resulted in and may result in claims, litigation, or investigations due to any published allegations by shareholders, regulators, and others. To the extent that securities analysts or investors base their views of our business or prospects on such third-party data, including reports of short sellers, the price of our Class A common stock may be volatile and may not reflect the performance of our business.

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

In May 2025, we completed our reincorporation from a Delaware corporation to a Nevada corporation governed by Chapter 78 and the other applicable provisions of the Nevada Revised Statutes ("NRS"). Nevada's "combinations with interested stockholders" statutes (NRS 78.411 through 78.444, inclusive) prohibit specified types of business "combinations" between certain Nevada corporations and any person deemed to be an "interested stockholder" for two years after such person first becomes an "interested stockholder" unless the corporation's board of directors approves, in advance, either the combination or the transaction by which such person becomes an "interested stockholder," or unless the combination is approved by the board of directors and sixty percent of the corporation's voting power not beneficially owned by the interested stockholder, its affiliates, and associates. Further, in the absence of prior approval, certain restrictions may apply even after such two-year period. However, these statutes do not apply to any combination of a corporation and an interested stockholder after the expiration of four years after the person first became an interested stockholder. For purposes of these statutes, an "interested stockholder" is any person who is (1) the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the outstanding voting shares of the corporation, or (2) an affiliate or associate of the corporation and at any time within the two previous years was the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the then outstanding shares of the corporation. The definition of the term "combination" is sufficiently broad to cover most significant transactions between a corporation and an "interested stockholder." These statutes generally apply to Nevada corporations with 200 or more stockholders of record. However, a Nevada corporation may elect in its articles of incorporation not to be governed by these particular laws, but if such election is not made in the corporation's original articles of incorporation or in an amendment effective prior to the company having 200 or more stockholders of record, then the amendment (1) must be approved by the affirmative vote of the holders of stock representing a majority of the outstanding voting power of the corporation not beneficially owned by interested stockholders or their affiliates and associates, and (2) is not effective until 18 months after the vote approving the amendment and does not apply to any combination with a person who first became an interested stockholder on or before the effective date of the amendment. We have expressly elected not to be governed by these provisions in our articles of incorporation, so they do not apply to us.

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

- certain amendments to our articles of incorporation or our bylaws will require the approval of at least 66 2/3% of our then-outstanding voting power, voting together as a single class;
- our Board of Directors is classified into three classes of directors with staggered three-year terms and stockholders will only be able to remove directors from office for cause and with the affirmative vote of the holders of not less than two-thirds (2/3) of the voting power of our then-outstanding capital stock entitled to vote in the election of directors;
- upon the conversion of our Class B common stock into Class A common stock (such that we have a single class of common stock), our stockholders will only be able to take action at a meeting of stockholders and will not be able to take action by written consent for any matter, and prior to the conversion of our Class B common stock into Class A common stock, our

stockholders may only take action by written consent and without a meeting if the action is first recommended or approved by our Board of Directors;

- our articles of incorporation do not provide for cumulative voting;
- vacancies on our Board of Directors may be filled only by our Board of Directors and not by stockholders;
- a special meeting of our stockholders may only be called by the chairperson of our Board of Directors, our CEO, our President, or a majority of our Board of Directors;
- certain litigation against us can only be brought in courts of our state of incorporation;
- our articles of incorporation authorize 100 million shares of undesignated preferred stock, the terms of which may be established and shares of which may be issued, in each case by our Board of Directors without further action by our stockholders; and
- advance notice procedures apply for stockholders to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders.

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

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

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

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

This provision would not apply to suits prior to completion of our reincorporation from a Delaware corporation to a Nevada corporation, which will continue to be subject to the Court of Chancery of the State of Delaware. It would also not apply to suits brought to enforce any direct claim asserted under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In the event that the Eighth Judicial District Court of Clark County, Nevada does not have jurisdiction over any such action, suit, or proceeding, then any other state district court located in the State of Nevada shall be the sole and exclusive forum therefor.

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

exclusive-forum provision in our bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could significantly harm our business.

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

Our articles of incorporation provide that, to the fullest extent permitted by the NRS and not inconsistent with any applicable laws of the U.S., any and all internal actions (as defined in NRS 78.046) to be tried in any court of the State of Nevada must be tried before the presiding judge as the trier of fact, and not before a jury. Our articles of incorporation further provide that this requirement operates as a waiver of the right of trial by jury by each party to any internal action to which such requirement applies. However, this requirement does not limit or otherwise affect our stockholders' right to a jury trial in any action, suit or proceeding that is not an internal action. This waiver is expressly authorized by statute in an amendment to NRS 78.046 enacted in May 2025 pursuant to Assembly Bill No. 239 adopted by the Nevada legislature, but the enforceability of this waiver has not yet been adjudicated in a court of competent jurisdiction.

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

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

### **Risks Related to our Indebtedness**

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

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

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

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

***Our indebtedness could have adverse consequences to us.***

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

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

- increasing our vulnerability to both general and industry-specific adverse economic conditions; and
- limiting our ability to obtain additional debt or equity financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements and increasing our cost of borrowing.

## **General Risks**

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

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

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

***Any legal proceedings or claims against us could be costly and time-consuming to defend and could harm our reputation regardless of the outcome.***

We are and may in the future become subject to legal proceedings and claims that arise in the ordinary course of business, including intellectual property, privacy, biometrics, cybersecurity, data protection, consumer protection, product liability, social media- and video game- addiction, false and misleading advertising, employment, class action, fiduciary duty, whistleblower, contract, securities, tort, civil Racketeer Influenced and Corrupt Organizations Act, human trafficking, unfair competition, False Claims Act, unclaimed property, and other litigation claims, including claims related to our advertising practices and use of generative AI, and governmental and other regulatory investigations and proceedings. As a result of disclosure of information in filings required of a public company, our business and financial condition will become more visible, which may result in threatened or actual litigation, including by competitors. We are and may continue to be subject to legal proceedings asserting claims arising from allegations that we have facilitated gambling by users of our Platform including by minors, that we have misrepresented the safety of our Platform, that our Platform is addictive or otherwise unsafe, that we unlawfully or unfairly benefit from child labor, and that we have misrepresented information about our user base, that we have engaged in copyright infringement, that we have engaged in unlawful employment practices, and suits related to our refund policies. In lawsuits brought on behalf of child users, the court may allow minors to disaffirm or avoid enforcement of our Terms of Use, depending on the circumstances. We have and may continue to be subject to legal proceedings asserting claims on behalf of shareholders related to allegations that discussions of our growth prospects have been misleading and unsustainable due to concerns related to safety and our implementation of parental controls on our Platform and claims that our leadership has engaged in insider trading. In particular, on August 1, 2023, a putative class action was filed against us in the United States District Court for the Northern District of California captioned *Colvin v. Roblox* asserting various claims arising from allegations that minors used third-party virtual casinos to gamble Robux and on March 14, 2024, *Gentry v. Roblox* was filed in the United States District Court for the Northern District of California premised on substantially identical allegations as *Colvin v. Roblox*. The two cases were consolidated on April 18, 2024. On September 26, 2024, a complaint alleging copyright infringement was filed against us and a creator in the Northern District of California, captioned *Robinson v. Binello*, alleging copyright infringement related to the use of a song in one of our experiences. We may also face litigation arising out of our reincorporation from Delaware to Nevada that was completed in May 2025. Any such legal proceedings, claims, investigations or other proceedings can be time-consuming, divert management's attention and resources, cause us to incur significant expenses or liability, or require us to change our business practices. The expenses related to such legal proceedings, claims, investigations, or other proceedings and the timing of these expenses from period to period are difficult to estimate, subject to change, and could adversely affect our financial condition and results of operations. Because of the potential risks, expenses, and uncertainties of legal proceedings, claims, investigations, or other proceedings, we may, from time to time, settle disputes, even where we have meritorious claims or defenses, by agreeing to settlement agreements. Any of the foregoing could adversely affect our business, financial condition, and results of operations.

***Catastrophic events may disrupt our business.***

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

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

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

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

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

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

None.

**Item 3. Defaults Upon Senior Securities.**

None.

**Item 4. Mine Safety Disclosures.**

None.

**Item 5. Other Information.**

***Rule 10b5-1 Trading Arrangements***

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

On June 3, 2025, Amy Rawlings, our Chief Accounting Officer, terminated her Rule 10b5-1 trading arrangement, which was intended to satisfy the affirmative defense of Rule 10b5-1(c) and originally adopted on February 27, 2025 for the sale of up to 25,020 shares of Class A common stock, plus 1) additional shares determined based on a written formula that was calculated based on a specified number of shares of Class A common stock resulting from the future vesting of RSUs granted before the adoption date of the trading arrangement and 2) ESPP shares. The trading arrangement was to expire on March 2, 2026 or earlier if all transactions under the trading arrangement were completed.

On June 10, 2025, Arvind Chakravarthy, our Chief People and Systems Officer, terminated his Rule 10b5-1 trading arrangement, which was intended to satisfy the affirmative defense of Rule 10b5-1(c) and originally adopted on February 28, 2025 for the sale of up to 240,220 shares of Class A common stock, plus 1) additional shares determined based on a written formula that was calculated based on a specified number of shares of Class A common stock resulting from the vesting of RSUs granted after the adoption date of the trading arrangement, 2) additional shares determined based on a written formula that was calculated based on a specified number of shares of Class A common stock resulting from the vesting of PSUs granted before the adoption date of the trading arrangement, and 3) ESPP shares. The trading arrangement was to expire on March 31, 2026 or earlier if all transactions under the trading arrangement were completed.

On June 11, 2025, Michael Guthrie, our former Chief Financial Officer, terminated his Rule 10b5-1 trading arrangement, which was intended to satisfy the affirmative defense of Rule 10b5-1(c) and originally adopted on November 12, 2024 for the sale of up to 500,000 shares of Class A common stock. The trading arrangement was to expire on November 21, 2025 or earlier if all transactions under the trading arrangement were completed.

**Item 6. Exhibits.**

Exhibit No.	Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
2.1	<a href="#">Plan of Conversion.</a>	8-K	001-39763	2.1	June 2, 2025
3.1	<a href="#">Articles of Incorporation of the Registrant.</a>	8-K	001-39763	3.1	June 2, 2025
3.2	<a href="#">Bylaws of the Registrant.</a>	8-K	001-39763	3.2	June 2, 2025
4.1*	<a href="#">Form of Class A common stock certificate of the Registrant.</a>				
4.2*	<a href="#">Description of Capital Stock of the Registrant.</a>				
10.1*+	<a href="#">Form of Indemnification Agreement between the Registrant and each of its directors and executive officers.</a>				
10.2*+	<a href="#">Offer Letter by and between the Registrant and Naveen Chopra, dated June 4, 2025.</a>				
10.3*+	<a href="#">Amendment to Separation and Transition Agreement and Supplemental Release by and between the Registrant and Michael Guthrie, dated June 30, 2025.</a>				
10.4*+	<a href="#">Change in Control and Severance Agreement by and between the Registrant and Naveen Chopra, effective June 30, 2025.</a>				
31.1*	<a href="#">Certification of the Principal Executive Officer pursuant to Exchange Act Rules 13a-14 and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>				
31.2*	<a href="#">Certification of the Principal Financial Officer pursuant to Exchange Act Rules 13a-14 and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>				
32.1†	<a href="#">Certification of the Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>				
101.INS*	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.				
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.				
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.				
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.				
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.				
104*	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101).				

\* Filed herewith

+ Indicates management contract or compensatory plan.

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

