UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year 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 ________ TO ________

Commission File Number: **001-39149**

BILL HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**83-2661725**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
6220 America Center Drive, Suite 100, San Jose, CA	**95002**
(Address of principal executive offices)	(Zip Code)

(650) 621-7700

(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
Common Stock, $0.00001 par value	**BILL**	**The New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

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

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

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

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

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

Indicate by check mark whether the Registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the Registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the Registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant, based on the closing price of the shares of common stock on December 31, 2024 (the last business day of the Registrant's most recently completed second fiscal quarter) as reported by The New York Stock Exchange on December 31, 2024, was approximately $8.4 billion.

The number of shares of Registrant's common stock outstanding as of August 21, 2025 was 101,628,611.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive proxy statement for its 2025 Annual Meeting of Stockholders (Proxy Statement), to be filed within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K, are incorporated by reference in Part III. Except with respect to information specifically incorporated by reference in this Annual Report, the Proxy Statement shall not be deemed to be filed as part hereof.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements. All statements contained in this Annual Report on Form 10-K other than statements of historical fact, including statements regarding our future operating results and financial position, our business strategy and plans, market growth, and our objectives for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “potentially,” “estimate,” “continue,” “anticipate,” “intend,” “could,” “would,” “project,” “target,” “plan,” “expect,” and similar expressions are intended to identify forward-looking statements. Our fiscal year end is June 30. Our fiscal years ended June 30, 2025, 2024, and 2023 are referred to herein as fiscal 2025, fiscal 2024, and fiscal 2023, respectively.

Forward-looking statements contained in this Annual Report on Form 10-K include, but are not limited to, statements about:

- our future financial performance, including our expectations regarding our revenue, cost of revenue, gross profit, and operating expenses, and our ability to sustain and expand profitability;
- our business plan and our ability to effectively manage our growth;
- our market opportunity, including our total addressable market;
- anticipated trends, growth rates, and challenges in our business and in the markets in which we operate;
- our ability to further attract, retain, and expand our customer base;
- the political, economic, and macroeconomic climate, including economic downturns or recessions, inflation, significant political and regulatory developments or changes in trade policy, including tariffs, fluctuations in market interest rates and currency exchange rates, cybersecurity events, and actual or perceived instability in the U.S. and global banking systems, and their impact on our customers, partners, vendors, employees, results of operations, liquidity, and financial condition;
- our ability to develop new products and services (including artificial intelligence products and services) and bring them to market in a timely manner;
- the effects of seasonal trends on our results of operations;
- our expectations concerning relationships with third parties, including partners;
- our ability to maintain, protect, and enhance our intellectual property;
- the effects of increased competition in our markets and our ability to compete effectively;
- future acquisitions or investments in complementary companies, products, services, or technologies;
- our international expansion plans and ability to expand internationally;
- beliefs and objectives for future operations;
- our ability to stay in compliance with laws and regulations that currently apply or become applicable to our business;
- economic and industry trends, projected growth, or trend analysis;
- our ability to attract and retain qualified talent;
- the increased expenses associated with being a publicly-listed and regulated company;
- our expectations regarding continued repurchases of shares of our common stock;
- our expectations regarding our outstanding convertible senior notes, including the related capped call transactions, and any potential repurchases of convertible senior notes; and
- the future market prices of our common stock.

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

These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including those described in the section titled “Risk Factors” in Part I, Item 1A of this Annual Report on Form 10-K. Moreover, we operate in a very competitive and rapidly changing environment, and new risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties, and assumptions, the future events and trends discussed in this Annual Report on Form 10-K may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, performance, or achievements. We undertake no obligation to update any of these forward-looking statements for any reason after the date of this Annual Report on Form 10-K or to conform these statements to actual results or to changes in our expectations, except as required by law.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Annual Report on Form 10-K, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information.

You should read this Annual Report on Form 10-K and the documents that we reference herein, that we have filed with the Securities and Exchange Commission (SEC), as exhibits with the understanding that our actual future results, performance, and events and circumstances may be materially different from what we expect.

In this Annual Report on Form 10-K, the words "we," "us" and "our" refer to BILL Holdings, Inc. (BILL) together with its wholly-owned subsidiaries, unless the context requires otherwise.

PART I

Item 1. BUSINESS

Overview

Our mission is to make it simple to connect and do business.

We are a leading financial operations platform for small and midsize businesses (SMBs). As a champion of SMBs, we are automating the future of finance so businesses can thrive. Our integrated platform helps businesses to more efficiently control their payables, receivables, and spend and expense management. Hundreds of thousands of businesses rely on BILL's proprietary network of millions of members to pay or get paid faster. Headquartered in San Jose, California, we are a trusted partner of leading U.S. financial institutions, accounting firms, and software providers.

BILL's purpose-built, artificial intelligence (AI)-enabled financial software platform creates seamless connections between our customers, their suppliers, and their clients. Businesses on our platform generate and process invoices, streamline approvals, make and receive payments, manage employee expenses, sync with their accounting system, foster collaboration, and manage their cash flow. We have built sophisticated integrations with popular software solutions, banks, card issuers, and payment processors, enabling our customers to access these mission-critical services quickly and easily. Our integrated platform also includes BILL Spend and Expense, our spend and expense management product, which provides a solution for businesses to have smart corporate cards, build and monitor budgets, manage payments, and eliminate the need for manual expense reports.

As of June 30, 2025, approximately 493,800 businesses used our solutions and processed approximately $330 billion in Total Payment Volume (TPV) during fiscal 2025. As of June 30, 2025, approximately 8.3 million network members have paid or received funds electronically using our platform. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Key Business Metrics*" for definitions and a detailed discussion of our key business metrics.

Our Solution

Our platform automates the SMB back office and enables businesses using our solutions to pay their suppliers and collect payments from their clients, acting as a system of control for their accounts payable, accounts receivable, and spend and expense management activities. As a result, our platform frees businesses using our solutions from cumbersome legacy financial processes and provides the following key benefits:

- ***Automated and Efficient.*** Our AI-enabled platform helps businesses using our solutions pay their bills efficiently and get paid faster. We provide tools that streamline the transaction lifecycle by automating data capture and entry, routing bills for approval, and detecting duplicate invoices.
- ***Integrated and Accurate.*** We provide an end-to-end platform that connects businesses using our solutions to their suppliers and clients. Our platform integrates with accounting software, banks, card issuers, and payment processors, enabling businesses using our solutions to access all of these mission-critical partners easily. Because we provide a comprehensive view, customers can more easily find inconsistencies and inaccuracies, and fix them quickly.
- ***Digital and Secure.*** We enable secure connections and storage of sensitive supplier and client information and documents, such as invoices and contracts, and make them accessible to authorized users on any device, from nearly anywhere.
- ***Visible and Transparent.*** With our solutions, customers can easily view their transaction workflows, create budgets, and manage spend, enabling them to gain deeper insight into their financial operations, and manage their cash flows.

What Sets Us Apart

- ***Purpose-Built for SMBs.*** Our platform provides SMBs with core functionality and value-added services generally reserved for larger companies. Through our cloud-based desktop and mobile applications, SMBs can connect and do business from nearly anywhere, any time. Our platform offers a variety of payment solutions which enhances the experience for both buyers and suppliers in a transaction.
- ***Diverse Distribution Channels.*** We leverage both direct and indirect channels - accounting firms, financial institution partners, and other software integrations - to efficiently go-to-market.
- ***Large and Growing Network.*** As accounts receivable customers issue invoices, and accounts payable customers pay bills, they connect to their clients and suppliers, driving a powerful network effect. This aids our customer acquisition efforts by increasing the number of businesses connected to our platform, which then become prospects.
- ***Large Data Asset.*** We have a large data asset as a result of processing millions of documents and billions of dollars in business payments annually for businesses using our solutions. By leveraging our machine learning capabilities, we generate insights from this data that drive product innovation.
- ***Proprietary Risk Management Expertise.*** Leveraging our data, our proprietary risk engine has trained upon millions of business-to-business ACH, check, card, and wire transactions, enabling us to keep businesses using our solutions' funds secure and to manage our own risk exposure.
- ***Experienced Management Team and Vibrant Culture.*** Our management team has deep experience with SMBs, payments, software-as-a-service companies, AI, accounting firms, and financial institutions. We have built a unique culture that resonates strongly with employees.

Our Platform

Our purpose-built, integrated platform leverages our ability to see both sides of a transaction and can easily connect both transaction parties. This promotes the rapid exchange of information and funds, with strong network effects and greater monetization opportunities as more customers adopt our platform. Our platform also expands the ability of businesses using our solutions to real-time budget for, monitor, and approve employee expenses across organizations of all sizes. Our integrated platform enables businesses using our solutions to navigate our product offerings easily, and to gain more visibility and control, empowering them to better manage their finances.

Accounts Payable Automation

Our accounts payable automation service streamlines the entire payables process, from the receipt of a bill, through the approvals workflow, to the payment and synchronization with the accounting system. Here are some highlights of our service:

- *Visibility at a glance* – Through our platform, businesses using our solutions gain a comprehensive view of their cash inflows and outflows.
- *Document management* – BILL automatically assigns a dedicated email address to each customer to provide to its suppliers. Suppliers use that email address to send invoices to the customer's dedicated BILL inbox. Alternatively, scanned invoices can be uploaded directly through our application. Once uploaded, we store the bills securely, linking them to the associated supplier. With a single click, customers can use our search feature to scan documents quickly and resolve open questions. Our document management capabilities help businesses using our solutions make payment decisions, answer supplier questions, and provide support to accountants and auditors.
- *Intelligent bill capture* – We have automated the capture of data from bills by leveraging our proprietary AI capabilities. Incoming bills are machine-read, and critical data fields, including due date, amount, and supplier name, are pre-populated. The customer's Accounts Payable staff can review the result and make any adjustments required, and our platform routes the bill internally for approval.

- *Digital workflows and approvals* – Our platform speeds approval processes through policy-driven workflows. Much of this activity takes place while people are on-the-go: one of the top three uses of our mobile app is bill approvals. Our platform proactively suggests payment dates based upon a bill's due date, helping customers avoid late payment penalty fees. Businesses using our solutions assign each user a role: administrator, payor, approver, clerk, or accountant. Each role has its own entitlements to ensure appropriate checks and balances in the back office.
- *Collaboration and engagement* – Our platform promotes collaboration. Our in-app messaging capabilities make communications between businesses using our solutions and their employees, vendors, and clients, easy. For example, BILL allows administrators and payors to remind approvers to act, or delegate payment authority when a key employee is unavailable. Our platform creates a clear audit trail that becomes invaluable in the event of an audit, or for tax compliance.

Accounts Receivable Automation

Our accounts receivable service automates the entire process, from the creation of an invoice and delivery to the client, to funds collection and synchronization back to the accounting system. Here are some highlights of our service:

- *Easy invoicing* – Using a simple template, customers can easily create electronic invoices on our platform and insert their own logos to customize them. If required, our platform also enables the printing and mailing of paper invoices. Many accounts receivable customers take advantage of our recurring invoice feature.
- *Digital workflows and visibility* – Our platform automates and simplifies electronic invoice creation, delivery, and collection of funds. Using our progress bar, customers have complete visibility into the accounts receivable process. When both parties to a transaction are in our network, businesses using our solutions can see when their invoices are delivered, opened, authorized to be paid, and when payment was received. Invoices and supporting documents like contracts are readily accessible and notes can be entered for future reference.
- *Collaboration and engagement* – To make paying an invoice easy, we offer a customizable, branded client payment portal. Clients receive a link to an electronic invoice accessible on the Bill.com site. From this portal, the client can make a payment via ACH or credit card within seconds. For reference purposes, the client has ongoing access to bills and associated payments within the portal. Just like our accounts payable service, our in-app collaboration tools make communications between the accounts receivable customer and its clients easy and trackable.

Spend and Expense Management

With BILL Spend and Expense, spending businesses gain robust spend and expense management tools, helping them spend smarter. Our spend and expense management product provides businesses full visibility into their spend, by giving businesses the ability to issue any employee their own BILL Divvy Card, a charge card for business expenses. Every card provides access to charge card lines originated through our card issuing partner banks (Issuing Banks) and is linked to proactive spend controls. Managers control their budgets by team through the assignment of individual permissions. Employees can request funds from their phones, and budget owners or admins can approve or deny spend requests on-the-go from a push notification to their phone. Spending businesses can leverage a single, centralized budget or opt for a more sophisticated scenario, where budgets are established by department, team, or project. Rather than building a business budgeting strategy using outdated numbers in a static spreadsheet, our budgeting software syncs automatically with the employee's Mastercard or Visa cards, while also facilitating reimbursements and vendor spend. The intuitive web and mobile applications enable budget owners to drill down into spending by department, team, project, or individual. Whether on-the-go or in the office, an SMB can view up-to-date spend against budgets, so they always know where they stand.

We market BILL Spend and Expense to potential spending businesses and issue business-purpose charge cards through our partnerships with Issuing Banks. When a business applies for a BILL Divvy Card, we utilize, on behalf of the Issuing Bank, proprietary risk management capabilities to confirm the identity of the business, and perform a credit underwriting process to determine if the business is eligible for a BILL Divvy Card pursuant to our credit policies. Once approved for a BILL Divvy Card, the spending business is provided a credit limit and can use the BILL Spend and Expense software to request virtual cards or physical cards.

Payment Services

Our suite of comprehensive payment services includes:

- *ACH payments* – We enable ACH transactions for both disbursements and collections. Our network makes it simple to make the switch from paper checks.
- *Card payments* – Through a third-party service provider, we offer businesses using our accounts receivable solutions the convenience of accepting credit and debit card payments. In addition, we enable virtual card payments to vendors of businesses using our accounts payable solutions. Virtual cards support faster payments to suppliers, which includes the data needed to easily match incoming payments with open receivables. Through card issuing partners, BILL provides both physical and virtual Mastercard and Visa cards to companies that enroll in its business spend and expense management program.
- *Real-time payments (RTP)* – Through The Clearing House's RTP® network, a real-time payments platform, we offer an instant transfer service to allow businesses using our solutions to disburse funds rapidly to meet urgent funding needs. We also facilitate near real-time payments to customers' debit cards via a service offered with a partner.
- *Checks* – We issue checks if our customer prefers or needs to pay via this method. By design, we protect our SMB customers against check fraud by never disclosing their bank account details to a supplier and by reviewing every check presented against a check issue file to help detect and prevent check fraud.
- *Cross-border payments* – We simplify cross-border disbursements by facilitating electronic funds transfers around the world with our International Payments service. Payments can be issued in either U.S. or foreign currency, and our platform synchronizes with customers' accounting software for a consolidated view of domestic and international outflows. We offer our U.S.-based customers the ability to disburse funds to over 130 countries worldwide.
- *Pay By Card* – Our Pay By Card feature allows businesses using our solutions to make payments using a credit or debit card, even if the vendor or contractor does not accept card payments. We process the payment with the business' credit or debit card provider, then we pay the vendor or contractor using a method they accept.
- *Invoice financing* – Through a relationship with a third-party bank, we enable businesses easier access to cash by allowing them to finance outstanding invoices. For a small origination fee, businesses using our solutions can receive cash immediately instead of waiting for their invoices to be paid.

Value-Added Services

- *Two-way sync with leading accounting systems* – Our platform automatically synchronizes customers, suppliers, general ledger accounts, and transactions with an SMB's accounting system to automate reconciliation. We are integrated with several of the most popular business accounting software applications, including QuickBooks Online, QuickBooks Desktop, Oracle NetSuite, Sage Intacct, Xero, and Microsoft Dynamics 365 Business Central. Our two-way synchronization capabilities virtually eliminate double data-entry, as our platform and the customer's accounting software continuously keep each other updated. Customers who use other types of systems use our advanced file import/export capabilities to minimize data entry activities.
- *Purchase order (PO) matching* – We sync POs directly from accounting software systems, including Oracle NetSuite, Sage Intacct, and QuickBooks Desktop into our platform. Users can compare POs and invoices on one screen, then route bills for approval and payment seamlessly in the same workflow. This eliminates the need to switch between systems for two-

way matching and reduces the back-and-forth communication between PO creators and accounts payable managers.

- *Frequent status updates* – We provide timely status updates of financial inflows and outflows by providing status updates of all transactions on a regular basis. Through our workflow progress bars on each page, businesses using our solutions can see who has approved an invoice and what approvals remain, the status of each payment, and the date transactions are expected to clear.
- *Cash flow forecasting* – We empower businesses to optimize their cash flow management with dashboards that showcase key metrics, including Cash In and Cash Out, Net Cash Flow and Cash Balance, and to generate cash flow forecasts for up to 13 months.
- *Treasury services* – Our platform integrates advanced treasury services tools that are normally either not offered to or are costly for SMBs. Examples include:
  - the positive pay feature we employ to ensure only authorized payment transactions are processed;
  - a streamlined void and reissue function when an in-process payment needs to be cancelled; and
  - the cleared check images we make available to enable businesses using our solutions to confirm payment receipt and facilitate research.
- *Custom user roles* – Our platform enables customers to define custom user roles. These roles can be used to expand or limit each user's access to the platform and core financial operations functions. For example, a customer can temporarily enable its auditors or tax preparers to access our platform using a custom role that allows them to view source documents in support of the services they are providing, but not have access to other confidential documents or information.
- *Document discovery* – With our advanced document management capabilities, a customer can easily search for an uploaded document and search its data elements, regardless of how old it is, or how long it has been in our system. Businesses using our solutions utilize this feature when deciding whether to pay a given bill or re-issue an invoice, or in determining who authorized a certain payment.
- *Integrated, robust mobile functionality* – Our mobile-native apps, available in both iOS and Android, are easy to adopt and use. Through our apps, businesses using our solutions can manage their transaction workflows, send an invoice, make payments on-the-go, and manage spend.
- *Supplier payments plus* – A new offering that enables large suppliers to quickly and efficiently process and reconcile high volumes of payments from SMBs through our platform, providing a more seamless payment experience for the businesses they work with.

Partner Integrations

Accounting firms use our platform to provide financial automation, bill payment, and client advisory services, or "CAS," to their clients. Our platform empowers accountants with a purpose-built console to collaborate with their staff and clients across multiple workflows enabling them to be more strategic and serve more clients.

We provide our financial institution partners a technology platform that enables various integrations, including a white-label integration with their existing business banking services. We deliver single sign-on, multi-factor authentication, integrated provisioning, and entitlement of new accounts, as well as integration with required compliance systems. Transactions are synchronized automatically between the financial institution's platform and ours, keeping the customer's view current and consistent.

In addition to our white-labeled solution, we support a broad range of partners and customers with our platform application programming interfaces (APIs). These APIs allow our partners to integrate our platform seamlessly into their solutions, create web or mobile apps that integrate with ours, or leverage our payments capabilities. Through our APIs, developers can:

- make and receive payments;
- interact with business entities, like suppliers and clients;
- obtain summary-level reports, such as payables and receivables reports; and
- interact with accounting details, such as the general ledger codes of the chart of accounts.

We are also developing embedded technology that will enable us to deploy our platform offerings, including accounts payable, accounts receivable and spend and expense management, as a set of embeddable capabilities through third-party platforms, allowing partners to seamlessly offer these services to their customers while expanding the universe of businesses using our solutions.

Our Unique Data Asset

Our TPV, network size, and number of transactions processed for businesses using our solutions provide us with a unique data asset. This asset has allowed us to build powerful AI capabilities and is powering our development of AI agents for SMB payables, receivables, procurement, and cash management. The data provides a view into customer transactions and operational status of various payment processes, which enables us not only to effectively manage risk exposure but also to provide businesses using our solutions with enhanced tools, such as automatically populating drafts of bills, to save time and simplify their operations. Our system continues to learn with each payment made and document processed. This virtuous cycle of learning powers a network effect that facilitates customer satisfaction, offers intelligent insights, improves trust and safety, and fuels further growth.

Our Network

Through our AI-enabled platform, businesses using our solutions can easily connect with existing network members. The benefit of being in the network is simple: customers connect with others to pay and be paid electronically, freeing them from the need to solicit or share bank account and routing numbers with each trading partner individually. The process of adding bank account details to our platform is easy and secure. For example, when a supplier of an accounts payable customer receives an invitation to join our network, the supplier can accept and securely share its bank account details once with BILL. From that point onward, all payments to that supplier will be electronic.

Once in the network, other BILL customers can easily link to that same supplier without the supplier having to repeat this process again. This approach to connecting businesses has allowed us to build a robust and growing business-to-business payments directory, which includes approximately 8.3 million network members as of June 30, 2025, representing an increase in cumulative total network members of approximately 18% since June 30, 2024. We define network members as our BILL AP/AR customers plus their suppliers and clients, who have paid or received funds electronically via our platform. These network effects promote greater adoption of our platform, higher levels of engagement, and increased value across our ecosystem.

Payment and Risk Management Services

Our payments engine powers our payment services. Through dedicated connections with banks and payment processors, we issue checks, initiate card-based transactions, originate ACH-based payments, including real-time payments, through our instant transfer feature, and execute wire transfers. Our payments engine handles all aspects of the payment life cycle, including risk management, payment transfers, exception handling, and payment status reporting. We maintain redundancy across core payment methods to ensure that, in the event of an outage with one payment processor, payments can be routed through an alternative provider.

Our risk engine uses both proprietary and third-party tools to detect, identify, and mitigate financial risk associated with payment flows. All transactions are monitored for suspicious behavior and potential fraud, working closely with banking partners to address issues swiftly.

Our system monitors activity for anomalies, ensuring compliance with regulatory requirements and internal risk policies and thresholds. Agents and automated tools collaborate to investigate and resolve issues, safeguarding customer accounts and maintaining the integrity of financial operations. This approach enables rapid adaptation to emerging threats and regulatory changes.

Once a payment transaction is processed, we continue to manage our exposure including, in some cases, seeking to reverse payments when possible. If a suspicious or fraudulent payment cannot be reversed, we follow a rigorous collections process to recover funds.

As our risk management process grows more insightful, we efficiently handle larger payment volumes with AI-enabled risk engines. Protocols are regularly reviewed and updated to ensure ongoing compliance and operational resilience, supporting secure and reliable payment processing for our customers. Our success in managing the risk inherent in moving funds for business customers is proven. As a percentage of our TPV, fraud and credit loss rates for our BILL AP/AR payment services were nominal, approximately 0.01% for fiscal 2025. As a percentage of total card payment volume transacted by spending businesses that use BILL Divvy Cards, fraud and credit loss rate was approximately 0.23% for fiscal 2025. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Business Metrics*" for a detailed discussion of our key business metrics.

Security, Privacy, and Data Protection

Trust is important for our relationship with customers and partners, and we take significant measures designed to protect their privacy and the data that they provide to us. Keeping our customers' data safe and secure is a high priority. Our approach to security includes data governance as well as ongoing testing for potential security issues.

We have robust access controls in our production environment with access to data strictly assigned, monitored, and audited. To ensure our controls remain up-to-date, we undergo continuous external testing for vulnerabilities within our software architecture. These efforts have enabled us to certify our platform to SOC1 Type II and SOC2 Type II standards. Our security program is aligned to the NIST-800-53 standards and is regularly audited and assessed by third parties as well as our partners, including some of the largest banks in the world.

The focus of our program is working to prevent unauthorized access to the data of our customers and network members. To this end, our team of security practitioners work to identify and mitigate risks, implement best practices, and continue to evaluate ways to improve.

These steps include close attention to network security, classifying and inventorying data, limiting and authorizing access controls, and multi-factor authentication for access to systems. We also employ regular system monitoring, logging, and alerting to retain and analyze the security state of our corporate and production infrastructures.

We take steps to help ensure that our security measures are maintained by the third-party suppliers we use, including conducting annual security reviews and audits.

Competition

Our primary competition remains the legacy manual processes that SMBs have relied upon for decades. Other competitors range from large firms that predominantly focus on selling to enterprises; to firms focusing on adjacent products for SMBs which enter one or more of our market segments and offer products that compete with ours; to providers of point solutions that focus on one of the many aspects of our business: document management, workflow management, accounts payable solutions, spend and expense management, card issuance, or accounts receivable solutions; to companies that offer industry-specific payment solutions; to companies that offer competing products to ours.

We differentiate ourselves from our competitors by offering a comprehensive portfolio of financial back-office solutions that handle all of these core cash flow, expense, and financing activities end-to-end. Our extensive investment in building a fully-integrated two-way sync with popular software providers is well-regarded in the industry. With respect to the domestic payments that comprise a large portion of our business, we disburse and collect funds on behalf of our customers through our proprietary payments engine. We manage the associated financial risk of processing billions in total payment volume through our proprietary risk models and rules.

We believe that the key competitive factors in our market include:

- Product features, quality, and functionality;
- Data asset size and ability to leverage AI;
- Ease of deployment;
- Ability to integrate with leading accounting and banking technology infrastructures;
- Ability to automate processes;
- Cloud-based delivery architecture;
- Advanced security and control features;
- Regulatory compliance leadership, as evidenced by our money transmitter licenses in all required U.S. jurisdictions and in Canada;
- Brand recognition; and
- Pricing and total cost of ownership.

We believe we compare favorably with our competitors on the basis of these factors. We expect the market for SMB back-office financial software and business-to-business payment solutions to continue to evolve and grow, as greater numbers of SMBs and larger businesses digitize their back offices. We believe that we are well-positioned to help them.

Research & Development

We invest substantial time, energy, and resources to ensure we have a deep understanding of our customers' needs, and we continually innovate to deliver value-added products and services. Our technology organization consists of engineering, product, and design teams. These teams are responsible for the design, development, and testing of our applications. We focus our efforts on developing new functionality and further enhancing the usability, reliability, and performance of existing applications.

Sales and Marketing

We distribute our platform through direct and indirect sales channels, both of which we leverage to reach our target customers in an efficient manner. Our direct sales are driven by a self-service process and an inside sales team. Our inside sales team augments our direct sales capabilities by targeting potential customers that have engaged with us on their own.

We also reach customers indirectly through our partnerships with accounting firms, financial institutions, and software providers. While these partners sometimes require an initial integration investment, a go-to-market flywheel takes effect as our partners accelerate the delivery of our platform across their customer base with minimal incremental investment from us.

We focus our marketing efforts on generating leads to develop our sales pipeline, building brand and category awareness, enabling our go-to-market partners, and growing our business from within our existing customers. Our sales leads primarily come through word-of-mouth, our accounting firm partners, and website searches. We generate additional leads through digital marketing campaigns, referrals, in-product customer education, brand advertising, public relations, and social media.

As part of our marketing efforts for our spend and expense management solution, we offer a card rewards program to drive card adoption, incent card usage, and drive card loyalty with spending businesses. Under the card rewards program, spending businesses can earn rewards based on transaction volume on the cards issued to them and can redeem those rewards for statement credits, cash, travel, and gift cards.

Customer Success

SMBs have unique needs and customer support contact expectations. With more than a decade of experience supporting our product, our customer success team has a deep understanding of their needs and has developed our support model accordingly. We recognize and understand deep customer spending and behavior patterns because we see the aggregate – millions of transactions per month. We use what we learn to continuously improve the platform and the customer experience. We provide onboarding implementation support, as well as ongoing support and training. We periodically contact businesses using our solutions to discuss their utilization of our platform, highlight additional features that may interest them, and identify any additional tools that may be needed.

Regulatory Environment

We operate in a rapidly-evolving regulatory environment.

Payments and Banking Regulation

In order to conduct the payment services we offer, we are required to be licensed to offer money transmission services in most U.S. states. We have procured and continue to maintain money transmitter licenses from the states and territories that require them in the United States (U.S.) and actively work to comply with new license requirements as they arise. We are also registered as a Money Services Business with the U.S. Department of Treasury’s Financial Crimes Enforcement Network (FinCEN). These licenses and registrations subject us, among other things, to anti-money laundering and anti-terrorist financing requirements, the U.S. Department of Treasury's Office of Foreign Assets Control (OFAC) sanctions obligations, record-keeping requirements, reporting requirements, bonding requirements, minimum capital requirements, limitations on the investment of customer funds, and regulatory examinations by state and federal regulatory agencies.

We also hold a Foreign Money Services Business (FMSB) license in Canada that is administered by The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) and a Money Services Business License administered by Quebec's Autorité Des Marchés Financiers (Financial Markets Authority). Global Affairs Canada and Canada's Department of Public Safety administer Canadian sanctions programs and oversee our compliance with these regulations.

We are contractually obligated to comply with consumer protection laws and regulations applicable to our product offerings and customer base, as well as with Visa, Mastercard, and American Express rules, as a card program manager for our card product offerings. As a card program manager for the Issuing Banks, we have implemented robust programs designed to ensure we are in compliance with applicable regulations and card network rules. The Issuing Banks oversee our compliance program and conduct periodic reviews and third-party audits to ensure compliance with applicable regulations and rules.

We maintain loan origination, brokering, and servicing licenses through our subsidiaries in a number of U.S. states and actively work to comply with new license requirements as they arise.

Our services utilize ACH transfers and require compliance with National Automated Clearing House Association rules. We are required to comply with Regulation E, the Electronic Funds Transfer Act, which regulates certain funds transfers.

We are procuring additional state lending licenses to support certain lending products. We also partner with a Federal Deposit Insurance Corporation (FDIC) and state-regulated bank to offer lending products originated by such bank and may originate loans using our own licenses in the future. The lending products and services subject us to state and federal lending regulations including, but not limited to Fair Lending, state specific lending disclosures, and Unfair, Deceptive, or Abusive Acts and Practices and Unfair or Deceptive Acts or Practices requirements.

Anti-money Laundering, Counter-terrorist Financing, and Sanctions.

As a Money Services Business and a licensed money transmitter we are subject to U.S. anti-money laundering (AML) laws and regulations, including under the Bank Secrecy Act, as amended (BSA), and similar

U.S. state laws and regulations, and as a Foreign Money Service Business (MSB) in Canada we are subject to various AML laws and regulations in Canada. In addition, we are required to comply with U.S. economic and trade sanctions administered by OFAC, as well as similar requirements in other jurisdictions, including, among others, the Canadian Proceeds of Crime and Terrorist Financing Act and the Australian Sanctions Regime. We have implemented an AML and sanctions compliance program designed to prevent our platform from being used to facilitate money laundering, terrorist financing, and other financial crimes. Where we rely on partners for payment services, our partners have implemented AML and sanctions compliance programs. These compliance programs include policies, procedures, reporting protocols, systems, training, testing, independent audits, and internal controls designed to address these legal and regulatory requirements and to assist in managing the risks associated with money laundering. Our U.S. compliance program includes the designation of a BSA compliance officer to oversee the program. These programs are also designed to mitigate terrorist financing risks and to comply with sanctions requirements to prevent our products from being used to facilitate business in certain countries, or with certain persons or entities, including those on designated lists promulgated by OFAC and relevant foreign authorities.

Data Protection and Information Security

We receive, store, process, and use a wide variety of personal, business, and financial information from prospective customers, existing customers, their vendors, and other users on our platform, as well as personal information about our employees and service providers. Our handling of this data is subject to a variety of laws and regulations. In the U.S. we are subject to privacy and information safeguarding requirements under the Graham Leach Bliley Act and state laws relating to privacy and data security, including the California Consumer Privacy Act, as amended by the California Privacy Rights Act. Additionally, the U.S. Federal Trade Commission (FTC) and many state attorneys general are interpreting federal and state consumer protection laws as imposing standards for the online collection, use, dissemination, and security of data. We are also subject to foreign laws and regulations governing the handling of personal data, including the European Union's General Data Protection Regulation, the United Kingdom's equivalent law (collectively referred to as "GDPR"), Australian and Canadian privacy laws, and the privacy laws of other foreign jurisdictions.

Regulatory scrutiny of privacy, data protection, cybersecurity practices, and the processing of personal data is increasing around the world. Regulatory authorities regularly consider new legislative and regulatory proposals and interpretive guidelines that may contain privacy and data protection obligations. In addition, the interpretation and application of these privacy and data protection laws in the U.S., Europe, and elsewhere are often uncertain and in a state of flux.

Anti-corruption

We are subject to the U.S. Foreign Corrupt Practices Act, U.S. domestic bribery laws, and other anti-corruption laws in the foreign jurisdictions in which we operate, including, among others, Australia's anti-bribery laws, the Canadian Criminal Code, and the Canadian Corruption of Foreign Public Officials Act. Anti-corruption laws generally prohibit offering, promising, giving, accepting, or authorizing others to provide anything of value, either directly or indirectly, to or from a government official or private party in order to influence official action or otherwise gain an unfair business advantage, such as to obtain or retain business. We have implemented policies, procedures, and internal controls that are designed to comply with these laws and regulations.

Additional Regulatory Developments

Various regulatory agencies in the U.S. and in foreign jurisdictions continue to examine a wide variety of issues which are applicable to us and may impact our business. These issues include identity theft, account management guidelines, privacy, disclosure rules, cybersecurity, and marketing. As our business continues to develop and expand, we continue to monitor the additional rules and regulations that may become relevant.

Any actual or perceived failure to comply with legal and regulatory requirements may result in, among other things, revocation of required licenses or registrations, loss of approved status, private litigation, regulatory or governmental investigations, administrative enforcement actions, sanctions, civil and criminal liability, and constraints on our ability to continue to operate. For additional discussion on governmental regulation affecting our business, please see the risk factors related to regulation of our payments business and regulation in the areas of privacy and data use, under the section titled "*Risk Factors—Risks Related to our Business and Industry*."

Culture, Inclusion and Sustainability

We are committed to helping build a more sustainable future for businesses using our solutions, as well as for their communities, and stakeholders. We take this commitment seriously and provide transparent disclosures on the progress of this work through both our internal and external communications. Guided by best practices, feedback we receive from our stockholders, and third-party frameworks such as the Sustainability Accounting Standards Board Software & IT Services standards, we are focused on the initiatives described below, among others.

Our Culture and Employees

Our culture enables us to attract and retain exceptional talent. We center our culture around five values which are core to who we are, guide how we operate, define how we treat each other, and help make our teams strong, cohesive units:

- **Humble** – No ego;
- **Authentic** – We are who we are;
- **Passionate** – Love what we do;
- **Accountable** – To each other and our network; and
- **Fun** – Celebrate the moments.

As of June 30, 2025, we had a total of 2,364 employees working in two offices in the U.S.: San Jose, CA, and Draper, UT; and others working remotely. We also employ individuals on a temporary basis and use the services of contractors as necessary. None of our employees are represented by a labor union in connection with their employment.

We know our success is tied to recruiting, developing, and retaining our employees. Our Chief People Officer is responsible for creating and implementing our initiatives around our employees and our board of directors has ultimate oversight and receives updates on these initiatives periodically.

To support hiring the best talent for BILL, we have a rigorous interview process with training for hiring managers and interviewers, interview guides tailored specifically for different roles, and impartial talent champions whose role is to uphold BILL's high hiring standards in our candidate debriefs. We leverage data and analytics to align the recruiting function to business growth and revenue drivers. We also partner with organizations like Codepath.org and ColorStack to support students interested in technical careers. In addition, we have an Ambassador Program that gives candidates an opportunity to connect with current employees to learn more about BILL's culture before deciding to join BILL.

We are committed to providing a fair and equitable compensation and benefits program that supports our diverse workforce. BILL offers market-competitive base salaries, semi-annual bonuses, and sales incentives. Many of our employees are awarded equity at the time of hire and through annual equity grants. We also offer an employee stock purchase plan to foster a strong sense of ownership and engage our employees in our long-term success. Our full-time employees are eligible to receive, subject to the satisfaction of certain eligibility requirements, our comprehensive benefits package, including medical, dental, and vision insurance, family planning support and fertility treatments, and life and income protection plans. In addition, we provide generous paid time-off policies, access to free mental health services, and offer a tax-qualified 401(k) retirement plan. Through the self-directed brokerage features of the plan, participants in the 401(k) plan can choose to invest their contributions in funds that are focused on their particular goals and preferences.

We develop our leaders and high-potential employees through intensive, cohort-based, key talent programs. We offer training for new people managers. To facilitate ongoing learning and development, we provide employees with an online curriculum of study, linked to business needs, leveraging a third-party platform and including special trainings on areas of particular interest. For example, in summer 2025, we launched a "summer of AI," offering educational and practical trainings encouraging employees to learn about and utilize internal AI tools. Available online education includes coursework in inclusive leadership, change management, and decision-making. We also host a quarterly Leadership Speaker Series, where we invite internal and external subject matter experts from a diverse range of backgrounds to speak to topics in which our employees have expressed interest. All employees are eligible and participate in developmental reviews with their managers. We conduct performance review cycles twice a year.

To keep a pulse on engagement, we survey our employees semi-annually. Employees respond anonymously, and we take action on the areas flagged for improvement, reporting back to the employee base on progress against stated improvement goals. We closely monitor employee turnover, conducting exit interviews and surveys to alert us to any issues, as well as to make improvements to the employee experience.

Through an equitable approach to hiring, compensation, and career growth, we have built a company that fosters inclusivity, authenticity, and action. We seek to embed a sense of inclusion and community into our culture and how we serve the businesses using our solutions.

One of the ways we strengthen our workplace culture of inclusion is by supporting employee resource groups (ERGs). ERGs are self-organized communities that bring employees together to raise awareness and belonging for under-represented groups. Through a grassroots effort, BILL employees have established eight ERGs focused on different affinities: women, Latinx, Black, LGBTQIA+, disabilities and mental health, veterans, Pan Asian and Pacific Islanders, and community giving. These ERGs are open to everyone and support the career development of their members through customer chats, skill-building workshops, and community engagement.

As part of our focus on community outreach, we partner with a local high school in San Jose, California, to expose underprivileged, low-income students to technology-focused careers. The program’s goal is to prepare these young adults for academic success, college acceptance, and early career growth by offering work study opportunities, internships, and mentoring. BILL also partnered with the African Diaspora Network to launch their Accelerating Business Leadership and Entrepreneurship (ABLE) program, an enterprise accelerator program, now in its fifth year. The program is designed to support impact-oriented businesses in the United States which are addressing essential community needs and driving innovative solutions, and is committed to providing entrepreneurs from historically disadvantaged communities and connections to Africa with access to capital and investor-ready training by connecting participants with industry leaders. Last year, ABLE graduated 16 entrepreneurs with impact-oriented solutions at the local and national levels across multiple sectors. We are hopeful that through programs and partnerships like these, we can help local communities, promote awareness of our business and company, and identify potential candidates for future recruitment.

Environmental Matters

Our San Jose headquarters building is LEED Gold and Energy Star certified. In San Jose, California and Draper, Utah, we also offer employees free electric vehicle charging stations. Further, we embrace a hybrid work model at each of our office locations, supporting employees to work remotely two days a week, in addition to having a significant number of fully-remote employees who collaborate via videoconference and periodic offsite retreats. This flexible model allows us to minimize employee commute times, thereby reducing congestion, the consumption of energy, and pollution.

Intellectual Property

We seek to protect our intellectual property rights by relying upon a combination of patent, trademark, copyright, and trade secret laws, as well as contractual measures.

As of June 30, 2025, in the U.S., we had 26 issued patents that expire between 2028 and 2042, and 9 pending patent applications. These patents and patent applications seek to protect proprietary inventions relevant to our business. While we believe our patents and patent applications in the aggregate are important to our competitive position, no single patent or patent application is material to us as a whole. We intend to pursue additional patent protection to the extent we believe it would be beneficial and cost effective.

As of June 30, 2025, in the U.S. we had 12 trademark registrations and one pending application covering our company logos and related designs. We also hold two registrations in Canada and one pending application, as well as various pending registrations and applications in other countries. We will pursue additional trademark registrations to the extent we believe it would be beneficial and cost-effective. We also own several domain names, including www.bill.com.

We rely on trade secrets and confidential information to develop and maintain our competitive position. It is our practice to enter into confidentiality and invention assignment agreements (or similar agreements) with our employees, consultants, and contractors involved in the development of intellectual property on our behalf. We also enter into confidentiality agreements with other third parties in order to limit access to, and disclosure and use of, our confidential information and proprietary information. We further control the use of our proprietary technology and intellectual property through provisions in our terms of service.

From time to time, we also incorporate certain intellectual property licensed from third parties, including under certain open source licenses. Even if any such third-party technology was not available to us on commercially reasonable terms, we believe that alternative technologies would be available as needed.

For additional information about our intellectual property and associated risks, see the section titled "*Risk Factors—Risks Related to our Business and Industry*."

Available Information

Our internet address is www.bill.com. We make available free of charge, on our website, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (Exchange Act), as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

We have used, and intend to continue to use, our website, investor relations website (accessible via our website), and social media accounts, including our X, formerly Twitter, feed (@billcom), our LinkedIn page and our Facebook page, as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD.

The contents of the websites provided above are not intended to be incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the SEC. Further, our references to the URLs for these websites are intended to be inactive textual references only.

Item 1A. Risk Factors

Investing in our common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," our consolidated financial statements and the accompanying notes included elsewhere in this Annual Report on Form 10-K before deciding whether to invest in shares of our common stock. Additional risks beyond those summarized below or discussed elsewhere in this Annual Report on Form 10-K, may apply to our activities or operations as currently conducted or as we may conduct them in the future or in the markets in which we operate or may in the future operate.

Summary of Risk Factors

Consistent with the foregoing, we are exposed to a variety of risks, including the following:

- We have a history of operating losses and may not sustain or expand our profitability in the future;
- A significant portion of our revenue comes from small and medium-sized businesses, which may have fewer financial resources to weather an economic downturn, and volatile or weakened economic conditions in the U.S. and globally may adversely affect our business and operating results;
- If we are unable to attract new customers or convert trial customers into paying customers or if our efforts to promote our charge card usage through marketing, promotion, and spending business rewards are unsuccessful, our revenue growth and operating results will be adversely affected;
- If we are unable to retain our current customers, increase customer adoption of our products, sell additional services to our customers, or develop and launch new payment products, our business and growth will be adversely affected;
- Our BILL Divvy Card offering exposes us to credit risk and other risks related to spending businesses' ability to pay the balances incurred on their BILL Divvy Cards. Certain of our other current and future product offerings, such as invoice financing, may also subject us to credit risk;
- Our risk management efforts may not be effective to prevent fraudulent activities by our customers, subscribers, spending businesses, or their counterparties, or other third parties which could expose us to material financial losses and liabilities and otherwise harm our business;
- The markets in which we participate are competitive, and if we do not compete effectively, our operating results could be harmed;
- We transfer large sums of customer funds daily, and are subject to numerous associated risks which could result in financial losses, damage to our reputation, or loss of trust in our brand, which would harm our business and financial results;
- Our business depends, in part, on our relationships with accounting firms;
- Our business depends, in part, on our business relationships with financial institutions;
- Our recent growth may not be indicative of our future growth, and there is no assurance that we will be able to scale our platform and infrastructure, and manage our growth effectively.
- We are subject to numerous risks related to partner banks and financing arrangements with respect to our spend and expense management solution;
- We use artificial intelligence in our business, and any challenges with successfully developing and deploying new AI tools or properly managing the use of AI could result in reputational harm, competitive harm, and legal liability, and adversely affect our results of operations;

- Future acquisitions, strategic investments, partnerships, collaborations, or alliances could be difficult to identify and integrate, divert the attention of management, disrupt our business, dilute stockholder value, and adversely affect our operating results and financial condition;
- Payments and other financial services-related regulations and oversight are material to our business. Our failure to comply could materially harm our business;
- Our debt service obligations, including the Notes, may adversely affect our financial condition and results of operations;
- We may not have the ability to raise the funds necessary for cash settlement upon conversion of the Notes or to repurchase the Notes for cash upon a fundamental change, and our future debt may contain limitations on our ability to pay cash upon conversion of the Notes or to repurchase the Notes; and
- The market for our common stock has been, and will likely continue to be, volatile and the market price of our common stock may fluctuate significantly in response to numerous factors, many of which are beyond our control.

Risks Related to Our Business and Industry

We have a history of operating losses and may not sustain or expand our profitability in the future.

We were incorporated in 2006 and have mostly experienced net losses since inception. We generated net income of $23.8 million for fiscal 2025, and net losses of $28.9 million, and $223.7 million for fiscal 2024, and 2023, respectively. As of June 30, 2025, we had an accumulated deficit of $1.5 billion. While we have experienced significant revenue growth in recent years and achieved profitability on a GAAP basis in certain recent quarters and in our most recent fiscal year, we are not certain whether or when we will generate sufficient revenue to sustainably maintain or enhance our profitability profile in the future. We also expect our costs and expenses to increase in future periods, which could negatively affect our future operating results if our revenue does not increase. In particular, we intend to continue to expend significant funds to further develop our platform, including introducing new products and functionality, drive new customer adoption, and expand partner integrations. Our profitability each quarter is also impacted by the mix of our revenue generated from subscriptions, transaction fees, including the mix of ad valorem transaction revenue, and interest earned on funds that we hold for the benefit of our customers. Any changes in this revenue mix will have the effect of increasing or decreasing our margins. In addition, we offer promotion programs whereby spending businesses that use our spend and expense management product can earn rewards based on transaction volume on our BILL Divvy Cards, and the cost of earned rewards that are redeemed impacts our sales and marketing expenses. Our efforts to grow our business may be costlier than we expect, and we may not be able to increase our revenue enough to offset our increased operating expenses. We may incur significant losses in the future for several reasons, including the other risks described herein, and unforeseen expenses, difficulties, complications, delays, and other unknown events. If we are unable to sustain and expand our profitability, the value of our business and common stock may significantly decrease.

A significant portion of our revenue comes from small and medium-sized businesses, which may have fewer financial resources to weather an economic downturn, and volatile or weakened economic conditions in the U.S. and globally may adversely affect our business and operating results.

Our overall performance depends in part on U.S. and international macroeconomic conditions and a significant portion of our revenue comes from SMBs. These customers tend to be more susceptible to negative impacts from economic downturns, recession, inflation, increases in interest rates or the cost of borrowing, changes in foreign currency exchange rates, including recent weakness in the U.S. dollar, newly-imposed tariffs by the U.S. and foreign countries and other restrictions on international trade and supply chains, financial market conditions, actual or perceived instability in the U.S. and global banking systems, increased fuel prices, and catastrophic events than larger, more established businesses, as SMBs typically have more limited financial resources than larger entities. In recent periods, we have observed SMBs reacting to the macroeconomic environment by tightening budgets and selecting lower-cost payment methods, which adversely impacted our operating results. In addition, the rate of growth in the number of businesses using our solutions has been and may continue to be impacted by current macroeconomic conditions. Finally, recent reductions in U.S. federal government spending, including in the U.S. Small Business Administration, may adversely impact the SMBs we serve.

More broadly, the U.S. and other key international economies have experienced and may in the future experience significant economic and market changes and downturns in which economic activity is impacted by falling demand for a variety of goods and services, restricted credit, poor liquidity, reduced corporate profitability, volatility in credit, equity, and foreign exchange markets, inflation, bankruptcies, new or increased trade barriers, and overall uncertainty with respect to the economy. These economic conditions can arise suddenly and the full impact of such conditions are impossible to predict. In addition, geopolitical and domestic political developments, such as ongoing global geopolitical conflicts, changes in government spending levels, and changes in immigration policy impacting the availability of qualified employees for the SMBs we serve, can increase levels of political and economic unpredictability globally and increase the volatility of global financial markets. Moreover, we may be impacted by any turmoil in the global banking system. For example, in March 2023, Silicon Valley Bank (SVB) was closed by the California Department of Financial Protection and Innovation, which appointed the FDIC as receiver. First-Citizens Bank & Trust Company then assumed all of SVB’s customer deposits and certain other liabilities and acquired substantially all of SVB’s loans and certain other assets from the FDIC. While the closure of SVB did not have a material direct impact on our business, instability (either actual or perceived) in the global banking system may result in additional bank failures, as well as volatility of global financial markets, either of which may adversely impact our business and financial condition.

If challenging macroeconomic conditions for SMBs persist, or if additional economic or political factors create greater pressure on SMBs, our customers and spending businesses may be disproportionately impacted and, as a result, the overall demand for our products and services could be materially and adversely affected.

We expect fluctuations in our financial results, making it difficult to project future results, and if we fail to meet the expectations of securities analysts or investors with respect to our operating results, our stock price and the value of your investment could decline.

Our operating results have fluctuated in the past and are expected to fluctuate in the future due to a variety of factors, many of which are outside of our control. As a result, our past results may not be indicative of our future performance. In addition to the other risks described herein, factors that may affect our operating results include the following:

- fluctuations in demand for, or pricing of our platform;
- our ability to attract new customers;
- our ability to retain and expand utilization by our existing customers;
- our ability to retain and expand our relationships with our accounting firm partners, financial institution partners and software provider partners, or to identify and attract new partners;
- our ability to build and deploy AI-powered solutions and the amount and timing of the associated research and development expenses;
- changes in customer preference for cloud-based services as a result of security breaches in the industry or privacy concerns, or other security or reliability concerns regarding our products;
- fluctuations or delays in purchasing decisions in anticipation of new products or product enhancements by us or our competitors;
- general economic, market, credit and liquidity conditions, both domestically and internationally, such as inflation, high interest rate and recessionary environments, tariffs, and actual or perceived instability in the U.S. and global banking systems, as well as economic conditions specifically affecting SMBs or the industries in which our customers participate;
- changes in customers’ budgets and in the timing of their budget cycles and purchasing decisions, as a result of general economic factors or factors specific to their businesses;
- potential and existing customers choosing our competitors’ products or developing their own solutions in-house;

- the development or introduction of new platforms or services that are easier to use or more advanced than our current suite of services;
- our failure to adapt to new forms of payment that become widely accepted;
- the adoption or retention of more entrenched or rival services in the international markets where we compete;
- our ability to control costs, including our operating expenses;
- the amount and timing of payment for operating expenses, particularly research and development and sales and marketing expenses, including commissions;
- the amount and timing of non-cash expenses, including stock-based compensation, goodwill impairments, and other non-cash charges;
- the amount and timing of costs associated with recruiting, training, and integrating new employees, including employees acquired inorganically, and retaining and motivating existing employees;
- fluctuation in market interest rates, which impacts interest earned on funds held for customers;
- the effects of acquisitions and the integration of acquired technologies and products, including impairment of goodwill;
- the impact of new accounting pronouncements;
- security breaches of, technical difficulties with, or interruptions to, the delivery and use of our platform;
- the impact of the ongoing geopolitical conflicts, including any related economic sanctions and countermeasures taken by other countries, and market volatility resulting therefrom; and
- awareness of our brand and our reputation in our target markets.

Any of these and other factors, or the cumulative effect of some of these factors, may cause our operating results to vary significantly. In addition, we expect to continue to incur significant additional expenses due to the costs of operating as a public company. If our operating results fall below the expectations of investors and securities analysts who follow our stock, the price of our common stock could decline substantially, and we could face costly lawsuits, including securities class action suits.

If we are unable to attract new customers or convert trial customers into paying customers or if our efforts to promote our charge card usage through marketing, promotion, and spending business rewards are unsuccessful, our revenue growth and operating results will be adversely affected.

To increase our revenue, we must continue to attract new customers and increase sales to those customers. As our market matures, product and service offerings evolve, and competitors introduce lower cost or differentiated products or services that compete or are perceived to compete with our platform, our ability to sell subscriptions, drive transaction volume, or successfully increase customer adoption of new products could be impaired. Similarly, our subscription sales could be adversely affected if customers or users perceive that features incorporated into alternative products reduce the need for our platform or if they prefer to purchase products that are bundled with solutions offered by other companies. Further, in an effort to attract new customers, we may offer simpler, lower-priced products or promotions, which may reduce our profitability.

We rely upon our marketing strategy of offering risk-free trials of our platform and other digital marketing strategies to generate sales opportunities. Many of our customers start a risk-free trial of our service. Converting these trial customers to paid customers often requires extensive follow-up and engagement. Many prospective customers never convert from the trial version of a product to a paid version of a product. Further, we often depend on the ability of individuals within an organization who initiate the trial versions of our products to convince decision makers within their organization to convert to a paid version. To the extent that these users do not become, or are unable to convince others to become, paying customers, we will not realize the intended benefits of this marketing strategy, and our ability to grow our revenue will be adversely affected. In addition, it may be necessary to engage in more sophisticated and costly sales and marketing efforts in order to attract new customers, and changes in privacy laws and third party practices may make adding new customers more expensive or difficult. As a result of these and other factors, we may be unable to attract new customers or our related expenses may increase, which would have an adverse effect on our business, revenue, gross margins, and operating results.

In addition, revenue growth from our charge card products is dependent on increasing business spending on our cards. We have been investing in a number of growth initiatives, including to capture a greater share of spending businesses' total spend, but there can be no assurance that such investments will be effective. In addition, if we develop new products or offerings that attract spending businesses looking for short-term incentives rather than displaying long-term loyalty, attrition could increase and our operating results could be adversely affected. Expanding our service offerings, adding acquisition channels and forming new partnerships or renewing current partnerships could have higher costs than our current arrangements and could dilute our brand. In addition, we offer rewards to spending businesses based on their usage of charge cards. Redemptions of rewards present significant associated expenses for our business. We operate in a highly competitive environment and may need to increase the rewards that we offer or provide other incentives to spending businesses in order to grow our business. Any significant change in, or failure by management to reasonably estimate, such costs could adversely affect or harm our business, operating results, and financial condition.

Finally, we seek to accelerate our growth by partnering with businesses to offer embedded payment solutions directly through such partners' platforms. Such partnerships may require significant investment and personnel resources to build, customize and enable. If our strategy to offer embedded solutions does not lead to the customer acquisition we anticipate, or on the timeline we envision, our business, operating results and financial condition could be adversely affected.

If we are unable to retain our current customers, increase customer adoption of our products, sell additional services to our customers, or develop and launch new payment products, our business and growth will be adversely affected.

To date, a significant portion of our growth has been attributable to customer adoption of new and existing payment products. To increase our revenue, in addition to acquiring new customers, we must continue to retain existing customers and convince them to expand their use of our platform by incentivizing them to pay for additional services and driving adoption of new and existing payment products, including ad valorem products such as our BILL Divvy Cards, virtual cards, instant transfer, and international payment offerings. Our ability to retain our customers, drive adoption and increase usage could be impaired for a variety of reasons, including our inability to develop and launch new payment products, SMB preference for lower-cost payment solutions, customer reaction to changes in the pricing of our products, general economic conditions or the other risks described in this Annual Report on Form 10-K. Our ability to sell additional services or increase customer adoption of new or existing products may require more sophisticated and costly sales and marketing efforts, especially for our larger customers. If we are unable to retain existing customers or increase the usage of our platform by them, it would have an adverse effect on our business, revenue, gross margins, and other operating results, and accordingly, on the trading price of our common stock.

While some of our contracts are non-cancelable annual subscription contracts, most of our contracts with customers and accounting firms primarily consist of open-ended arrangements that can be terminated by either party without penalty at any time. Our customers have no obligation to renew their subscriptions to our platform after the expiration of their subscription period. For us to maintain or improve our operating results, it is important that our customers continue to maintain their subscriptions on the same or more favorable terms. We cannot accurately predict renewal or expansion rates given the diversity of our customer base in terms of size, industry, and geography. Our renewal and expansion rates may decline or fluctuate as a result of several factors, including customer spending levels, customer satisfaction with our platform and customer service, decreases in the number of users, changes in the type and size of our customers, pricing changes, competitive conditions, the acquisition of our customers by other companies, and general economic conditions. In addition, if any of the software providers with which our platform currently integrates should choose to disable two-way synchronization, there can be no assurance that customers shared with such providers would not choose to leave our platform, adversely affecting our business and results of operations. If our customers do not renew their subscriptions, or if they reduce their usage of our platform, our revenue and other operating results will decline and our business will suffer. Moreover, if our renewal or expansion rates fall significantly below the expectations of the public market, securities analysts, or investors, the trading price of our common stock would likely decline.

Our BILL Divvy Card offering exposes us to credit risk and other risks related to spending businesses' ability to pay the balances incurred on their BILL Divvy Cards. Certain of our other current and future product offerings, such as invoice financing, may also subject us to credit risk.

We offer our BILL Divvy Card as a credit product to a wide range of businesses in the U.S., and the success of this product depends on our ability to effectively manage related risks. The credit decision-making process for our BILL Divvy Cards uses techniques designed to analyze the credit risk of specific businesses based on, among other factors, their past purchase and transaction history, as well as their credit scores. Similarly, proprietary risk models and other indicators are applied to assess current or prospective spending businesses who desire to use our cards to help predict their ability to repay. These risk models may not accurately predict creditworthiness due to inaccurate assumptions, including assumptions related to the particular spending business, market conditions, economic environment, or limited transaction history or other data, among other factors. The accuracy of these risk models and the ability to manage credit risk related to our cards may also be affected by legal or regulatory requirements, competitors' actions, changes in consumer behavior, changes in the economic environment, policies of Issuing Banks, and other factors.

For a substantial majority of extensions of credit to BILL Spend and Expense spending businesses facilitated through our spend and expense management platform, we purchase from the Issuing Banks participation interests in the accounts receivables generated when spending businesses make purchases using BILL Divvy Cards, and we bear the entire credit risk in the event that a spending business fails to pay card balances. Like other businesses with significant exposure to losses from credit, we face the risk that spending businesses will default on their payment obligations, creating the risk of potential charge-offs. The non-payment rate among spending businesses may increase due to, among other factors, changes to underwriting standards, risk models not accurately predicting the creditworthiness of a business, or a decline in economic conditions, such as a recession, high inflation or government austerity programs. Spending businesses who miss payments may fail to repay their outstanding statement balances, and spending businesses who file for protection under the bankruptcy laws generally do not repay their outstanding balances. If collection efforts on overdue card balances are ineffective or unsuccessful, we may incur financial losses or lose the confidence of our funding sources. In addition, we have in the past and may in the future tighten our credit requirements for customer or vendor eligibility for such solutions, which may limit the growth and profitability of these solutions or result in customer attrition. We do not file UCC liens or take other security interests on BILL Divvy Card balances, which significantly reduces our ability to collect amounts outstanding from spending businesses that file for bankruptcy protection. Any such losses or failures of our risk models could harm our business, operating results, and financial condition. Non-performance, or even significant underperformance, of the account receivables participation interests that we own could have an adverse effect on our business.

Moreover, the funding model for our BILL Divvy Card product relies on a variety of funding arrangements, including "warehouse facilities." Any significant underperformance of the participation interests we own may adversely impact our relationship with such funding sources and result in an increase in our cost of financing, a modification or termination of our existing funding arrangements or our ability to procure funding, which would adversely affect our business, operating results, financial condition, and future prospects.

We also offer invoice financing whereby, through a relationship with a third-party bank, we extend credit to customers and vendors of our customers, enabling them to finance outstanding invoices. Invoices are typically repaid within a short period, but those that remain outstanding beyond a defined term are assessed interest and, in some cases, may incur losses. Although this and our other credit offerings, such as instant transfer, are only available to customers that satisfy specific credit eligibility criteria, the credit and risk models we use to determine eligibility may be insufficient. Any failure of our credit or risk models to predict creditworthiness, or any increase in default rates for our credit products, could cause us to incur significant losses and harm our business, operating results, and financial condition.

Our risk management efforts may not be effective to prevent fraudulent activities by our customers, subscribers, spending businesses, or their counterparties, or other third parties which could expose us to material financial losses and liabilities and otherwise harm our business.

We offer software that digitizes and automates financial operations for a large number of customers and executes payments to their vendors or from their clients. We are responsible for verifying the identity of our customers and their users, and monitoring transactions for fraud. We have been in the past and will continue to be targeted by parties who seek to commit acts of financial fraud using stolen identities and bank accounts, compromised business email accounts, employee or insider fraud, account takeover, false applications, check fraud, and stolen cards or card account numbers. We may suffer losses from acts of financial fraud committed by our customers and their users, our employees, or third-parties. In addition, our customers or spending businesses may suffer losses from acts of financial fraud by third parties posing as our company through account takeover, credential harvesting, use of stolen identities, and various other techniques, which could harm our reputation or prompt us to reimburse our customers for such losses in order to maintain customer and spending business relationships. Finally, we are dependent to a certain degree upon the fraud controls implemented by our card-issuing bank and processing partners in connection with our BILL Spend and Expense products, but bear the risk of fraud losses under such partnerships. Accordingly, we may at times experience losses related to these products due to fraudulent activity with limited ability to directly strengthen relevant controls.

The techniques used to perpetrate fraud on our platform are continually evolving, and we expend considerable resources to continue to monitor and combat them. In addition, when we introduce new products and functionality, or expand existing products, we may not be able to identify all risks created by such new products or functionality. Our risk management policies, procedures, techniques, and processes may not be sufficient to identify all of the risks to which we are exposed, to enable us to prevent or mitigate the risks we have identified, or to identify additional risks to which we may become subject in the future. Our risk management policies, procedures, techniques, and processes may contain errors, or our employees or agents may commit mistakes or errors in judgment as a result of which we may suffer large financial losses. The software-driven and highly automated nature of our platform could enable criminals and those committing fraud to steal significant amounts of money from businesses like ours.

Our current business and anticipated growth will continue to place significant demands on our risk management efforts, and we will need to continue developing and improving our existing risk management infrastructure, policies, procedures, techniques, and processes. As techniques used to perpetrate fraud on our platform evolve, we may need to modify our products or services to mitigate fraud risks. As our business grows and becomes more complex, we may be less able to forecast and carry appropriate reserves in our books for fraud related losses.

Further, these types of fraudulent activities on our platform can also expose us to civil and criminal liability and governmental and regulatory sanctions as well as potentially cause us to be in breach of our contractual obligations to our third-party partners.

The markets in which we participate are competitive, and if we do not compete effectively, our operating results could be harmed.

The market for cloud-based software that automates the financial back-office is highly fragmented, competitive, and constantly evolving. We believe that our primary competition remains the legacy manual processes that SMBs have relied on for generations. Our success will depend, to a substantial extent, on the widespread adoption of our cloud-based automated back-office solution as an alternative to existing solutions or adoption by customers that are not using any such solutions at all. Some organizations may be reluctant or unwilling to use our platform for several reasons, including concerns about additional costs, uncertainty regarding the reliability and security of cloud-based offerings, or lack of awareness of the benefits of our platform. Our competitors in the cloud-based software space range from large corporations that predominantly focus on enterprise resource planning solutions, to smaller niche suppliers of solutions that focus exclusively on document management, workflow management, accounts payable, accounts receivable, spend and expense management, and/or electronic bill presentment and payment, to companies that offer industry-specific payments solutions. With the introduction of new technologies and market entrants, we expect that the competitive environment will remain intense going forward. Our competitors that currently focus on enterprise solutions may offer products to SMBs that compete with ours. In addition, companies that provide solutions that are adjacent to our products and services may decide to enter our market segments and develop and offer products that compete with ours. Software providers, such as Intuit, as well as the financial institutions with which we partner, may internally develop products, acquire existing, third-party products, or may enter into partnerships or other strategic relationships that would enable them to expand their product offerings to compete with our platform or provide more comprehensive offerings than they individually had offered or achieve greater economies of scale than us. These software providers and financial institutions may have the operating flexibility to bundle competing solutions with other offerings, including offering them at a lower price or for no additional cost to customers as part of a larger sale. For example, in October 2023, Intuit launched a native bill payment solution with integration to its QuickBooks accounting software. In addition, Brex and Ramp, firms primarily known for offering spend and expense management products, introduced bill payment products in recent periods. While we believe our platform offers much greater functionality than these products, there can be no assurance that QuickBooks customers will not opt to change providers for certain accounts payable services in the future, or that our ability to win, retain and expand our footprint with BILL Divvy Card customers will not be challenged by these competing offerings. In addition, new entrants not currently considered to be competitors may enter the market through acquisitions, partnerships, or strategic relationships. Many of our competitors and potential competitors have greater name recognition, longer operating histories, more established customer relationships, larger marketing budgets, and greater resources than us. Our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards, and customer requirements. Certain competitors may also have long-standing exclusive, or nearly exclusive, relationships with financial services provider partners to accept payment cards and other services that compete with what we offer. As we look to market and sell our platform to potential customers, spending businesses, or partners with existing solutions, we must convince their internal stakeholders that our platform is superior to their current solutions.

We compete on several factors, including:

- product features, quality, breadth, and functionality;
- data asset size and ability to leverage AI to grow faster and smarter;
- ease of deployment;
- ease of integration with leading accounting and banking technology infrastructures;
- ability to automate processes;
- cloud-based delivery architecture;
- advanced security and control features;
- risk management, exception process handling, and regulatory compliance leadership;
- brand recognition; and
- pricing and total cost of ownership.

There can be no assurance that we will be able to compete successfully against our current or future competitors, and this competition could result in the failure of our platform to continue to achieve or maintain market acceptance, any of which would harm our business, operating results, and financial condition.

We transfer large sums of customer funds daily, and are subject to numerous associated risks which could result in financial losses, damage to our reputation, or loss of trust in our brand, which would harm our business and financial results.

As of June 30, 2025, we had approximately 493,800 businesses using our solutions and TPV processed was approximately $329.8 billion, $292.4 billion, and $266.0 billion during fiscal 2025, 2024, and 2023, respectively. We have grown rapidly to considerable scale and seek to continue this growth. Accordingly, although we have developed and scaled robust and multi-faceted risk management and compliance processes, our business, which is highly complex, is always subject to the risk of financial losses as a result of credit losses, operational errors, software defects, service disruption, employee misconduct, security breaches, or other similar actions or errors on our platform.

As a provider of accounts payable, accounts receivable, spend and expense management, and payment solutions, we collect and transfer funds on behalf of our customers and our trustworthiness and reputation are fundamental to our business. The occurrence of any credit losses, operational errors, software defects, service disruptions, employee misconduct, security breaches, or other similar actions or errors on our platform could result in financial losses to our business and our customers, loss of trust, damage to our reputation, or termination of our agreements with financial institution partners and accountants, each of which could result in:

- loss of customers;
- lost or delayed market acceptance and sales of our platform;
- legal claims against us, including warranty and service level agreement claims;
- regulatory enforcement action; or
- diversion of our resources, including through increased service expenses or financial concessions, and increased insurance costs.

Although our terms of service allocate to our customers the risk of loss resulting from our customers' errors, omissions, employee fraud, or other fraudulent activity related to their systems, in some instances we may cover such losses for efficiency or to prevent damage to our reputation. Although we maintain insurance to cover losses resulting from our errors and omissions, there can be no assurance that our insurance will cover all losses or our coverage will be sufficient to cover our losses. If we suffer significant losses or reputational harm as a result, our business, operating results, and financial condition could be adversely affected.

Funds that we hold for the benefit of our customers are subject to market, interest rate, credit, foreign exchange, and liquidity risks, as well as general political and economic conditions. The loss of any of these funds could adversely affect our business, operating results and financial condition.

We invest funds that we hold for the benefit of our customers, including funds being remitted to suppliers, in highly liquid, investment-grade marketable securities, money market securities, and other cash equivalents. Nevertheless, our customer fund assets are subject to general market, interest rate, credit, foreign exchange, and liquidity risks. These risks may be exacerbated, individually or in the aggregate, during periods of heavy financial market volatility, such as that experienced in 2008 and 2022, that may result from inflation, high interest rate or recessionary environments, from actual or perceived instability in the U.S. and global banking systems, or from war (such as the ongoing conflict in Ukraine and recent developments in the Middle East) or other geopolitical conflicts. As a result, we could be faced with a severe constriction of the availability of liquidity, which could impact our ability to fulfill our obligations to move customer money to its intended recipient. For example, the sudden closure of SVB in March 2023 introduced a potential risk of loss because we held certain corporate and customer funds at SVB. Although we were able to move substantially all such funds to large multinational financial institutions and to redirect substantially all customer payment processing previously made through SVB to one of our multinational bank processors, there can be no assurance that we would be able to do so in the future in the event of a similar or more severe, systemic banking crisis. In addition, cash held at banks and financial institutions is subject to applicable deposit insurance limits, and in the event that our corporate or customer funds held at a given institution exceed such limits, or are held in investments that are not covered by deposit insurance, such funds may be unrecoverable in the event of a future bank failure.

We rely upon certain banking partners and third parties to originate payments, process checks, execute wire transfers, and issue virtual cards, which could be similarly affected by a liquidity shortage and further exacerbate our ability to operate our business. Any loss of or inability to access customer funds could have an adverse impact on our cash position and operating results, could require us to obtain additional sources of liquidity, and could adversely affect our business, operating results, and financial condition. In addition to the risks related to customer funds, we are also exposed to interest rate risk relating to our investments of our corporate cash.

We are licensed as a money transmitter in all required U.S. states and registered as a Money Services Business with FinCEN. In certain jurisdictions where we operate, we are required to hold eligible liquid assets, as defined by the relevant regulators in each jurisdiction, equal to at least 100% of the aggregate amount of all customer balances. Our ability to manage and accurately account for the assets underlying our customer funds and comply with applicable liquid asset requirements requires a high level of internal controls. As our business continues to grow and we expand our product offerings, we will need to scale these associated internal controls.

Our success requires significant public confidence in our ability to properly manage our customers’ balances and handle large and growing transaction volumes and amounts of customer funds. Any failure to maintain the necessary controls or to accurately manage our customer funds and the assets underlying our customer funds in compliance with applicable regulatory requirements could result in reputational harm, lead customers to discontinue or reduce their use of our products, and result in significant penalties and fines, possibly including the loss of our state money transmitter licenses, which would materially harm our business.

We earn revenue from interest earned on customer funds held in trust while payments are clearing, which is subject to market conditions and may decrease as customers’ adoption of electronic payments and technology continues to evolve.

For fiscal 2025, 2024, and 2023, we generated $161.8 million, $167.4 million, and $113.8 million, respectively, in revenue from interest earned on funds held in trust on behalf of customers while payment transactions were clearing, or approximately 11%, 13%, and 11% of our total revenue for such periods, respectively. While these payments are clearing, we deposit the funds in highly liquid, investment-grade marketable securities, and generate revenue that is correlated to the federal funds rate. As interest rates rose in 2022 and 2023, the amount of revenue we generated from such funds increased. However, interest rates have begun to decline in recent periods, which has caused, and may continue to cause, the amount of revenue we generate from these investments to decrease as well. Additionally, as customers increasingly seek expedited methods of electronic payments, such as instant transfer, or potentially migrate spend to our BILL Divvy Card offering, our revenue from interest earned on customer funds could decrease (even if offset by other revenue) and our operating results could be adversely affected. Finally, in addition to the risks outlined above, any change in laws or applicable regulations that restrict the scope of permissible investments for such customer funds could reduce our interest income and adversely affect our operating results.

Our business depends, in part, on our relationships with accounting firms.

Our relationships with our more than 9,000 accounting firm partners contribute a significant portion of our total revenue. We market and sell our products and services through accounting firms, including via "client advisory services" through which the firms manage finances and make payments on behalf of their clients, in each case through our platform. We also have an exclusive partnership with CPA.com to market certain of our products and services to accounting firms, which then enroll their customers directly onto our platform. Although our relationships with accounting firms are independent of one another, if our reputation in the accounting industry more broadly were to suffer, or if we were unable to establish relationships with new accounting firms and grow our relationships with existing accounting firm partners, our growth prospects would weaken and our business, financial position, and operating results may be adversely affected.

Our business depends, in part, on our business relationships with financial institutions.

We enter into partnering relationships with financial institutions pursuant to which they offer our services to their customers. These relationships involve risks that may not be present or that are present to a lesser extent with sales to our direct SMB customers. Launching a product offering with our financial institution partners entails integrating our platform with our partners’ websites and apps, which requires significant engineering resources and time to design, deploy, and maintain, and requires developing associated sales and marketing strategies and programs. With financial institution partners, the decision to roll out our product offering typically requires several levels of management and technical personnel approval by our partners and is frequently subject to budget constraints. Delays in decision making, unplanned budget constraints, or changes in our partners’ business, business priorities, or internal resource allocations may result in significant delays to the deployment of our platform and its availability to their customers. Significant delays in the deployment of our platform to our partners’ customers could cause us to incur significant expenditures for platform integration and product launch without generating anticipated revenue in the same period or at all and could adversely impact our operating results. In addition, once we have successfully launched a product offering with a financial institution partner, lower than anticipated customer adoption or unanticipated ongoing system integration costs could result in lower than anticipated profit margins, which could have an adverse impact on our business, financial position, and operating results. Moreover, if our partners or their customers experience problems with the operation of our platform, such as service outages or interruptions or security breaches or incidents, our relationship with the partner and our reputation could be harmed and our operating results may suffer.

We may not be able to attract new financial institution partners if our potential partners favor our competitors' products or services over our platform or choose to compete with our products directly. Further, many of our existing financial institution partners have greater resources than we do and could choose to develop their own solutions to replace ours. Moreover, certain financial institutions may elect to focus on other market segments and decide to terminate their SMB-focused services. If we are unsuccessful in establishing, growing, or maintaining our relationships with financial institution partners, or if any of our financial institution partners elect to terminate their relationships with us, our ability to compete in the marketplace or to grow our revenue could be impaired, and our operating results may suffer.

Finally, we are subject to oversight by our financial institution partners and they conduct audits of our operations, information security controls, and compliance controls. To the extent an audit were to identify material gaps or evidence of noncompliance in our operations or controls it could violate contractual terms with the financial institution partner, which could materially and adversely impact our commercial relationships with that partner.

Our recent growth may not be indicative of our future growth, and there is no assurance that we will be able to scale our platform and infrastructure, and manage our growth effectively.

Our revenue was $1.5 billion, $1.3 billion, and $1.1 billion during fiscal 2025, 2024, and 2023, respectively. Our TPV was $329.8 billion, $292.4 billion, and $266.0 billion during fiscal 2025, 2024, and 2023, respectively. Our rate of revenue growth will fluctuate from period to period, as it depends on a number of factors, including our ability to:

- price our platform effectively to attract new customers and increase sales to our existing customers;
- expand the functionality and scope of the products we offer on our platform;
- maintain or improve the rates at which customers subscribe to and continue to use our platform;
- maintain and expand payment volume;
- generate interest income on customer funds that we hold in trust;
- provide our customers with high-quality customer support that meets their needs;
- introduce our products to new markets outside of the U.S.;
- serve SMBs across a wide cross-section of industries;
- expand our target market beyond SMBs;
- manage the effects of macroeconomic conditions, including economic downturns or recessions, inflation, significant political and regulatory developments or changes in trade policy, including tariffs, fluctuations in market interest rates and currency exchange rates, and actual or perceived instability in the U.S. and global banking systems on our business and operations and the impacts of global geopolitical conflicts;
- successfully identify and acquire or develop and invest in businesses, products, or technologies that we believe could complement or expand our platform, including developing our AI-powered solutions; and
- increase awareness of our brand and successfully compete with other companies.

We may not successfully accomplish any of these objectives, which makes it difficult for us to forecast our future operating results. Further, the revenue that we derive from interest income on customer funds is dependent on interest rates, which we do not control. Moreover, we expect to continue to spend substantial financial and other resources on our technology infrastructure, product development, and sales, marketing and customer success. As usage of our platform grows, we will also need to devote additional resources to improving and maintaining our infrastructure and third-party integrations to maintain performance. In addition, we will need to appropriately scale our internal business systems and our services organization, including customer support, risk and compliance operations, and professional services, to serve our growing customer base. If the assumptions that we use to plan our business are incorrect or change in reaction to changes in our market, if our investments do not result in increased revenue growth, or if we are unable to maintain consistent revenue or revenue growth, our stock price could be volatile, and it may be difficult to maintain profitability. You should not rely on our revenue from any prior quarterly or annual periods as any indication of our future revenue or revenue or payment growth.

Certain credit products, including our BILL Divvy Card, are dependent on our relationship with the Issuing Banks.

The extensions of credit facilitated through our BILL Spend and Expense offering and certain of our accounts payable offerings are originated through our Issuing Banks, Cross River Bank, WEX Bank and Web Bank. There has been significant recent U.S. Congressional and federal administrative agency lawmaking and ruling in the area of program agreements between banks and non-banks involving extensions of credit and the regulatory environment in this area remains unsettled. There has also been significant recent government enforcement and litigation challenging the validity of such arrangements, including disputes seeking to re-characterize lending transactions on the basis that the non-bank party rather than the bank is the “true lender” or “de facto lender”. If the legal structure underlying these bank partnerships or the extensions of credit thereunder were to be successfully challenged on these or other grounds, our ability to offer our credit products on favorable terms or at all may be adversely affected. In addition, certain banks engaged in similar partnerships and activities have been subject to increased regulatory scrutiny. Adverse orders or regulatory enforcement actions against one or more of the Issuing Banks, even if unrelated to our business, could impose restrictions on such Issuing Banks’ ability to continue to extend credit through our platform or on current terms, or could result in the Issuing Banks increasing their oversight or imposing tighter controls over our underwriting practices or compliance procedures or subjecting any new products to be offered by an Issuing Bank to more rigorous reviews.

The Issuing Banks are subject to oversight by the FDIC and state banking regulators and must comply with applicable federal and state banking laws, regulations, and examination requirements. We, in turn, are subject to audit by the Issuing Banks in accordance with FDIC guidance related to management of service providers and other bank-specific requirements pursuant to the terms of our agreements with the Issuing Banks. If we fail to comply with requirements applicable to us by law or contract, or if third-party audits by the Issuing Banks or regulatory examinations of the Issuing Banks were to conclude that our processes and procedures are insufficient, we may be subject to increased costs or indirect fines or penalties, and the Issuing Banks could terminate their relationships with us.

In the event of a challenge to the legal structure underlying our program agreements with the Issuing Banks or if one or all of the Issuing Banks were to suspend, limit, or cease its operations, or were to otherwise terminate for any reason (including, but not limited to, the failure by an Issuing Bank to comply with regulatory actions or an Issuing Bank experiencing financial distress, entering into receivership, or becoming insolvent), we would need to identify and implement alternative, compliant, bank relationships or otherwise modify our business practices in order to be compliant with prevailing law or regulation, which could result in business interruptions or delays, force us to incur additional expenses, and potentially interfere with our existing customer and spending business relationships or make us less attractive to potential new customers and spending businesses, any of which could adversely affect our business, operating results, and financial condition.

We rely on a variety of funding sources to support our BILL Divvy Card offering. If our existing funding arrangements are not renewed or replaced, or if our existing funding sources are unwilling or unable to provide funding to us on terms acceptable to us, or at all, it could adversely affect our business, operating results, financial condition, cash flows, and future prospects.

To support the operations and growth of our spend and expense management business, we must maintain a variety of funding arrangements, including "warehouse facilities," which provide for an aggregate of $600.0 million in borrowing capacity pursuant to our 2021 Credit Facility and 2025 Credit Facility (together with the 2021 Credit Facility, the Revolving Credit Facilities), as described in Note 9 to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K. In particular, we have financing arrangements in place pursuant to which we purchase from the Issuing Banks participation interests in the accounts receivables generated when BILL Spend and Expense spending businesses make purchases using our cards. We typically fund some portion of these participation interest purchases by borrowing under credit facilities with our finance partners, although we may also fund participation purchases using corporate cash.

If our finance partners terminate or interrupt their financing or purchase of participation interests or are unable to offer terms which are acceptable to us, we may have to fund these purchases using corporate cash, which we have a limited ability to do and may place significant stress on our cash resources. An inability to purchase participation interests from the Issuing Banks, whether funded through financing or corporate cash, could result in the banks' limiting extensions of credit to spending businesses or ceasing to extend credit for our cards altogether, which would interrupt or limit our ability to offer our card products and materially and adversely affect our business.

We cannot guarantee that these funding arrangements will continue to be available on favorable terms or at all, and our funding strategy may change over time, depending on the availability of such funding arrangements. In addition, our funding sources may curtail access to uncommitted financing capacity, fail to renew or extend facilities, or impose higher costs to access funding upon reassessing their exposure to our industry or in light of changes to general economic, market, credit, or liquidity conditions. Further, our funding sources may experience financial distress, enter into receivership, or become insolvent, which may prevent us from accessing financing from these sources. In addition, because our borrowings under current and future financing facilities may bear interest based on floating rate interest rates, our interest costs may increase if market interest rates rise. Finally, because borrowings under our Revolving Credit Facilities are subject to a limited guaranty by BILL Holdings, Inc., we may need to use our cash or cash equivalents to remedy any alleged breaches by our wholly-owned subsidiaries party to such agreements.

If our existing funding arrangements are not renewed or replaced or our existing funding sources are unwilling or unable to provide funding to us on terms acceptable to us, or at all, we may need to secure additional sources of funding or reduce our spend and expense management operations significantly. Further, as the volume of credit facilitated through our platform increases, we may need to expand the funding capacity under our existing funding arrangements or add new sources of capital. The availability and diversity of our funding arrangements depends on various factors and are subject to numerous risks, many of which are outside of our control. If we are unable to maintain access to, or to expand, our network and diversity of funding arrangements, our business, operating results, financial condition, and future prospects could be materially and adversely affected.

If we do not or cannot maintain the compatibility of our platform with popular software solutions or offerings of our partners, our revenue and growth prospects will decline.

To deliver a comprehensive solution, our platform integrates with popular software solutions including Intuit QuickBooks, Oracle NetSuite, Sage Intacct, Xero, and Microsoft Dynamics 365 Business Central, through APIs made available by these software providers. We automatically synchronize certain data between our platform and these software systems relating to invoices and payment transactions between our customers and their suppliers and clients. This two-way sync saves time for our customers by reducing duplicative manual data entry and provides the basis for managing cash-flow through an integrated solution for accounts payable, accounts receivable, spend and expense management, and payments.

If any of the software providers change the features of their APIs, discontinue their support of such APIs, restrict our access to their APIs, or alter the terms or practices governing their use in a manner that is adverse to our business, we may be restricted or may not be able to provide synchronization capabilities, which could significantly diminish the value of our platform and harm our business, operating results, and financial condition. In addition, if any of these software providers reconfigure their platforms in a manner that no longer supports our integration with their software, we would lose customers and our business would be adversely affected.

If we are unable to increase adoption of our platform with customers of these software solutions, our growth prospects may be adversely affected. In addition, any of these software providers may seek to develop a payment solution of its own, acquire a solution to compete with ours, or decide to partner with other competing applications, any of which its SMB customers may select over ours, thereby harming our growth prospects and reputation and adversely affecting our business and operating results.

We depend on third-party service providers to process transactions on our platform and to provide other services important to the operation of our business. Any significant disruption in services provided by these vendors could prevent us from processing transactions on our platform, result in other interruptions to our business and adversely affect our business, operating results and financial condition.

We depend on banks, including JPMorgan Chase, to process ACH transactions and checks for our customers. We also rely on third-party providers to support other aspects of our business, including, for example, for card transaction processing, check printing, real-time payments, virtual and physical card issuance, sanctions screening, and our cross-border funds transfer capabilities. If we are unable to effectively manage our third-party relationships, we are unable to comply with security, compliance, or operational obligations to which we are subject under agreements with these providers, these providers are unable to meet their obligations to us, or we experience substantial disruptions in these relationships, including as a result of the closure or insolvency of banks with which we do business, our business, operating results, and financial condition could be adversely impacted. In addition, in some cases a provider may be the sole source, or one of a limited number of sources, of the services they provide to us and we may experience increased costs and difficulties in replacing those providers and replacement services may not be available on commercially reasonable terms, on a timely basis, or at all.

We use artificial intelligence in our business, and any challenges with successfully developing and deploying new AI tools or properly managing the use of AI could result in reputational harm, competitive harm, and legal liability, and adversely affect our results of operations.

We have incorporated, and expect to continue to incorporate, AI features into our platform and product offerings, and our success will depend in part on our ability to do so in a way that is both compelling to the businesses using our solutions and cost-effective. We currently leverage AI to prepopulate invoices based on the historical behavior of businesses using our solutions and to aid our evaluation of businesses' creditworthiness to offer them and their counterparties expedited means of payment, among other things. Moving forward, we will be launching AI agents for SMB payables, receivables, procurement, and cash management. We have made and expect to continue to make significant investments in developing and deploying our AI technology. There can be no assurances, however, that our development efforts will be successful. Our competitors and other third parties may incorporate AI into their products and offerings more quickly or more successfully than us, which could impair our ability to compete effectively, cause us to lose some or all of our investments in developing these products, and adversely affect our results of operations.

Additionally, if the content, analyses, or recommendations that AI applications assist in producing are, or are alleged to be, inaccurate, deficient, or biased, our business, financial condition, and results of operations may be adversely affected. Furthermore, the integration of third-party AI models with our products and services may rely, in part, on certain safeguards implemented by the third-party developers of the underlying AI models, including those related to the accuracy, bias, and other variables of the data, and these safeguards may be insufficient. The use of AI applications has resulted in, and may in the future result in, cybersecurity incidents that implicate the personal data of customers analyzed within such applications. Any such cybersecurity incidents related to our use of AI applications to analyze personal data could adversely affect our reputation and results of operations. AI also presents emerging ethical issues and if our use of AI becomes controversial, we may experience brand or reputational harm, competitive harm, or legal liability. Legislation that would govern the development or use of AI is under consideration in the U.S. at the state and local level, as well as internationally. For example, the EU Artificial Intelligence Act, which aims to introduce a common regulatory and legal framework for AI, was officially published on July 12, 2024 and came into effect on August 1, 2024. The EU Artificial Intelligence Act regulates AI providers and entities making use of AI tools in a professional capacity, and may require the implementation of additional quality assurance controls and measures to be reviewed and approved by regulatory submissions of our products. Our ability to use AI and machine learning may be constrained by current or future laws, regulatory or self-regulatory requirements. The rapid evolution of AI, including potential government regulation of AI and its various uses, will require significant resources to develop, test and maintain our platform, offerings, services, and features to help us implement AI ethically in order to minimize unintended, harmful impact.

If we lose our founder or key members of our management team or are unable to attract and retain executives and employees we need to support our operations and growth, our business may be harmed.

Our success and future growth depend upon the continued services of our management team and other key employees. Our founder and Chief Executive Officer, René Lacerte, and our President and Chief Operating Officer, John Rettig, are critical to our overall management, as well as the continued development of our products, our partnerships, our culture, our relationships with accounting firms, and our strategy. From time to time, there may be changes in our management team resulting from the hiring or departure of executives and key employees, which could disrupt our business. In addition, we may face challenges retaining senior management of acquired businesses. Our senior management and key employees are employed on an at-will basis. We currently do not have "key person" insurance for any of our employees. Certain of our key employees have been with us for a long period of time and have fully vested stock options or other long-term equity incentives that may become valuable and are publicly tradable. The loss of our founder, or one or more of our senior management, key members of senior management of acquired companies or other key employees could harm our business, and we may not be able to find adequate replacements. We cannot ensure that we will be able to retain the services of any members of our senior management or other key employees or that we would be able to timely replace members of our senior management or other key employees should any of them depart.

In addition, to execute our business strategy, we must attract and retain highly qualified personnel. We compete with many other companies for software developers with high levels of experience in designing, developing, and managing cloud-based software and payments systems, as well as for skilled legal and compliance and risk operations professionals. Competition for software developers, compliance and risk management personnel, and other key employees in our industry and locations is intense and increasing and may be exacerbated in tight labor markets. We may also face increased competition for personnel from other companies which adopt approaches to remote work that differ from ours. In addition, the current regulatory environment related to immigration is uncertain, including with respect to the availability of H1-B and other visas. If a new or revised visa program is implemented, it may impact our ability to recruit, hire, retain, or effectively collaborate with qualified skilled personnel, including in the areas of AI and machine learning, and payment systems and risk management, which could adversely impact our business, operating results, and financial condition. Many of the companies with which we compete for experienced personnel have greater resources than we do and can frequently offer such personnel substantially greater compensation than we can offer. If we fail to identify, attract, develop, and integrate new personnel, or fail to retain and motivate our current personnel, our growth prospects would be adversely affected.

Future acquisitions, strategic investments, partnerships, collaborations, or alliances could be difficult to identify and integrate, divert the attention of management, disrupt our business, dilute stockholder value, and adversely affect our operating results and financial condition.

We have in the past and may in the future seek to acquire or invest in businesses, products, or technologies that we believe could complement or expand our platform, enhance our technical capabilities, or otherwise offer growth opportunities. For example, in November 2022 we completed the acquisition of Finmark Financial, Inc. to augment our financial planning product offerings. However, we have limited experience in acquiring other businesses, and we may not successfully identify desirable acquisition targets in the future. Moreover, an acquisition, investment, or business relationship may not further our business strategy or result in the economic benefits or synergies as expected or may result in unforeseen operating difficulties and expenditures, including disrupting our ongoing operations, diverting management from their primary responsibilities, subjecting us to additional liabilities, increasing our expenses, and adversely impacting our business, financial condition, and operating results.

In addition, the technology and information security systems and infrastructure of businesses we acquire may be underdeveloped or subject to vulnerabilities, subjecting us to additional liabilities. We could incur significant costs related to the implementation of enhancements to or the scaling of information security systems and infrastructure of acquired businesses and related to the remediation of any related security breaches. If security, data protection, and information security measures in place at businesses we acquire are inadequate or breached, or are subject to cybersecurity attacks, or if any of the foregoing is reported or perceived to have occurred, our reputation and business could be damaged and we could be subject to regulatory scrutiny, investigations, proceedings, and penalties. We may also acquire businesses whose operations may not be fully compliant with all applicable law, including economic and trade sanctions and anti-money laundering, counter-terrorist financing, and privacy laws, subjecting us to potential liabilities and requiring us to spend considerable time, effort, and resources to address.

Moreover, we may acquire businesses whose management or compliance functions require significant investments to support current and anticipated future product offerings, or that have underdeveloped internal control infrastructures or procedures or with respect to which we discover significant deficiencies or material weaknesses. The costs that we may incur to implement or improve such functions, controls, and procedures may be substantial and we could encounter unexpected delays and challenges related to such activity.

Given the complexity of our platform and the distinct interface and tools that we offer to our accounting firm partners and financial institution partners, it may be critical that certain businesses or technologies that we acquire be successfully and fully integrated into our platform. In addition, some acquisitions may require us to spend considerable time, effort, and resources to consummate and/or to integrate employees from the acquired business into our teams, and acquisitions of companies in lines of business in which we lack expertise may require considerable management time, oversight, and research before we see the desired benefit of such acquisitions. Therefore, we may be exposed to unknown liabilities and the anticipated benefits of any acquisition, investment, or business relationship may not be realized, if, for example, we fail to successfully integrate such acquisitions, or the technologies associated with such acquisitions, into our company.

Acquisitions could also result in dilutive issuances of equity securities or the incurrence of debt, as well as unfavorable accounting treatment and exposure to claims and disputes by third parties, including intellectual property claims. We also may not generate sufficient financial returns to offset the costs and expenses related to any acquisitions. In addition, if an acquired business fails to meet our expectations, our business, operating results, and financial condition may suffer.

If we fail to offer high-quality customer support, or if our support is more expensive than anticipated, our business and reputation could suffer.

Our customers rely on our customer support services to resolve issues and realize the full benefits provided by our platform, as well as to understand and fully utilize the growing suite of products we offer. A range of high-quality support options is critical for the renewal and expansion of our subscriptions and driving additional transaction volume with existing customers: we provide customer support via chat, email, and phone through a combination of AI-assisted interactions with the BILL Virtual Assistant as well as robust support from a highly trained staff of customer success personnel. If we do not help our customers quickly resolve issues and provide effective ongoing support, or if our support personnel or methods of providing support are insufficient to meet the needs of our customers, our ability to retain customers, increase adoption by our existing customers, and acquire new customers could suffer, and our reputation with existing or potential customers could be harmed. If we are not able to meet the customer support needs of our customers during the hours that we currently provide support, we may need to increase our support coverage or provide additional support, which may reduce our profitability.

If we fail to adapt and respond effectively to rapidly changing technology, evolving industry standards, changing regulations, and changing business needs, requirements, or preferences, our products may become less competitive.

The market for SMB financial software solutions is relatively new and subject to ongoing technological change, evolving industry standards, payment methods, and changing regulations, as well as changing customer needs, requirements, and preferences. The success of our business will depend, in part, on our ability to adapt and respond effectively to these changes on a timely basis, including launching a range of new products and services, including AI-enabled tools. In addition, the market for our spend and expense management solution is new and fragmented, and it is uncertain whether we will achieve and sustain high levels of demand and market adoption. The success of any new product and service, or any enhancements or modifications to existing products and services, depends on several factors, including the timely completion, introduction, and market acceptance of such products and services, enhancements, and modifications. If we are unable to enhance our platform, add new payment methods, or develop new products that keep pace with technological and regulatory change and achieve market acceptance, or if new technologies emerge that are able to deliver competitive products and services at lower prices, more efficiently, more conveniently, or more securely than our products, our business, operating results, and financial condition would be adversely affected. Furthermore, modifications to our existing platform or technology will increase our research and development expenses. Any failure of our services to operate effectively with existing or future network platforms and technologies could reduce the demand for our services, result in customer or spending business dissatisfaction, and adversely affect our business.

If the prices we charge for our services are unacceptable to our customers, our operating results will be harmed.

We generate revenue by charging customers a fixed monthly rate per user for subscriptions as well as transaction fees. As the market for our platform matures, or as new or existing competitors introduce new products or services that compete with ours, we may experience pricing pressure and be unable to renew our agreements with existing customers or attract new customers at prices that are consistent with our pricing model and operating budget. Our pricing strategy for new products we introduce and existing products we continue to offer may not be successful in attracting or retaining customers, and our competitors could choose to bundle certain products and services competitive with ours. If this were to occur, it is possible that we would have to change our pricing strategies or reduce our prices, which could harm our revenue, gross profits, and operating results.

Interruptions or delays in the services provided by AWS or other third-party data centers or internet service providers could impair the delivery of our platform and our business could suffer.

We host our platform using third-party cloud infrastructure services, including certain co-location facilities. We also use public cloud hosting with Amazon Web Services (AWS). All of our products utilize resources operated by us through these providers. We therefore depend on our third-party cloud providers' ability to protect their data centers against damage or interruption from natural disasters, power or telecommunications failures, criminal acts, and similar events. Our operations depend on protecting the cloud infrastructure hosted by such providers by maintaining their respective configuration, architecture, and interconnection specifications, as well as the information stored in these virtual data centers and transmitted by third-party internet service providers. We have periodically experienced service disruptions in the past, and we cannot assure you that we will not experience interruptions or delays in our service in the future. We may also incur significant costs for using alternative equipment or taking other actions in preparation for, or in reaction to, events that damage the data storage services we use. Although we have disaster recovery plans that utilize multiple data storage locations, any incident affecting their infrastructure that may be caused by fire, flood, severe storm, earthquake, power loss, telecommunications failures, unauthorized intrusion, computer viruses and disabling devices, natural disasters, military actions, terrorist attacks, negligence, and other similar events beyond our control could negatively affect our platform. Any prolonged service disruption affecting our platform for any of the foregoing reasons could damage our reputation with current and potential customers, expose us to liability, cause us to lose customers, or otherwise harm our business. Also, in the event of damage or interruption, our insurance policies may not adequately compensate us for any losses that we may incur. System failures or outages, including any potential disruptions due to significantly increased global demand on certain cloud-based systems, could compromise our ability to perform these functions in a timely manner, which could harm our ability to conduct business or delay our financial reporting. Such failures could adversely affect our operating results and financial condition.

Our platform is accessed by many customers, often at the same time. As we continue to expand the number of our customers and products available to our customers, we may not be able to scale our technology to accommodate the increased capacity requirements, which may result in interruptions or delays in service. In addition, the failure of data centers, internet service providers, or other third-party service providers to meet our capacity requirements could result in interruptions or delays in access to our platform or impede our ability to grow our business and scale our operations. If our third-party infrastructure service agreements are terminated, or there is a lapse of service, interruption of internet service provider connectivity, or damage to data centers, we could experience interruptions in access to our platform as well as delays and additional expense in arranging new facilities and services.

We typically provide service level commitments under our financial institution partner agreements. If we fail to meet these contractual commitments, we could be obligated to provide credits or refunds for prepaid amounts related to unused subscription services or face contract terminations, which could adversely affect our revenue.

Our agreements with our financial institution partners typically contain service level commitments evaluated on a monthly basis. If we are unable to meet the stated service level commitments or suffer extended periods of unavailability for our platform, we may be contractually obligated to provide these partners with service credits, up to 10% of the partner's subscription fees for the month in which the service level was not met. In addition, we could face contract terminations, in which case we would be subject to refunds for prepaid amounts related to unused subscription services. Our revenue could be significantly affected if we suffer unexcused downtime under our agreements with our partners. Further, any extended service outages could adversely affect our reputation, revenue, and operating results.

Failure to effectively develop and expand our sales and marketing capabilities could harm our ability to increase our customer base and achieve broader market acceptance of our products.

Our ability to increase our customer base and achieve broader market acceptance of our platform will depend to a significant extent on our ability to expand our sales and marketing organizations, and to deploy our sales and marketing resources efficiently. Although we will adjust our sales and marketing spend levels as needed in response to changes in the economic environment, we plan to continue expanding our direct-to-SMB sales force as well as our sales force focused on identifying new partnership opportunities. We also dedicate significant resources to sales and marketing programs, including digital advertising through services such as Google AdWords. The effectiveness and cost of our online advertising has varied over time and may vary in the future due to competition for key search terms, changes in search engine use, and changes in the search algorithms used by major search engines. These efforts will require us to invest significant financial and other resources.

In addition, our ability to broaden the spending business base for our BILL Spend and Expense offerings and achieve broader market acceptance of these products will depend to a significant extent on the ability of our sales and marketing organizations to work together to drive our sales pipeline and cultivate spending business and partner relationships to drive revenue growth. If we are unable to recruit, hire, develop, and retain talented sales or marketing personnel, if our new sales or marketing personnel and partners are unable to achieve desired productivity levels in a reasonable period of time, or if our sales and marketing programs are not effective, our ability to broaden our spending business base and achieve broader market acceptance of our platform could be harmed. Moreover, our BILL Spend and Expense marketing efforts depend significantly on our ability to call on our current spending businesses to provide positive references to new, potential spending business customers. Given our limited number of long-term spending businesses, the loss or dissatisfaction of any spending business could substantially harm our brand and reputation, inhibit the market adoption of our offering, and impair our ability to attract new spending businesses and maintain existing spending businesses.

Our business and operating results will be harmed if our sales and marketing efforts do not generate significant increases in revenue. We may not achieve anticipated revenue growth from expanding our sales force if we are unable to hire, develop, integrate, and retain talented and effective sales personnel, if our new and existing sales personnel are unable to achieve desired productivity levels in a reasonable period of time, or if our sales and marketing programs and advertising are not effective.

We currently handle cross-border payments and plan to expand our payments offerings to new customers and to make payments to new countries, creating a variety of operational challenges.

A component of our growth strategy involves our cross-border payments product and expanding our operations internationally. We introduced cross-border payments, and now, working with certain international payment services, we offer our U.S.-based customers the ability to disburse funds to over 130 countries. We are continuing to adapt to and develop strategies to address payments to new countries. However, there is no guarantee that such efforts will have the desired adoption by the businesses using our solutions or that cross-border payments will be monetized in the way we expect.

Our cross-border payments product and international expansion strategy involve a variety of risks, including:

- complying with financial regulations and our ability to comply and obtain any relevant licenses in applicable countries or jurisdictions;
- macroeconomic conditions and the general environment for international trade, including tariffs, currency exchange rate fluctuations and our cross-border payments providers' ability to provide us favorable currency exchange rates, which may impact our revenues and expenses;
- reduction or cessation in cross-border trade resulting from government sanctions, increased trade tariffs or restrictions, other trade regulations or strained international relations;
- potential application of more stringent regulations relating to AI, environmental and social matters, privacy, information protection, and data security, and the authorized use of, or access to, commercial and personal information;
- sanctions imposed by applicable government authorities or jurisdictions, such as OFAC, or comparable authorities in other countries;
- exposure to liabilities under anti-corruption and anti-money laundering laws, including the U.S. Foreign Corrupt Practices Act (FCPA), U.S. bribery laws, the UK Bribery Act, and similar laws and regulations in other jurisdictions;
- unexpected changes in tax laws; and
- cessation of business of a cross-border payment service provider or other limitation or inability of a cross-border payment service provider to make payments into certain countries, including for the reasons set forth above.

If we invest substantial time and resources to further expand our cross-border payments offering and are unable to do so successfully and in a timely manner, our business and operating results may suffer.

A substantial portion of our revenue is derived from interchange fees, which exposes us to potential variability in income and other risks.

Certain of our products, including our BILL Divvy Card and our virtual card products, generate revenue primarily from interchange fees paid by the supplier accepting the cards for purchase transactions. Interchange fees comprise a substantial portion of our total revenue. The amount of interchange fees we earn is highly dependent upon the interchange rates set by the third-party card networks and, from time to time, card networks change the interchange fees and assessments they charge for transactions processed using their networks. In addition, interchange fees are the subject of intense legal and regulatory scrutiny and competitive pressures in the electronic payments industry. For example, in March 2024, Visa and Mastercard reached a proposed settlement to pending antitrust litigation, that would have provided savings to merchants by reducing interchange fees on card transactions by setting a five year cap on interchange fee rates and permitting merchants to pass along surcharges for credit card use to cardholders or reject cards altogether, among other changes. This proposed settlement was subsequently rejected by the court in June 2024 and the matter may proceed to trial. While the impact of this litigation on our business remains unclear, any restrictions imposed by a judgment of the court or one or more new settlements may reduce the amount of interchange fees we receive from transactions using our card products, which could negatively impact our revenues. In addition, if customers are deterred or prevented from using our card products as a result of merchant policies, new surcharges or reduced attractiveness of rewards programs, our business, financial condition, and operating results could be adversely impacted.

Interchange fees generally involve a variety of risks, including:

- fluctuations due to the variability of card acceptance practices at supplier locations, and the resulting effect on our revenue;
- changes in card network interchange rates or rules which could dissuade new and existing card-accepting suppliers from continuing to accept card payments;
- unexpected compliance and risk management imposed by the card networks or resulting from changes in regulation;

- declines in the number of active card-accepting suppliers due to concerns about cost or operational complexity; and
- unexpected changes in card acceptance or card issuing rules which may impact our ability to offer this payment product.

Any of these developments could adversely affect our business, financial condition, and operating results.

If we fail to maintain and enhance our brands, our ability to expand our customer base will be impaired and our business, operating results, and financial condition may suffer.

We believe that maintaining and enhancing our brands is important to support the marketing and sale of our existing and future products to new customers and partners and to expand sales of our platforms to new and existing customers and partners. Successfully maintaining and enhancing our brands will depend largely on the effectiveness of our marketing and demand generation efforts, our ability to provide reliable products that continue to meet the needs of our customers at competitive prices, our ability to maintain our customers' trust, our ability to continue to develop new functionality and products, and our ability to successfully differentiate our platform and products from competitive products and services. Our brand promotion activities may not generate customer awareness or yield increased revenue, and even if they do, any increased revenue may not offset the expenses we incur in building our brand. In the fall of 2023, we began phasing out the Divvy brand and renamed our spend and expense products to feature the BILL name. If this rebranding transition is unsuccessful, or if we fail to successfully promote and maintain our brands generally, our business could suffer. In addition, our ability to protect our BILL brand is limited as a result of its descriptive nature.

Changes to payment card networks rules or fees could harm our business.

We are required to comply with the Mastercard, American Express, and Visa payment card network operating rules applicable to our card products. We have agreed to reimburse certain service providers for any fines they are assessed by payment card networks as a result of any rule violations by us. We may also be directly liable to the payment card networks for rule violations. The payment card networks set and interpret the card operating rules. The payment card networks could adopt new operating rules or interpret or reinterpret existing rules that we or our processors might find difficult or even impossible to follow, or costly to implement. We also may seek to introduce other card-related products in the future, which would entail compliance with additional operating rules. As a result of any violations of rules, new rules being implemented, or increased fees, we could be hindered or lose our ability to provide our card products, which would adversely affect our business. In addition, we are contractually obligated to comply with card network rules as a card program manager. As a result of any violations of these rules or new rules being implemented, we could lose our ability or rights to act as a card program manager.

We may require additional capital to support the growth of our business, and this capital might not be available on acceptable terms, if at all.

We have funded our operations since inception primarily through equity and equity-linked securities offerings, sales of subscriptions to our products, transaction fees, interest earned on customer funds, and debt financings. We cannot be certain when or if our operations will generate sufficient cash to fully fund our ongoing operations or the growth of our business. We intend to continue to make investments to support our business, which may require us to engage in equity or debt financings to secure additional funds. We may also seek to raise additional capital from equity or debt financings on an opportunistic basis when we believe there are suitable opportunities for doing so. Additional financing may not be available on terms favorable to us, if at all. If adequate funds are not available on acceptable terms, we may be unable to invest in future growth opportunities, which could harm our business, operating results, and financial condition. If we incur additional debt, the debt holders would have rights senior to holders of common stock to make claims on our assets, and the terms of any debt could restrict our operations, including our ability to pay dividends on our common stock. Furthermore, if we issue additional equity securities, including in connection with merger and acquisition transactions, stockholders will experience dilution. In addition, new equity securities could have rights senior to those of our common stock. In recent periods, market interest rates have increased and the trading prices for our common stock and other technology companies have been highly volatile, which may reduce our ability to access capital on favorable terms or at all. More recently, credit and capital markets have been impacted by instability in the U.S. banking system. In addition, a recession or depression, high inflation, or other sustained adverse market event could materially and adversely affect our business and the value of our common stock. Because our decision to issue securities in the future will depend on numerous considerations, including factors beyond our control, we cannot predict or estimate the amount, timing, or nature of any future issuances of debt or equity securities. As a result, our stockholders bear the risk of future issuances of debt or equity securities reducing the value of our common stock and diluting their interests.

Our ability to use our net operating losses to offset future taxable income may be subject to certain limitations.

As of June 30, 2025, we had net operating loss (NOL) carryforwards of $944.3 million, $881.6 million and $13.4 million for federal, state and foreign tax purposes, respectively, that are available to reduce future taxable income. If not utilized, the state NOL carryforwards will begin to expire in 2025. As of June 30, 2025, the federal and foreign NOL carryforwards do not expire and will carry forward indefinitely until utilized. As of June 30, 2025, we also had research and development tax credit carryforwards of $89.4 million and $66.2 million for federal and state tax purposes, respectively. If not utilized, the federal tax credits will expire at various dates beginning in 2041. The majority of the state tax credits do not expire and will carry forward indefinitely until utilized. In general, under Sections 382 and 383 of the U.S. Internal Revenue Code of 1986, as amended (the Code), a corporation that undergoes an “ownership change” is subject to limitations on its ability to utilize its pre-change NOLs and other tax attributes, such as research tax credits, to offset future taxable income or income tax. If it is determined that we have in the past experienced an ownership change, or if we undergo one or more ownership changes as a result of future transactions in our stock, then our ability to utilize NOLs and other pre-change tax attributes could be limited by Sections 382 and 383 of the Code. Future changes in our stock ownership, many of which are outside of our control, could result in an ownership change under Sections 382 or 383 of the Code. Furthermore, our ability to utilize NOLs of companies that we may acquire in the future may be subject to limitations. For these reasons, we may not be able to utilize a material portion of the NOLs. In addition, any future changes in tax laws could impact our ability to utilize NOLs in future years and may result in greater tax liabilities than we would otherwise incur and adversely affect our cash flows and financial position.

We could be required to collect additional sales taxes or be subject to other tax liabilities that may increase the costs our customers would have to pay for our offering and adversely affect our operating results.

The vast majority of states have considered or adopted laws that impose tax collection obligations on out-of-state companies. States where we have nexus may require us to calculate, collect, and remit taxes on sales in their jurisdiction. Additionally, the U.S. Supreme Court's 2018 ruling in South Dakota v. Wayfair, Inc. et al (Wayfair) allowed states to require online sellers to collect and remit sales and use tax despite not having a physical presence in the buyer’s state. In response to Wayfair, or otherwise, states or local governments may enforce laws requiring us to calculate, collect, and remit taxes on sales in their jurisdictions. We may be obligated to collect and remit sales and use taxes in states where we have not collected and remitted sales and use taxes. A successful assertion by one or more states requiring us to collect taxes where we historically have not or presently do not do so could result in substantial tax liabilities, including taxes on past sales, as well as penalties and interest. The imposition by state governments or local governments of sales tax collection obligations on out-of-state sellers could also create additional administrative burdens for us, put us at a perceived competitive disadvantage if they do not impose similar obligations on our competitors, and decrease our future sales, which could adversely affect our business and operating results.

Changes in our effective tax rate or tax liability may adversely affect our operating results.

Our effective tax rate could increase due to several factors, including:

- changes in the relative amounts of income before taxes in the various U.S. and international jurisdictions in which we operate due to differing statutory tax rates in various jurisdictions;
- changes in tax laws, tax treaties, and regulations or the interpretation of them, including the Inflation Reduction Act of 2022 and the One Big Beautiful Bill Act of 2025 (the impact of which we are still assessing);

- changes to our assessment about our ability to realize our deferred tax assets that are based on estimates of our future results, the prudence and feasibility of possible tax planning strategies, and the economic and political environments in which we do business;
- the outcome of current and future tax audits, examinations, or administrative appeals; and
- limitations or adverse findings regarding our ability to do business in some jurisdictions.

Any of these developments could adversely affect our operating results.

Natural catastrophic events, pandemics, and man-made problems such as power-disruptions, computer viruses, data security breaches, war, and terrorism may disrupt our business.

Natural disasters, pandemics such as the COVID-19 pandemic, other catastrophic events, and man-made problems, such as terrorism, war, or economic or trade sanctions related to war or other geopolitical conflicts, may cause damage or disruption to our operations, international commerce, and the global economy, and thus could harm our business. We have a large employee presence in the San Francisco Bay Area in California and in Draper, Utah. The west coast of the U.S. contains active earthquake zones and is subject to frequent wildfire outbreaks and the Houston area frequently experiences significant hurricanes. In the event of a major earthquake, hurricane, or catastrophic event such as fire, flooding, power loss, telecommunications failure, vandalism, cyber-attack, war, or terrorist attack, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in our application development, lengthy interruptions in our products, breaches of data security, and loss of critical data, all of which could harm our business, operating results, and financial condition. In addition, data centers depend on predictable and reliable energy and networking capabilities, which could be affected by a variety of factors, including climate change.

Additionally, as computer malware, viruses, and computer hacking, fraudulent use attempts, and phishing attacks have become more prevalent, we, and third parties upon which we rely, face increased risk in maintaining the performance, reliability, security, and availability of our solutions and related services and technical infrastructure to the satisfaction of our customers. Any computer malware, viruses, computer hacking, fraudulent use attempts, phishing attacks, or other data security breaches related to our network infrastructure or information technology systems or to computer hardware we lease from third parties, could, among other things, harm our reputation and our ability to retain existing customers and attract new customers.

The insurance we maintain may be insufficient to cover our losses resulting from disasters, cyber-attacks, or other business interruptions, and any incidents may result in loss of, or increased costs of, such insurance. Finally, we have elected to self-insure for certain employee medical and vision matters. Accordingly, in the event of a pandemic or other catastrophic event, we may be at a greater risk that our financial condition will be adversely affected.

If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable laws and regulations could be impaired.

We are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley), the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the listing requirements of the New York Stock Exchange (NYSE), and other applicable securities rules and regulations. Compliance with these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time consuming, or costly, and increase demand on our systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and operating results. Sarbanes-Oxley requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. It may require significant resources and management oversight to maintain and, if necessary, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard. As a result, management's attention may be diverted from other business concerns, which could adversely affect our business and operating results. Although we have already hired additional employees to comply with these requirements, we may need to hire more employees in the future or engage outside consultants, which would increase our costs and expenses.

We are required, pursuant to Section 404 of Sarbanes-Oxley (Section 404), to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting. Effective internal control over financial reporting is necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could cause us to fail to meet our reporting obligations. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock.

This assessment needs to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting, as well as a statement that our independent registered public accounting firm has issued an opinion on the effectiveness of our internal control over financial reporting. Section 404(b) of the Sarbanes-Oxley Act requires our independent registered public accounting firm to annually attest to the effectiveness of our internal control over financial reporting, which has, and will continue to, require increased costs, expenses, and management resources. An independent assessment of the effectiveness of our internal controls could detect problems that our management's assessment might not. Undetected material weaknesses in our internal controls could lead us to restate our financial statements, which could cause investors to lose confidence in our reported financial information, have a negative effect on the trading price of our common stock, and result in additional costs to remediate such material weaknesses. We are required to disclose changes made in our internal control and procedures on a quarterly basis. To comply with the requirements of being a public company, we may need to undertake various actions, such as implementing new internal controls and procedures and hiring accounting or internal audit staff. If we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm issues an adverse opinion on the effectiveness of our internal control, we could lose investor confidence in the accuracy and completeness of our financial reports, which could cause the price of our common stock to decline, and we may be subject to investigation or sanctions by the SEC. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the NYSE.

Our reported financial results may be adversely affected by changes in accounting principles generally accepted in the U.S.

GAAP is subject to interpretation by the Financial Accounting Standards Board (FASB), the SEC, and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported operating results and financial condition and could affect the reporting of transactions already completed before the announcement of a change.

If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our operating results could be adversely affected.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated 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 provided in the section titled "*Management's Discussion and Analysis of Financial Condition and Operating Results—Critical Accounting Estimates.*" The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities, and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Significant estimates and judgments may involve the variable consideration used in revenue recognition for certain contracts, determination of useful lives of long-lived intangible assets, present value estimation of operating lease liabilities, the estimate of expected credit losses on accounts receivable, acquired card receivables and loans held for investment, accrual for rewards, inputs used to value certain stock-based compensation awards, benefit period to amortize deferred costs and valuation of income taxes. Our operating results may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the trading price of our common stock.

Our estimates of market opportunity and forecasts of market growth may prove to be inaccurate, and even if the market in which we compete achieves the forecasted growth, our business could fail to grow at similar rates, if at all.

Market opportunity estimates and growth forecasts, including those we have generated ourselves, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The variables that go into the calculation of our market opportunity are subject to change over time, and there is no guarantee that any particular number or percentage of addressable users or companies covered by our market opportunity estimates will purchase our products at all or generate any particular level of revenue for us. Any expansion in the markets in which we operate depends on a number of factors, including the cost, performance, and perceived value associated with our platforms and those of our competitors. Even if the markets in which we compete meet the size estimates and growth forecasted, our business could fail to grow at similar rates, if at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is subject to many risks and uncertainties. Accordingly, our forecasts of market growth should not be taken as indicative of our future growth.

We rely on assumptions and estimates to calculate certain of our performance metrics, and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business.

We calculate and track certain customer and other performance metrics with internal tools, which are not independently verified by any third party. While we believe our metrics are reasonable estimates of our customer base and payment and transaction volumes for the applicable period of measurement, the methodologies used to measure these metrics require significant judgment and may be susceptible to algorithm or other technical errors. For example, the accuracy and consistency of our performance metrics may be impacted by changes to internal assumptions regarding how we account for and track customers, limitations on system implementations, and limitations on the ability of third-party tools to match our database. If the internal tools we use to track these metrics undercount or overcount performance or contain algorithmic or other technical errors, the data we report may not be accurate. In addition, limitations or errors with respect to how we measure data (or the data that we measure) may affect our understanding of certain details of our business, which could affect our longer-term strategies. Further, as our business develops, we may revise or cease reporting certain metrics if we determine that such metrics are no longer accurate or appropriate measures of our performance. If our performance metrics are not accurate representations of our business, customer base, or payment or transaction volumes, if we discover material inaccuracies in our metrics, or if the metrics we rely on to track our performance do not provide an accurate measurement of our business, our reputation may be harmed, we may be subject to legal or regulatory actions, and our business, operating results, financial condition, and prospects could be adversely affected.

Any future litigation against us could be costly and time-consuming to defend.

We have in the past and may in the future become subject to legal proceedings and claims that arise in the ordinary course of business, such as claims brought by our customers in connection with commercial disputes, employment claims made by our current or former employees, or claims for reimbursement following misappropriation of customer data. Litigation might result in substantial costs and may divert management's attention and resources, which might seriously harm our business, overall financial condition, and operating results. Insurance might not cover such claims, might not provide sufficient payments to cover all the costs to resolve one or more such claims, and might not continue to be available on terms acceptable to us. A claim brought against us that is uninsured or under-insured could result in unanticipated costs, thereby reducing our operating results and leading analysts or potential investors to reduce their expectations of our performance, which could reduce the trading price of our stock.

If we cannot maintain our company culture as we grow, our success and our business may be harmed.

We believe our culture has been a key contributor to our success to date and that the critical nature of the platform that we provide promotes a sense of greater purpose and fulfillment in our employees. Inorganic growth through mergers and acquisitions may pose significant challenges to assimilating the company cultures of acquired companies. Any failure to preserve our culture could negatively affect our ability to retain and recruit personnel, which is critical to our growth, and to effectively focus on and pursue our corporate objectives. As we grow and develop the infrastructure of a public company, we may find it difficult to maintain these important aspects of our culture. If we fail to maintain our company culture, our business and competitive position may be adversely affected.

We are exposed to foreign currency exchange risk relating to our Canadian operations.

We are exposed to foreign currency exchange risk relating to our Canadian operations and Canadian subsidiary. A change in foreign currency exchange rates, particularly in Canadian dollars to U.S. dollars, can affect our financial results due to transaction gains or losses related to the remeasurement of certain monetary asset and monetary liability balances that are denominated in currencies other than U.S. dollars, which is the functional currency of our Canadian subsidiary. In addition, we expect our exposure to foreign currency rate risks in the future to increase as our international operations increase.

Our business could be negatively affected as a result of actions by or proposals from activist stockholders, and such activism could impact the trading value of our securities and harm our business, financial condition and results of operations.

We may be subject to actions by or proposals from activist stockholders or others that may not align with our business strategies or the interests of our other stockholders. Responding to these actions or proposals can be costly and time consuming, disrupt our business and operations and divert the attention of our Board of Directors, management and employees. If activist stockholders were to emerge, their activities could interfere with our ability to execute our strategies and divert resources from our business. In addition, a proxy contest for the election of directors at our annual meeting would require us to incur significant legal fees and proxy solicitation expenses and require significant time and attention of management and our Board of Directors. Activist stockholders may create perceived uncertainties as to our future direction which may be exploited by our competitors and may make it more difficult to attract and retain qualified personnel and potential customers and partners and may affect our relationships with current customers, partners, vendors, investors and other third parties. In addition, actions of activist stockholders may cause periods of fluctuation in our stock price based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business.

Risks Related to Government Regulation and Privacy Matters

Payments and other financial services-related regulations and oversight are material to our business. Our failure to comply could materially harm our business.

The local, state, and federal laws, rules, regulations, licensing requirements, and industry standards that govern our business include, or may in the future include, those relating to banking, deposit-taking, cross-border and domestic money transmission, foreign exchange, payments services (such as licensed money transmission, payment processing, and settlement services), lending, anti-money laundering, combating terrorist financing, escheatment, international sanctions regimes, and compliance with the Payment Card Industry Data Security Standard, a set of requirements designed to ensure that all companies that process, store, or transmit payment card information maintain a secure environment to protect spending business data.

Several of our subsidiaries maintain licenses to operate in regulated businesses in U.S. states and Canada. Our subsidiary, Bill.com, LLC, maintains licenses, as applicable, to operate as a money transmitter (or its equivalent) in the U.S., the District of Columbia, the Commonwealth of Puerto Rico, and, to the best of our knowledge, in all the states where such licensure or registration is required for our business. In addition, our subsidiary, Bill.com Canada, LLC is a Foreign Money Services Business in Canada and the regulations applicable to our activity in Canada are enforced by FINTRAC, the Bank of Canada, and Quebec’s Financial Markets Authority. As a licensed money transmitter in the U.S., we are subject to obligations and restrictions with respect to the investment of customer funds, reporting requirements, bonding requirements, minimum capital requirements, and examinations by state and federal regulatory agencies concerning various aspects of our business. As a licensed Foreign Money Services business in Canada, we are subject to Canadian compliance regulations applicable to money movement and sanctions requirements. In addition, our DivvyPay, LLC subsidiary (Divvy) holds brokering and servicing licenses required in connection with our BILL Divvy Card offering, and certain of our other subsidiaries hold loan brokering and servicing licenses as well.

In addition, other subsidiaries of ours are required to maintain loan brokering or servicing licenses in a number of U.S. states in which we conduct business and are contractually obligated to comply with federal consumer protection laws and regulations, applicable state laws, as well as card network rules as a card program manager for our BILL Divvy Card. These laws, rules, regulations, licensing schemes, and standards are enforced by multiple authorities and governing bodies in the U.S., including the Department of the Treasury, the Federal Trade Commission, the Consumer Financial Protection Bureau, the SEC, self-regulatory organizations, and numerous state and local agencies. As we expand into new jurisdictions, the number of foreign laws, rules, regulations, licensing schemes, and standards governing our business will expand as well. In addition, as our business and products continue to develop and expand, we may become subject to additional laws, rules, regulations, licensing schemes, and standards. We may not always be able to accurately predict the scope or applicability of certain laws, rules, regulations, licensing schemes, or standards to our business, particularly as we expand into new areas of operations, which could have a significant negative effect on our existing business and our ability to pursue future plans.

Evaluation of our compliance efforts in the U.S. and Canada, as well as questions as to whether and to what extent our products and services are considered money transmission, are matters of regulatory interpretation and could change over time. In the past, we have been subject to fines and other penalties by regulatory authorities for violations of state money transmission laws. Regulators and third-party auditors have also identified gaps in our anti-money laundering and sanctions program, which we have addressed through remediation processes. In the future, as a result of the regulations applicable to our business, we could be subject to investigations and resulting liability, including governmental fines, restrictions on our business, or other sanctions, and we could be forced to cease conducting certain aspects of our business with residents of certain jurisdictions, be forced to change our business practices in certain jurisdictions, or be required to obtain additional licenses or regulatory approvals. There can be no assurance that we will be able to obtain or maintain any such licenses, and, even if we were able to do so, there could be substantial costs and potential product changes involved in maintaining such licenses, which could have a material and adverse effect on our business. In addition, there are substantial costs and potential product changes involved in maintaining and renewing such licenses, certifications, and approvals, and we could be subject to fines or other enforcement action if we are found to violate disclosure, reporting, anti-money laundering, capitalization, corporate governance, or other requirements of such licenses. These factors could impose substantial additional costs, involve considerable delay to the development or provision of our products or services, require significant and costly operational changes, or prevent us from providing our products or services in any given market.

Government agencies may impose new or additional rules on money transmission, including regulations that:

- prohibit, restrict, and/or impose taxes or fees on money transmission transactions in, to, or from certain countries or with certain governments, individuals, and entities;
- impose additional customer and spending business identification and customer or spending business due diligence requirements;
- impose additional reporting or recordkeeping requirements, or require enhanced transaction monitoring;
- limit the types of entities capable of providing money transmission services, or impose additional licensing or registration requirements;
- impose minimum capital or other financial requirements;
- limit or restrict the revenue that may be generated from money transmission, including revenue from interest earned on customer funds, transaction fees, and revenue derived from foreign exchange;
- require enhanced disclosures to our money transmission customers;
- require the principal amount of money transmission originated in a country to be invested in that country or held in trust until paid;
- limit the number or principal amount of money transmission transactions that may be sent to or from a jurisdiction, whether by an individual or in the aggregate; and
- restrict or limit our ability to process transactions using centralized databases, for example, by requiring that transactions be processed using a database maintained in a particular country or region.

Our business is subject to extensive government regulation and oversight. Our failure to comply with extensive, complex, overlapping, and frequently changing rules, regulations, and legal interpretations could materially harm our business.

Our success and increased visibility may result in increased regulatory oversight and enforcement and more restrictive rules and regulations that apply to our business. We are subject to a wide variety of local, state, federal, and international laws, rules, regulations, licensing schemes, and industry standards in the U.S. and in other countries in which we operate and in many of the countries in which our subsidiaries Invoice2go, LLC and Cimrid Pty, Ltd (together, Invoice2go) have subscribers. These laws, rules, regulations, licensing schemes, and standards govern numerous areas that are important to our business. In addition to the payments and financial services-related regulations, and the privacy, data protection, and information security-related laws described elsewhere in this "*Risk Factors*" section our business is also subject to, without limitation, rules and regulations applicable to: securities, labor and employment, immigration, competition, and marketing and communications practices. Laws, rules, regulations, licensing schemes, and standards applicable to our business are subject to change and evolving interpretations and application, including by means of legislative changes and/or executive orders, and it can be difficult to predict how they may be applied to our business and the way we conduct our operations, particularly as we introduce new products and services and expand into new jurisdictions. We may not be able to respond quickly or effectively to regulatory, legislative, and other developments, and these changes may in turn impair our ability to offer our existing or planned features, products, and services and/or increase our cost of doing business. For example, the State of California has adopted new climate-related disclosure requirements, and compliance with such rules could require significant effort and resources.

Although we have a compliance program focused on the laws, rules, regulations, licensing schemes, and industry standards that we have assessed as applicable to our business and we are continually investing more in this program, there can be no assurance that our employees or contractors will not violate such laws, rules, regulations, licensing schemes, and industry standards. Any failure or perceived failure to comply with existing or new laws, rules, regulations, licensing schemes, industry standards, or orders of any governmental authority (including changes to or expansion of the interpretation of those laws, regulations, standards, or orders), may:

- subject us to significant fines, penalties, criminal and civil lawsuits, license suspension or revocation, forfeiture of significant assets, audits, inquiries, whistleblower complaints, adverse media coverage, investigations, and enforcement actions in one or more jurisdictions levied by federal, state, local, or foreign regulators, state attorneys general, and private plaintiffs who may be acting as private attorneys general pursuant to various applicable federal, state, and local laws;
- result in additional compliance and licensure requirements;
- increase regulatory scrutiny of our business; and
- restrict our operations and force us to change our business practices or compliance program, make product or operational changes, or delay planned product launches or improvements.

The complexity of U.S. federal and state regulatory and enforcement regimes, coupled with the scope of our international operations and the evolving regulatory environment, could result in a single event giving rise to many overlapping investigations and legal and regulatory proceedings by multiple government authorities in different jurisdictions.

Further, in June 2024, the U.S. Supreme Court reversed its longstanding approach under the Chevron doctrine, which provided for judicial deference to regulatory agencies. As a result of this decision, we cannot be sure whether there will be increased challenges to existing agency regulations or how lower courts will apply the decision in the context of other regulatory schemes without more specific guidance from the U.S. Supreme Court. For example, the U.S. Supreme Court's decision could significantly impact consumer protection, advertising, privacy, artificial intelligence, anti-corruption and anti-money laundering practices and other regulatory regimes with which we are required to comply. Any such regulatory developments could result in uncertainty about and changes in the ways such regulations apply to us, and may require additional resources to ensure our continued compliance.

Any of the foregoing could, individually or in the aggregate, harm our reputation as a trusted provider, damage our brands and business, cause us to lose existing customers, prevent us from obtaining new customers, require us to expend significant funds to remedy problems caused by breaches and to avert further breaches, expose us to legal risk and potential liability, and adversely affect our business, operating results, and financial condition.

We are subject to governmental regulation and other legal obligations, particularly those related to privacy, data protection, and information security, and our actual or perceived failure to comply with such obligations could harm our business, by resulting in litigation, fines, penalties, or adverse publicity and reputational damage that may negatively affect the value of our business and decrease the price of our common stock. Compliance with such laws could also result in additional costs and liabilities to us or inhibit sales of our products.

Our customers, their suppliers, and other users store personal and business information, financial information, and other sensitive information on our platform. In addition, we receive, store, and process personal and business information and other data from and about actual and prospective customers and users, in addition to our employees and service providers. Our handling of data is subject to a variety of laws and regulations, including regulation by various government agencies, such as the FTC, and various state, local, and foreign agencies. Our data handling also is subject to contractual obligations and industry standards.

The U.S. federal and various state and foreign governments have adopted or proposed limitations on the collection, distribution, use, and storage of data relating to individuals and businesses, including the use of contact information and other data for marketing, advertising, and other communications with individuals and businesses. In the U.S., various laws and regulations apply to the collection, processing, disclosure, and security of certain types of data, including the Gramm Leach Bliley Act (GLBA) and state laws relating to privacy and data security. GLBA requires financial institutions to explain their information sharing practices to their customers and to safeguard sensitive data. Additionally, the FTC and many state attorneys general are interpreting federal and state consumer protection laws as imposing standards for the online collection, use, dissemination, and security of data. For example, the California Consumer Privacy Act (CCPA), which broadly defines personal information, gives California residents expanded privacy rights and protections, including the right to opt out of certain personal information sharing, the use of “sensitive personal information,” and the use of personal information for automated decision-making or targeted advertising and provides for civil penalties for violations and a private right of action for data breaches. Many aspects of the CCPA remain unclear, and its full impact on our business and operations remains uncertain. Following the lead of California, over a third of U.S. states, including Colorado, Virginia, and Texas have enacted laws similar to the CCPA and several other states are considering enacting similarly comprehensive consumer privacy laws as well. Accordingly, the laws and regulations relating to privacy, data protection, and information security are evolving, can be subject to significant change, and may result in ever-increasing regulatory and public scrutiny and escalating levels of enforcement and sanctions.

In addition, several foreign countries and governmental bodies, including the European Union (EU) and the United Kingdom (UK), have laws and regulations dealing with the handling and processing of personal information, which in certain cases are more restrictive than those in the U.S. Laws and regulations in these jurisdictions apply broadly to the collection, use, storage, disclosure, and security of various types of data, including data that identifies or may be used to identify an individual, such as names, email addresses, and internet protocol addresses. Our current and prospective service offerings subject us to the GDPR, Australian and Canadian privacy laws, and the privacy laws of many other foreign jurisdictions. Such laws and regulations may be modified or subject to new or different interpretations, and new laws and regulations may be enacted in the future.

For example, the GDPR imposes stringent operational requirements for controllers and processors of personal data of individuals within the European Economic Area and the UK, respectively, and non-compliance can trigger robust regulatory enforcement and fines of up to the greater of €20 million or 4% of the annual global revenues. Among other requirements, GDPR regulates transfers of personal data to third countries that have not been found to provide adequate protection to such personal data, including the United States. The efficacy and longevity of current transfer mechanisms between the EU or the UK and the United States remains uncertain. Violations of the GDPR may also lead to damages claims by data controllers and data subjects, in addition to civil litigation claims by data controllers, customers, and data subjects.

The scope and interpretation of the laws that are or may be applicable to us are often uncertain and may be conflicting as a result of the rapidly evolving regulatory framework for privacy issues worldwide. For example, laws relating to the liability of providers of online services for activities of their users and other third parties are currently being tested by a number of claims, including actions based on invasion of privacy and other torts, unfair competition, copyright and trademark infringement, and other theories based on the nature and content of the materials searched, the ads posted, or the content provided by users. As a result of the laws that are or may be applicable to us, and due to the sensitive nature of the information we collect, we have implemented policies and procedures to preserve and protect our data and our customers' data against loss, misuse, corruption, misappropriation caused by systems failures, or unauthorized access. If our policies, procedures, or measures relating to privacy, data protection, information security, marketing, or customer communications fail to comply with laws, regulations, policies, legal obligations, or industry standards, we may be subject to governmental enforcement actions, litigation, regulatory investigations, fines, penalties, and negative publicity, and it could cause our application providers, customers, and partners to lose trust in us, and have an adverse effect on our business, operating results, and financial condition.

In addition to government regulation, privacy advocates and industry groups may propose new and different self-regulatory standards that may apply to us. Because the interpretation and application of privacy, data protection and information security laws, regulations, rules, and other standards are still uncertain, it is possible that these laws, rules, regulations, and other actual or alleged legal obligations, such as contractual or self-regulatory obligations, may be interpreted and applied in a manner that is inconsistent with our existing data management practices or the functionality of our platform. If so, in addition to the possibility of fines, lawsuits, and other claims, we could be required to fundamentally change our business activities and practices or modify our software, which could have an adverse effect on our business.

Any failure or perceived failure by us to comply with laws, regulations, policies, legal, or contractual obligations, industry standards, or regulatory guidance relating to privacy, data protection, or information security, may result in governmental investigations and enforcement actions, litigation, fines and penalties, or adverse publicity, and could cause our customers and partners to lose trust in us, which could have an adverse effect on our reputation and business. We expect that there will continue to be new proposed laws, regulations, and industry standards relating to privacy, data protection, information security, marketing, and consumer communications, and we cannot determine the impact such future laws, regulations, and standards may have on our business. Future laws, regulations, standards, and other obligations or any changed interpretation of existing laws or regulations could impair our ability to develop and market new functionality and maintain and grow our customer base and increase revenue. Future restrictions on the collection, use, sharing, or disclosure of data, or additional requirements for express or implied consent of our customers, partners, or users for the use and disclosure of such information could require us to incur additional costs or modify our platform, possibly in a material manner, and could limit our ability to develop new functionality.

If we are not able to comply with these laws or regulations, or if we become liable under these laws or regulations, our business, financial condition, or reputation could be harmed, and we may be forced to implement new measures to reduce our exposure to this liability. This may require us to expend substantial resources or to discontinue certain products, which would negatively affect our business, financial condition, and operating results. In addition, the increased attention focused upon liability issues as a result of lawsuits and legislative proposals could harm our reputation or otherwise adversely affect the growth of our business. Furthermore, any costs incurred as a result of this potential liability could harm our operating results.

We, our partners, our customers, and others who use our services obtain and process a large amount of sensitive data. Any real or perceived improper or unauthorized use of, disclosure of, or access to such data could harm our reputation as a trusted brand and adversely affect our business, operating results, and financial condition.

We, our partners, our customers, and the third-party vendors and data centers that we use, obtain and process large amounts of sensitive data, including data related to our customers and their transactions, as well as other data of the counterparties to their payments. We face risks, including to our reputation as a trusted brand, in the handling and protection of this data, and these risks will increase as our business continues to expand to include new products and technologies.

Cybersecurity incidents and malicious internet-based activity continue to increase generally, and providers of cloud-based services have frequently been targeted by such attacks. These cybersecurity challenges, including threats to our own information technology infrastructure or those of our customers or third-party providers, may take a variety of forms ranging from stolen bank accounts, business email compromise, customer employee fraud, account takeover, check fraud, or cybersecurity attacks, to “mega breaches” targeted against cloud-based services and other hosted software, which could be initiated by individual or groups of hackers or sophisticated cyber criminals. State-sponsored cybersecurity attacks on the U.S. financial system or U.S. financial service providers could also adversely affect our business. A cybersecurity incident or breach could result in disclosure of confidential information and intellectual property, or cause production downtimes and compromised data. We have in the past experienced cybersecurity incidents of limited scale. We may be unable to anticipate or prevent techniques used in the future to obtain unauthorized access or to sabotage systems because they change frequently and often are not detected until after an incident has occurred. As we increase our customer base and our brand becomes more widely known and recognized, third parties may increasingly seek to compromise our security controls or gain unauthorized access to our sensitive corporate information or our customers’ data.

We have administrative, technical, and physical security measures in place, and we have policies and procedures in place to contractually require service providers to whom we disclose data to implement and maintain reasonable privacy, data protection, and information security measures. However, if our privacy protection, data protection, or information security measures or those of the previously mentioned third parties are inadequate or are breached as a result of third-party action, employee or contractor error, malfeasance, malware, phishing, hacking attacks, system error, software bugs, or defects in our products, trickery, process failure, or otherwise, and, as a result, there is improper disclosure of, or someone obtains unauthorized access to or exfiltrates funds or sensitive information, including personally identifiable information, on our systems or our partners’ systems, or if we suffer a ransomware or advanced persistent threat attack, or if any of the foregoing is reported or perceived to have occurred, our reputation and business could be damaged. Recent high-profile security breaches and related disclosures of sensitive data by large institutions suggest that the risk of such events is significant, even if privacy, data protection, and information security measures are implemented and enforced. If sensitive information is lost or improperly disclosed or threatened to be disclosed, we could incur significant costs associated with remediation and the implementation of additional security measures, and may incur significant liability and financial loss, and be subject to regulatory scrutiny, investigations, proceedings, and penalties.

U.S. regulators, including the FTC, have also adopted or proposed enhanced cyber risk management standards that would apply to us and our financial institution partners and that would address cyber risk governance and management, management of internal and external dependencies, and incident response, cyber resilience, and situational awareness. Legislation and regulations on cybersecurity, data privacy and data localization may compel us to enhance or modify our systems, invest in new systems, or alter our business practices or our policies on data governance and security. If any of these outcomes were to occur, our operational costs could increase significantly. Failure to comply with applicable laws in this area could also result in significant fines, penalties, and reputational damage.

In addition, our financial institution partners conduct regular audits of our cybersecurity program, and if any of them were to conclude that our systems and procedures are insufficiently rigorous, they could terminate their relationships with us, and our financial results and business could be adversely affected. Under our terms of service and our contracts with certain partners, if there is a breach of payment information that we store, we could be liable to the partner for their losses and related expenses. Additionally, if our own confidential business information were improperly disclosed, our business could be materially and adversely affected. A core aspect of our business is the reliability and security of our platform. Any perceived or actual breach of security, regardless of how it occurs or the extent of the breach, could have a significant impact on our reputation as a trusted brand, cause us to lose existing partners or other customers, prevent us from obtaining new partners and other customers, require us to expend significant funds to remedy problems caused by breaches and implement measures to prevent further breaches, and expose us to legal risk and potential liability including those resulting from governmental or regulatory investigations, class action litigation, and costs associated with remediation, such as fraud monitoring and forensics. Any actual or perceived security breach at a company providing services to us or our customers could have similar effects. Further, as the ensuing adoption of remote work has resulted in a significant number of people working from home, these cybersecurity risks may be heightened by an increased attack surface across our business and those of our partners and service providers.

We have heightened monitoring in the face of such risks, but cannot guarantee that our efforts, or the efforts of those upon whom we rely and partner with, will be successful in preventing any such information security incidents.

While we maintain cybersecurity insurance, our insurance may be insufficient or may not cover all liabilities incurred by such attacks. We also cannot be certain that our insurance coverage will be adequate for data handling or data security liabilities actually incurred, that insurance will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny 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 adversely affect our business, operating results, financial condition, and reputation.

We are subject to governmental laws and requirements regarding economic and trade sanctions, anti-money laundering, and counter-terror financing that could impair our ability to compete in international markets or subject us to criminal or civil liability if we violate them.

Although we currently only offer our payment and card products to customers in the U.S., UK, and Canada, Invoice2go has international subscribers in approximately 150 countries, including Australia and several EU countries, for which payment activity is conducted through third-party payment providers. As we continue to expand internationally, we will become subject to additional laws and regulations, and will need to implement new regulatory controls to comply with applicable laws. We are currently required to comply with U.S. economic and trade sanctions administered by OFAC and we have processes in place to comply with the OFAC regulations as well as similar requirements in other jurisdictions, including the Australian Sanctions Regime, the Canadian Proceeds of Crime and Terrorist Financing Act, the UK Office of Financial Sanctions Implementation and, to the extent we expand our offerings into the EU, EU money laundering directives. As part of our compliance efforts, we scan our customers and payments against OFAC and other watch lists and have controls to monitor and mitigate these risks. If our services are accessed from a sanctioned country in violation of the trade and economic sanctions, we could be subject to fines or other enforcement action. For example, we previously identified gaps in our IP address blocking controls and believe that certain U.S. domestic payments were made through our platform by U.S. customers while traveling in sanctioned countries. In addition, we identified that one of our acquired subsidiaries, Zipbooks, onboarded and received a limited amount of subscription payments from certain subscribers potentially located in sanctioned countries. In March 2024, we submitted a voluntary self-disclosure to OFAC related to these issues and, in November 2024, OFAC completed its review and issued us a cautionary letter. We have implemented additional controls and screening tools designed to prevent similar activity from occurring in the future, but there can be no assurance that we will not encounter similar issues with our sanctions compliance processes in the future. If we are found to have failed to comply with U.S. sanctions laws, we could be subject to certain penalties, including monetary fines, as well as reputational harm. We are also subject to various anti-money laundering and counter-terrorist financing laws and regulations in the U.S. and Canada, and around the world that prohibit, among other things, our involvement in transferring the proceeds of criminal activities.

In the United States, most of our services are subject to anti-money laundering laws and regulations, including the BSA, the Anti-Money Laundering Act of 2020, and similar state laws and regulations. The BSA requires, among other things, MSBs to develop and implement risk-based anti-money laundering programs, to report suspicious activity, and in some cases, to collect and maintain information about customers who use their services and maintain other transaction records. Regulators in the United States, Canada, and in many other foreign jurisdictions continue to increase their scrutiny of compliance with these obligations, which may require us to further revise or expand our compliance program, including the procedures we use to verify the identity of our customers and to monitor transactions on our system, including payments to persons outside of the U.S. and Canada. Regulators regularly re-examine the transaction volume thresholds at which we must obtain and keep applicable records or verify identities of customers, and any change in such thresholds could result in greater costs for compliance.

We are subject to anti-corruption, anti-bribery, and similar laws, and non-compliance with such laws can subject us to criminal or civil liability and harm our business.

We are subject to the FCPA, U.S. domestic bribery laws, and other anti-corruption laws, including Australia's anti-bribery laws, the Canadian Criminal Code, the Canadian Corruption of Foreign Public Officials Act and the UK Bribery Act 2010. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly to generally prohibit companies, their employees, and their third-party intermediaries from authorizing, offering, or providing, directly or indirectly, improper payments or benefits to recipients in the public sector. These laws also require that we keep accurate books and records and maintain internal controls and compliance procedures designed to prevent any such actions. Although we currently only offer our payment and card products to customers in the U.S., and payment services in Canada and the United Kingdom, Invoice2go has international subscribers in approximately 150 countries, including Australia and several EU countries for which payment activity is conducted through third-party payment providers. As we increase our international cross-border business and expand operations abroad, we may engage with business partners and third-party intermediaries to market our services and obtain necessary permits, licenses, and other regulatory approvals. In addition, we or our third-party intermediaries may have 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 these third-party intermediaries, our employees, representatives, contractors, partners, and agents, even if we do not explicitly authorize such activities.

We cannot assure you that all of our employees and agents will not take actions in violation of our policies and applicable law, for which we may be ultimately held responsible. As we increase our international business, our risks under these laws may increase.

Detecting, investigating, and resolving actual or alleged violations of anti-corruption laws can require a significant diversion of time, resources, and attention from senior management. In addition, noncompliance with anti-corruption or anti-bribery laws could subject us to whistleblower complaints, investigations, sanctions, settlements, prosecution, enforcement actions, fines, damages, other civil or criminal penalties, injunctions, suspension or debarment from contracting with certain persons, reputational harm, adverse media coverage, and other collateral consequences. If any subpoenas are received 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 business, operating results, and financial condition could be materially harmed. In addition, responding to any action will likely result in a materially significant diversion of management's attention and resources and significant defense costs and other professional fees.

Risks Related to Our Intellectual Property

If we fail to adequately protect our proprietary rights, our competitive position could be impaired and we may lose valuable assets, generate less revenue, and incur costly litigation to protect our rights.

Our success is dependent, in part, upon protecting our proprietary technology. We rely on a combination of patents, copyrights, trademarks, service marks, trade secret laws, and contractual provisions to establish and protect our proprietary rights. However, the steps we take to protect our intellectual property may be inadequate. While we have been issued patents in the U.S. and have additional patent applications pending, we may be unable to obtain patent protection for the technology covered in our patent applications. In addition, any patents issued in the future may not provide us with competitive advantages or may be successfully challenged by third parties. Any of our patents, trademarks, or other intellectual property rights may be challenged or circumvented by others or invalidated through administrative process or litigation. There can be no guarantee that others will not independently develop similar products, duplicate any of our products, or design around our patents. 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 products and use information that we regard as proprietary to create products and services that compete with ours.

We have been in the past, and may in the future be, subject to intellectual property disputes, which are costly and may subject us to significant liability and increased costs of doing business.

We have been in the past and may in the future become subject to intellectual property disputes. Lawsuits are time-consuming and expensive to resolve and they divert management's time and attention. Although we carry insurance, our insurance may not cover potential claims of this type or may not be adequate to indemnify us for all liability that may be imposed. We cannot predict the outcome of lawsuits and cannot assure you that the results of any such actions will not have an adverse effect on our business, operating results, or financial condition.

The software industry is characterized by the existence of many patents, copyrights, trademarks, trade secrets, and other intellectual and proprietary rights. Companies in the software industry are often required to defend against litigation claims based on allegations of infringement or other violations of intellectual property rights. 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. Any litigation may also involve patent holding companies or other adverse patent owners that have no relevant product revenue, and therefore, our patents may provide little or no deterrence as we would not be able to assert them against such entities or individuals. If a third party is able to obtain an injunction preventing us from accessing such third-party intellectual property rights, or if we cannot license or develop alternative technology for any infringing aspect of our business, we would be forced to limit or stop sales of our software or cease business activities related to such intellectual property. Any inability to license third-party technology in the future would have an adverse effect on our business or operating results and would adversely affect our ability to compete. We may also be contractually obligated to indemnify our customers in the event of infringement of a third party's intellectual property rights. Responding to such claims, regardless of their merit, can be time consuming, costly to defend, and damaging to our reputation and brand.

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

Our agreements with financial institution partners and some larger customers include indemnification provisions under which we agree to indemnify them for losses suffered or incurred as a result of claims of intellectual property infringement, data protection, damages caused by us to property or persons, or other liabilities relating to or arising from our platform or other contractual obligations. Some of these indemnity agreements provide for uncapped liability and some indemnity provisions survive termination or expiration of the applicable agreement. Large indemnity payments could harm our business, operating results, and financial condition. Although we normally limit our liability with respect to such obligations in our contracts with direct customers and with customers acquired through our accounting firm partners, we may still incur substantial liability, and we may be required to cease use of certain functions of our platform or products, as a result of intellectual property-related claims. Any dispute with a customer with respect to these obligations could have adverse effects on our relationship with that customer and other existing or new customers, and harm our business and operating results. In addition, although we carry insurance, our insurance may not be adequate to indemnify us for all liability that may be imposed, or otherwise protect us from liabilities or damages with respect to claims alleging compromises of customer data, and any such coverage may not continue to be available to us on acceptable terms or at all.

We use open source software in our products, which could subject us to litigation or other actions.

We use open source software in our products. From time to time, there have been claims challenging the ownership of open source software against companies that incorporate it into their products. As a result, we could be subject to lawsuits by parties claiming ownership of what we believe to be open source software. Litigation could be costly for us to defend, have a negative effect on our operating results and financial condition, or require us to devote additional research and development resources to change our products. In addition, if we were to combine our proprietary software products with open source software in a certain manner under certain open source licenses, we could be required to release the source code of our proprietary software products. If we inappropriately use or incorporate open source software subject to certain types of open source licenses that challenge the proprietary nature of our products, we may be required to re-engineer such products, discontinue the sale of such products, or take other remedial actions.

Our debt service obligations, including the Notes, may adversely affect our financial condition and results of operations.

As of June 30, 2025, we had outstanding $33.5 million aggregate principal amount of 0% convertible senior notes due December 1, 2025 (the 2025 Notes), $123.5 million aggregate principal amount of 0% convertible senior notes due April 1, 2027 (the 2027 Notes), and $1.4 billion aggregate principal amount of 0% convertible senior notes due April 1, 2030 (the 2030 Notes, and together with the 2025 Notes, and the 2027 Notes, the Notes), and had drawn $180.0 million under our 2021 Credit Facility. Our ability to make payments of the principal of, to pay interest on, or to refinance our indebtedness, including the Notes and our Revolving Credit Facilities, depends on our future performance, which is subject to economic, financial, competitive, and other factors beyond our control. Moreover, our obligations under the Revolving Credit Facilities are secured by our BILL Divvy Card receivables and certain other collateral, and subject to a limited guarantee by BILL Holdings, Inc. Our business may not generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt, or obtaining additional debt financing or equity capital on terms that may be onerous or highly dilutive. Our ability to refinance any future indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations. In addition, any of our future debt agreements may contain restrictive covenants that may prohibit us from adopting any of these alternatives. Our failure to comply with these covenants could result in an event of default which, if not cured or waived, could result in the acceleration of our debt.

In addition, our indebtedness, combined with our other financial obligations and contractual commitments, could have other important consequences. For example, it could:

- make us more vulnerable to adverse changes in general U.S. and worldwide economic, industry, and competitive conditions and adverse changes in government regulation;
- limit our flexibility in planning for, or reacting to, changes in our business and our industry;
- place us at a disadvantage compared to our competitors who have less debt;
- limit our ability to borrow additional amounts to fund acquisitions, for working capital, and for other general corporate purposes; and
- make an acquisition of our company less attractive or more difficult.

Any of these factors could harm our business, operating results, and financial condition. In addition, if we incur additional indebtedness, the risks related to our business and our ability to service or repay our indebtedness would increase. We are also required to comply with the covenants set forth in the indentures governing the Notes. Our ability to comply with these covenants may be affected by events beyond our control. If we breach any of the covenants and do not obtain a waiver from the note holders or lenders, then, subject to applicable cure periods, any outstanding indebtedness may be declared immediately due and payable. In addition, changes by any rating agency to our credit rating may negatively impact the value and liquidity of our securities. Downgrades in our credit ratings could restrict our ability to obtain additional financing in the future and could affect the terms of any such financing.

We may not have the ability to raise the funds necessary for cash settlement upon conversion of the Notes or to repurchase the Notes for cash upon a fundamental change, and our future debt may contain limitations on our ability to pay cash upon conversion of the Notes or to repurchase the Notes.

Holders of the Notes have the right to require us to repurchase their notes upon the occurrence of a fundamental change (as defined in each of the indentures governing the Notes) at a repurchase price equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid special interest, if any. In addition, upon conversion of the Notes, unless we elect to deliver solely shares of our common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of the Notes being converted. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of the Notes surrendered or the Notes being converted. In addition, our ability to repurchase the Notes or to pay cash upon conversions of the Notes may be limited by law, by regulatory authority, or by agreements governing our future indebtedness.

In addition to the Notes, we and our subsidiaries may incur substantial additional debt in the future, subject to the restrictions contained in our current and future debt instruments, some of which may be secured debt. We are not restricted under the terms of the indentures governing the Notes from incurring additional debt, securing existing or future debt, recapitalizing our debt, or taking a number of other actions that could have the effect of diminishing our ability to make payments on the Notes when due.

Our failure to repurchase the Notes at a time when the repurchase is required by the applicable indenture or to pay any cash payable on future conversions of the Notes as required by such indenture would constitute a default under that indenture. A default under one of the indentures or the fundamental change itself could also lead to a default under the other indenture or other agreements governing our existing or future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the Notes or make cash payments upon conversions thereof.

The conditional conversion feature of the Notes, when triggered, may adversely affect our financial condition and operating results.

Prior to the close of business on the business day immediately preceding September 1, 2025, in the case of the 2025 Notes, January 1, 2027, in the case of the 2027 Notes, and January 1, 2030, in the case of the 2030 Notes, the holders of the applicable Notes may elect to convert their Notes during any calendar quarter (and only during such calendar quarter) if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day (Conversion Condition). The Conversion Condition for the 2025 Notes, 2027 Notes and 2030 Notes was not triggered as of June 30, 2025, but had been triggered for the 2025 Notes in several prior quarters. In the event the Conversion Condition is triggered for one or more series of Notes, holders of such Notes will be entitled to convert their Notes at any time during specified periods at their option. If one or more holders elect to convert their Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

The Capped Calls may affect the value of our Notes and our common stock.

In connection with the sale of each of the 2025 Notes, the 2027 Notes and the 2030 Notes we entered into privately negotiated Capped Call transactions (collectively, the Capped Calls) with certain financial institutions (option counterparties). The Capped Call transactions are designed to reduce the potential dilution upon conversion of the Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted Notes, as the case may be, with such reduction and/or offset subject to a cap. In connection with certain repurchases of our 2025 Notes, we subsequently unwound and terminated the Capped Calls related to the 2025 Notes.

The option counterparties and/or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and/or purchasing or selling our common stock or other securities of ours in secondary market transactions prior to the maturity of the applicable series of Notes (and are likely to do so following any conversion, repurchase, or redemption of each of the 2027 Notes and 2030 Notes, to the extent we exercise the relevant election under the Capped Calls). This activity could also cause or avoid an increase or a decrease in the market price of our common stock or the Notes, which could affect note holders' ability to convert the Notes and, to the extent the activity occurs during any observation period related to a conversion of the Notes, it could affect the number of shares and value of the consideration that note holders will receive upon conversion of the Notes.

We do not make any representation or prediction as to the direction or magnitude of any potential effect that the transactions described above may have on the price of the Notes or our common stock. In addition, we do not make any representation that the option counterparties will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

We are subject to counterparty risk with respect to the Capped Calls.

The option counterparties are financial institutions, and we are subject to the risk that any or all of them might default under the Capped Calls. Our exposure to the credit risk of the option counterparties will not be secured by any collateral. Past global economic conditions have resulted in the actual or perceived failure or financial difficulties of many financial institutions. If an option counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under the Capped Calls with such option counterparty. Our exposure will depend on many factors but, generally, an increase in our exposure will be correlated to an increase in the market price and in the volatility of our common stock. In addition, upon a default by an option counterparty, we may suffer adverse tax consequences and more dilution than we currently anticipate with respect to our common stock. We can provide no assurance as to the financial stability or viability of the option counterparties.

Risks Related to Ownership of Our Common Stock

The stock price of our common stock has been, and will likely continue to be volatile, and you may lose part or all of your investment.

The market for our common stock has been, and will likely continue to be, volatile. In addition to the factors discussed in this report, the market price of our common stock may fluctuate significantly in response to numerous factors, many of which are beyond our control, including:

- overall performance of the equity markets;
- actual or anticipated fluctuations in our revenue and other operating results;
- changes in the financial projections we may provide to the public or our failure to meet these projections;
- changes in financial estimates by any securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- recruitment or departure of key personnel;
- the economy as a whole and market conditions in our industry, such as inflation and high interest rate and recessionary environments;
- negative publicity related to the real or perceived quality of our platform, as well as the failure to timely launch new products and services that gain market acceptance;
- rumors and market speculation involving us or other companies in our industry;
- announcements by us or our competitors of new products or services, commercial relationships, or significant technical innovations, including with respect to our and our competitors' agentic and other AI offerings;
- acquisitions, partnerships, joint ventures, capital commitments, or other strategic transactions;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- lawsuits threatened or filed against us, litigation involving our industry, or both;
- developments or disputes concerning our or other parties’ products, services, or intellectual property rights;
- changes in accounting standards, policies, guidelines, interpretations, or principles;
- interpretations of any of the above or other factors by trading algorithms, including those that employ natural language processing and related methods to evaluate our public disclosures;
- other events or factors, including those resulting from war or other geopolitical conflicts, incidents of terrorism, or responses to these events;

- actual or perceived instability in the U.S. and global banking systems; and
- sales of shares of our common stock by us or our stockholders.

In addition, the stock markets have experienced extreme 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, and technology companies in particular, have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business, and adversely affect our business. Further, volatility or a lack of positive performance in our stock price may adversely affect our ability to retain key employees, many of whom have been granted equity incentive awards.

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current management, and affect the market price of our common stock.

Provisions in our amended and restated certificate of incorporation and second amended and restated bylaws may have the effect of delaying or preventing a change of control or changes in our management. Our amended and restated certificate of incorporation and second amended and restated bylaws include provisions that:

- authorize our board of directors to issue, without further action by the stockholders, shares of undesignated preferred stock with terms, rights, and preferences determined by our board of directors that may be senior to our common stock;
- require that any action to be taken by our stockholders be affected at a duly called annual or special meeting and not by written consent;
- specify that special meetings of our stockholders can be called only by our board of directors, the chairperson of our board of directors, or our chief executive officer;
- establish an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for election to our board of directors;
- establish that our board of directors is divided into three classes, with each class serving three-year staggered terms;
- prohibit cumulative voting in the election of directors;
- provide that our directors may be removed for cause only upon the vote of sixty-six and two-thirds percent (66 2/3%) of our outstanding shares of common stock;
- provide that vacancies on our board of directors may be filled only by a majority vote of directors then in office, even though less than a quorum; and
- require the approval of our board of directors or the holders of at least sixty-six and two-thirds percent (66 2/3%) of our outstanding shares of common stock to amend our bylaws and certain provisions of our certificate of incorporation.

In addition, our amended and restated certificate of incorporation and our second amended and restated bylaws provide that the Court of Chancery of the State of Delaware, to the fullest extent permitted by law, will be the exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a breach of fiduciary duty, any action asserting a claim against us arising pursuant to the Delaware General Corporation Law (DGCL), our amended and restated certificate of incorporation, or our second amended and restated bylaws, or any action asserting a claim against us that is governed by the internal affairs doctrine. These choice of 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 any of our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers, and other employees. These exclusive forum provisions will not apply to claims that are vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery of the State of Delaware, or for which the Court of Chancery of the State of Delaware does not have subject matter jurisdiction. For instance, these provisions would not preclude the filing of claims brought to enforce any liability or duty created by the Exchange Act or Securities Act of 1933, as amended (Securities Act), or the rules and regulations thereunder in federal court.

Moreover, Section 203 of the DGCL may discourage, delay, or prevent a change in control of our company. Section 203 imposes certain restrictions on mergers, business combinations, and other transactions between us and holders of 15% or more of our common stock.

Our management team has limited experience managing a public company.

Our management team has limited experience managing a publicly traded company, interacting with public company investors and securities analysts, and complying with the increasingly complex laws pertaining to public companies. These new obligations and constituents require significant attention from our management team and could divert their attention away from the day-to-day management of our business, which could harm our business, operating results, and financial condition.

We do not intend to pay dividends for the foreseeable future.

We have never declared or paid any cash dividends on our capital stock, and we do not intend to pay any cash dividends in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

If securities or industry analysts do not publish research or publish unfavorable or inaccurate research about our business, our stock price and trading volume could decline.

Our stock price and trading volume is heavily influenced by the way analysts and investors interpret our financial information and other disclosures. If securities or industry analysts do not publish research or reports about our business, downgrade our common stock, or publish negative reports about our business, our stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our common stock could decrease, which might cause our stock price to decline and could decrease the trading volume of our common stock.

Sales of substantial amounts of our common stock in the public markets, particularly sales by our directors, executive officers, and significant stockholders, or the perception that these sales could occur, could cause the market price of our common stock to decline and may make it more difficult for you to sell your common stock at a time and price that you deem appropriate.

The market price of our common stock could decline as a result of sales of a large number of shares of our common stock in the market. The perception that these sales might occur may also cause the market price of our common stock to decline. We had a total of 103,012,468 shares of our common stock outstanding as of June 30, 2025. All shares of our common stock are either freely tradable, generally without restrictions or further registration under the Securities Act, or have been registered for resale under the Securities Act by us, subject to certain exceptions for shares held by our “affiliates” as defined in Rule 144 under the Securities Act.

In addition, we have filed registration statements on Form S-8 to register shares reserved for future issuance under our equity compensation plans. Subject to the satisfaction of vesting conditions, the shares issued upon exercise of outstanding stock options or settlement of outstanding restricted stock units will be available for immediate resale in the United States in the open market.

In addition, we have in the past, and may in the future, issue our shares of common stock or securities convertible into or exercisable for our common stock from time to time in connection with financings, acquisitions, investments, partnerships or otherwise. We also expect to grant additional equity awards to employees and directors under our 2019 Equity Incentive Plan and rights to purchase our common stock under our 2019 Employee Stock Purchase Plan. Any such issuances could result in substantial dilution to our existing stockholders and cause the trading price of our common stock to decline.

The timing and amount of any repurchases of common stock by us are subject to a number of uncertainties.

In August 2025, our board of directors authorized a share repurchase program pursuant to which we announced our intention to repurchase up to $300 million of our outstanding shares of common stock from time to time (the 2025 Share Repurchase Program), using a variety of methods, through open market purchases or privately negotiated transactions, including through Rule 10b5-1 plans, in compliance with the rules of the SEC and other applicable legal requirements.

Previously, in August 2024, our board of directors authorized a share repurchase program pursuant to which we announced our intention to repurchase up to $300 million of our outstanding shares of common stock from time to time (the August 2024 Share Repurchase Program), using a variety of methods, through open market purchases or privately negotiated transactions, including through Rule 10b5-1 plans, in compliance with the rules of the SEC and other applicable legal requirements. As of June 30, 2025, we had repurchased approximately $235 million in shares of common stock under the August 2024 Share Repurchase Program and, in July 2025, we repurchased the remaining $65.0 million in shares of common stock under this program. In addition, concurrently with our offering of 2030 Notes in December 2024, we repurchased approximately $200 million in shares of our common stock in privately negotiated transactions pursuant to a separate authorization.

The Inflation Reduction Act, enacted on August 16, 2022, among other things, imposes a 1% non-deductible, excise tax on net repurchases of shares by U.S. corporations whose stock is traded on an established securities market. Although we do not currently expect such excise taxes to be material to us due to our anticipated issuance of common stock, any excise tax applicable to the repurchase programs described above may increase the cost of such repurchases and may cause us to reduce the number of shares repurchased.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Cybersecurity Risk Management and Strategy

Our management and board of directors recognize the critical importance of maintaining the trust and confidence of our customers, partners, and employees, including the importance of managing cybersecurity risks, and we have integrated these policies and procedures into our overall risk management systems and processes. While everyone at our company is expected to play a part in managing cybersecurity risks, our board of directors, as discussed in more detail under "—Governance" below, through delegation to the cybersecurity committee of the board of directors (the cybersecurity committee), and key members of our senior management team, are involved in the oversight of our information security program. Our information security program is based on recognized frameworks established by the National Institute of Standards and Technology, the International Organization for Standardization and other applicable industry standards, and is integrated into our overall enterprise risk management program. We utilize an overarching framework to address enterprise information security governance, which seeks to protect information assets and systems against attacks and incidents while establishing appropriate security as a priority for our information technology infrastructure and throughout the product development process. Our information security team, including a "red team" of dedicated engineers, and certain cross-functional employees routinely assess material risks from cybersecurity threats, and assess and update our cybersecurity risk management program in response to emerging trends and changes in our operations. We also engage third parties, including consultants and auditors, to evaluate the effectiveness of our risk management program, control environment, and cybersecurity practices through security audits, penetration testing, and other engagements.

Our information security program is managed by our interim Chief Information Security Officer (CISO), who reports to our Chief Technology Officer and oversees a team responsible for leading enterprise-wide cybersecurity strategy, policy, standards, architecture, and processes. Our foundational security engineering, governance risk and compliance, product security and security operations teams report into our interim CISO and provide regular updates on significant or potentially significant threats and incidents. Our interim CISO has nearly 20 years of experience serving in information security roles in healthcare and technology companies.

Our information security program includes an incident response program that coordinates activities across multiple teams in responding to cybersecurity incidents in accordance with a defined Incident Management Policy. This program is designed to detect, analyze, and escalate cybersecurity events, and includes a cybersecurity incident response team responsible for containment and recovery activities, and a crisis response team to liaise with business stakeholders, secure priority resources, and validate completion of any post-incident activities. In addition, we have established an executive security risk management committee composed of senior representatives of our legal, finance, information security, product, and marketing teams which meets on a quarterly basis to review our information security program and any noteworthy developments in the quarter. Finally, we coordinate internal simulations of cybersecurity incidents periodically to test the processes we have established.

We maintain a risk-based approach to identifying and overseeing cybersecurity risks presented by third parties, including vendors, service providers and other external users of our systems, as well as the systems of third parties that could adversely impact our business in the event of a cybersecurity incident affecting those third-party systems. We conduct initial due diligence on the cybersecurity profile of our vendors as they are onboarded and provide continuous monitoring of critical third-party infrastructure and monitor any known breaches of those third-party systems. We deploy technical safeguards that are designed to protect our information systems from cybersecurity threats, including firewalls, intrusion prevention and detection systems, anti-malware functionality and access controls, which are evaluated and improved through vulnerability assessments and cybersecurity threat intelligence. We also provide regular, mandatory training for our personnel regarding cybersecurity threats as a means to equip our personnel with effective tools to address cybersecurity threats and to communicate our evolving information security policies, standards, processes and practices.

Although we are subject to ongoing and evolving cybersecurity threats, we are not aware of any risks from cybersecurity threats that have materially affected or are reasonably likely to affect us, including our business strategy, result of operations or financial condition. If we or our partners were to experience a material cybersecurity incident in the future, such incident may have an adverse effect, including on our business operations, operating results, or financial condition. For more information regarding cybersecurity risks that we face and the related potential impacts on our business, see the risk factor titled “We, our partners, our customers, and others who use our services obtain and process a large amount of sensitive data. Any real or perceived improper or unauthorized use of, disclosure of, or access to such data could harm our reputation as a trusted brand and adversely affect our business, operating results, and financial condition.”

Governance

In light of the critical importance of cybersecurity to our business, in the spring of 2023, our board of directors formed a standing cybersecurity committee. The cybersecurity committee meets quarterly and is responsible for reviewing with management our cybersecurity and other information technology risks, controls and processes, including the processes used to prevent or mitigate cybersecurity risks and respond to cybersecurity events. These reports include updates on our information security risks and threats, any notable incidents, escalations or third-party risks, the status of projects to strengthen our information security systems, assessments of the information security program, the emerging threat landscape and company security culture. The interim CISO provides reports at least quarterly to the cybersecurity committee as well as to our Chief Executive Officer, Chief Technology Officer, and other members of our senior management, as appropriate. The cybersecurity committee also receives quarterly updates from our legal department and third-party experts. Our cybersecurity committee provides regular updates to the board of directors on such reports, and coordinates with the audit committee of the board of directors with respect to any risks with implications for our financial reporting, accounting, internal controls or other matters presenting significant financial risk.

Our information security program is regularly evaluated by internal and external parties with the results of certain reviews reported to senior management and the cybersecurity committee. We also actively engage with key vendors and industry participants as part of our continuing efforts to evaluate and enhance the effectiveness of our information security policies and procedures. Our cybersecurity committee will also receive prompt and timely information regarding any material cybersecurity threats or incidents, as well as ongoing updates regarding any such threat or incident until it has been mitigated, resolved, or otherwise addressed. To mitigate the impact of any cybersecurity incidents, we maintain cybersecurity insurance in amounts that we believe are appropriate of our business, which provides coverage for such incidents.

Item 2. PROPERTIES

We lease our office facilities, including approximately 138,000 square feet in San Jose, California for our corporate headquarters. This lease agreement expires in June 2031. We also maintain an office in Draper, Utah. Our leased facilities in Draper, Utah consist of 155,000 square feet of office space for our employees, approximately 26,000 square feet of which is being subleased expiring in December 2030. The lease for our Draper, Utah property expires in May 2031.

We believe that our office facilities are adequate to meet our needs for the immediate future. We continue to evaluate our real estate strategy to accommodate expansion of our operations.

Item 3. LEGAL PROCEEDINGS

From time to time, we may be subject to legal proceedings and claims in the ordinary course of business, including patent, commercial, product liability, employment, class action, whistleblower, and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. In addition, third parties may from time to time assert claims against us in the form of letters and other communications. We are not currently a party to any legal proceedings that we believe to be material to our business or financial condition.

The results of any future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock trades on The New York Stock Exchange under the symbol "BILL".

Holders of Record

As of June 30, 2025, there were 151 holders of record of our common stock. This number does not include beneficial owners whose shares are held by nominees in street name.

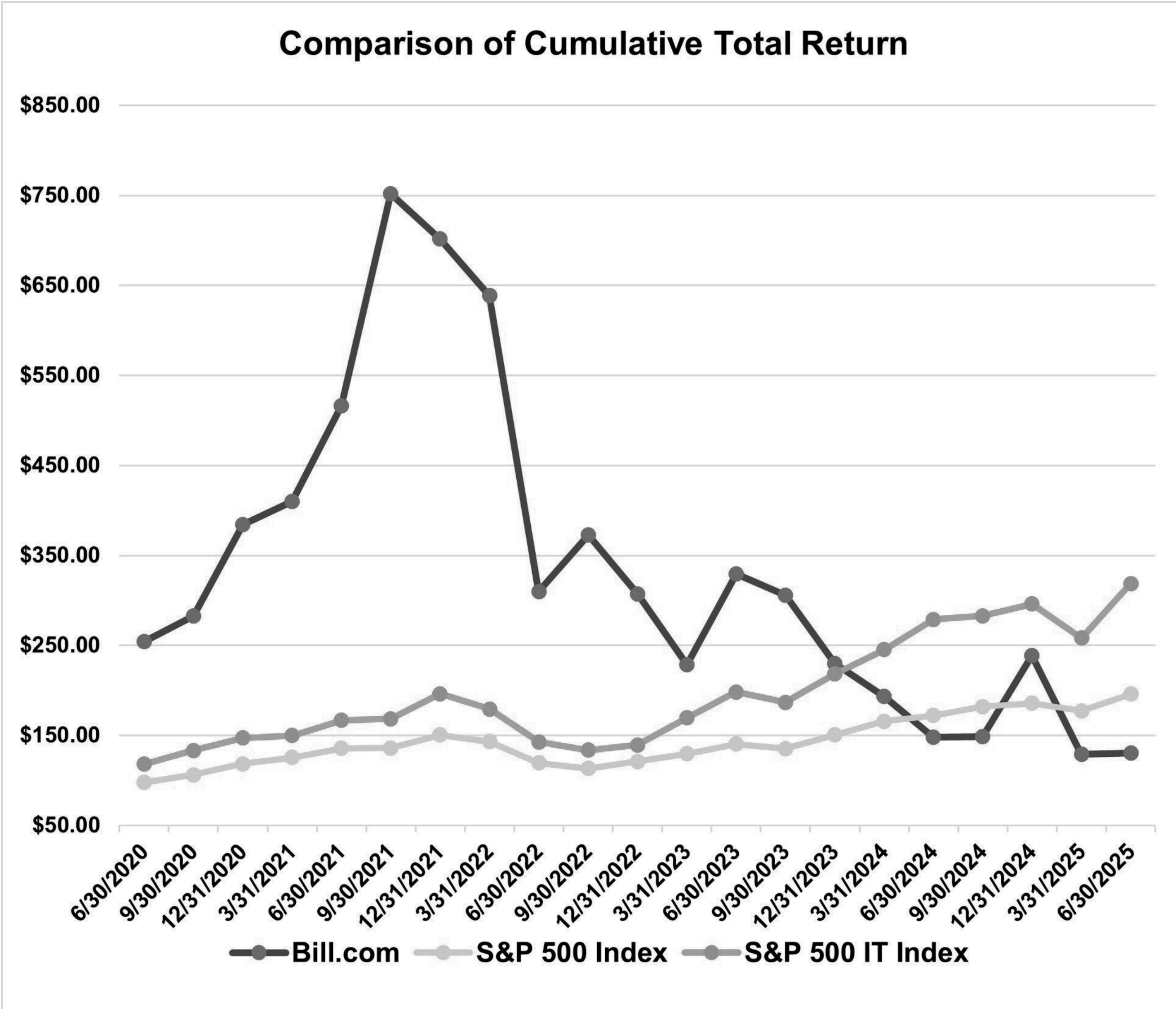
Dividend Policy

We have not declared or paid any dividends, or authorized or made any distribution upon or with respect to any class or series of our capital stock. We currently intend to retain future earnings for use in the operation of our business, to facilitate strategic acquisitions, to repurchase our common stock or other securities, or to repay indebtedness, and do not anticipate paying any dividends on our capital stock in the foreseeable future. Any future determination to declare dividends will be made at the discretion of our board of directors, subject to applicable laws, and will depend on our financial condition, operating results, capital requirements, general business conditions and other factors that our board of directors may deem relevant.

Stock Performance Graph

The following performance graph and related information shall not be deemed "soliciting material" or to be "filed" with the SEC for purposes of Section 18 of the Exchange Act, nor shall such information be incorporated by reference into any future filing under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing, or otherwise subject to the liabilities under the Securities Act or Exchange Act, except to the extent that we specifically incorporate it by reference into such filing.

The following graph depicts the total cumulative stockholder return on our common stock from June 30, 2020, through June 30, 2025, relative to the performance of the S&P 500 Index and S&P 500 IT Index. The graph assumes an initial investment of $100.00 at the close of trading on June 30, 2020, and that all dividends paid by companies included in these indices have been reinvested. The performance shown in the graph below is not intended to forecast or be indicative of future stock price performance.



Recent Sales of Unregistered Equity Securities

In connection with our commercial relationship with CPA.com, Inc. (CPA.com), on April 7, 2025, we issued to CPA.com warrants (the Warrants) to purchase up to an aggregate of 312,682 shares (the Warrant Shares) of our common stock at an exercise price $0.01 per Warrant Share. The Warrants, which were issued as a result of the achievement of certain performance milestones under the commercial relationship, were net exercised on April 13, 2025 in full for 312,607 shares of our common stock.

The issuance of the Warrants and Warrant Shares has not been, and will not be, registered under the Securities Act of 1933, as amended (the Securities Act). The Warrants and the Warrant Shares were issued in reliance upon the exemption from registration under Section 4(a)(2) of the Securities Act. The Warrants and the Warrant Shares may not be offered or sold in the United States absent registration under or exemption from the Securities Act and any applicable state securities laws. CPA.com represented in the Warrants, among other things, that it is an “accredited investor” within the meaning of Regulation D promulgated under the Securities Act, and that the acquisition of the Warrants is for investment in its account and not with a view to the public resale or distribution within the meaning of the Securities Act.

Purchase of Equity Securities by the Issuer

In August 2025, our board of directors approved a new share repurchase program, pursuant to which we announced our intention to purchase up to $300.0 million of our outstanding shares of common stock (the

2025 Share Repurchase Program). Under the 2025 Share Repurchase Program, we may repurchase shares from time to time through open market purchases, in privately negotiated transactions, or by other means, including through the use of trading plans. The timing and total amount of stock repurchases will depend upon business, economic and market conditions, corporate and regulatory requirements, prevailing stock prices, and other considerations. The 2025 Share Repurchase Program has no mandated end date, may be suspended, discontinued or modified at any time, and does not obligate us to acquire any amount of common stock.

Previously, in August 2024, our board of directors approved a share repurchase program, pursuant to which we announced our intention to purchase up to $300.0 million of our outstanding shares of common stock (the August 2024 Share Repurchase Program). As shown below, as of June 30, 2025, approximately $65.0 million remained available for future share repurchases under the August 2024 Share Repurchase Program; however, in July 2025, we repurchased $65.0 million of our common stock under this program and completed the repurchase of shares under the August 2024 Share Repurchase Program.

The following table provides shares repurchase activity during the three months ended June 30, 2025:

Period	**Total number of shares purchased (in thousands)** [1] [2]	**Average price paid per share** [2]	**Total number of shares purchased as part of publicly announced plans or programs (in thousands)** [1] [2]	**Approximate dollar value of shares that may yet be purchased under the plans or programs (in thousands)** [1] [2]
April 1, 2025 - April 30, 2025	—	—	—	$ 99,985
May 1, 2025 - May 31, 2025	—	—	—	$ 99,985
June 1, 2025 - June 30, 2025	776	$ 45.09	776	$ 64,988
Total	776		776	$ 64,988

(1) See Note 10, in Notes to Consolidated Financial Statements in Item 8 of Part II of this Annual Report on Form 10-K for additional information.

(2) Represents repurchases and then-remaining amounts under our August 2024 Share Repurchase Program.

Item 6. RESERVED

Not applicable.

Item 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and the related notes included elsewhere in this Annual Report on Form 10-K. Some of the information contained in this Annual Report on Form 10-K includes forward-looking statements that involve risks and uncertainties. You should read the sections titled “Special Note Regarding Forward-Looking Statements” and “Risk Factors” for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. Our fiscal year end is June 30, and our fiscal quarters end on September 30, December 31, and March 31.

This Management’s Discussion and Analysis of Financial Condition and Results of Operations focuses on a discussion of fiscal 2025 compared to fiscal 2024. A discussion of fiscal 2024 compared to fiscal 2023 can be found under Item 7 of Part II in our Annual Report on Form 10-K for the fiscal year ended June 30, 2024, filed with the SEC on August 23, 2024, which is available free of charge on the SEC’s website at www.sec.gov and on the Investor Relations section of our corporate website at investor.bill.com.

Overview

We are a leading financial operations platform for small and midsize businesses (SMBs). As a champion of SMBs, we are automating the future of finance so businesses can thrive. Our integrated platform helps businesses to more efficiently control their payables, receivables, and spend and expense management. Hundreds of thousands of businesses rely on BILL’s proprietary network of millions of members to pay or get paid faster. Headquartered in San Jose, California, we are a trusted partner of leading U.S. financial institutions, accounting firms, and software providers.

Our purpose-built, artificial intelligence (AI)-enabled financial software platform creates seamless connections between our customers, their suppliers, and their clients. Businesses on our platform generate and process invoices, streamline approvals, make and receive payments, manage employee expenses, sync with their accounting system, foster collaboration, and manage their cash flow. We have built sophisticated integrations with popular software solutions, banks, card issuers, and payment processors, enabling our customers to access these mission-critical services quickly and easily. Our integrated platform also includes BILL Spend and Expense, our spend and expense management product, which provides a solution for businesses to have smart corporate cards, build and monitor budgets, manage payments, and eliminate the need for manual expense reports.

We efficiently reach SMBs through our proven direct and indirect go-to-market strategies. We acquire new businesses to use our solutions directly through digital marketing and inside sales, and indirectly through accounting firms, financial institution partnerships and software providers. As of June 30, 2025, our partners included some of the most trusted brands in the financial services business, including more than 85 of the top 100 accounting firms and six of the top ten largest financial institutions for SMBs in the United States (U.S.), including JPMorgan Chase, Bank of America, Wells Fargo Bank, and American Express. As we add customers and partners, we expect our network to continue to grow organically.

We have grown rapidly and scaled our business operations in recent periods. Our revenue was $1.5 billion and $1.3 billion during fiscal 2025 and 2024, respectively, a year-over-year increase of $172.4 million. We generated net income of $23.8 million and net loss of $28.9 million during fiscal 2025 and 2024, respectively.

Macroeconomic and Other Factors

Current macroeconomic conditions and uncertainties, including volatility in interest rates and borrowing costs, inflation and currency exchange rates, and recent changes in international trading relationships, supply chains and U.S. and foreign tariff rates have impacted and could continue to impact our business and the SMBs we serve. SMBs are particularly susceptible to changes in overall economic and financial conditions, and certain SMBs may, in the event of adverse economic conditions or a recession or any inability to access financing moderate their expenditures, shift to lower-cost methods of payment, or cease operations entirely. For example, in fiscal 2025, we observed certain BILL AP/AR customers reduce their spending, resulting in a reduced TPV per customer. Reductions in interest rates by the U.S. Federal Reserve Bank may improve financial conditions for SMBs, but there can be no assurance of future rate cuts or any corresponding increase in economic activity. At the same time, such reductions in interest rates have the effect of reducing the interest on funds held for customers we generate. We intend to continue to monitor macroeconomic conditions closely and to take appropriate financial or operational actions in response to such conditions.

Any of these conditions or actions may have a negative impact on our future results of operations, liquidity, and financial condition. We are unable to predict the full impact that macroeconomic factors, banking sector dynamics, or ongoing global geopolitical conflicts will have on our future results of operations, liquidity, and financial condition due to numerous uncertainties, including changes in central bank policies and interest rates, rates of inflation, the strength of the U.S. dollar, the related impact to our customers, spending businesses, subscribers, partners, and suppliers, and other factors described in the section titled "*Risk Factors*" in Part I, Item 1A of this Annual Report on Form 10-K.

Our Revenue Model

We generate revenue primarily from subscription and transaction fees.

Our subscription revenue is primarily based on a fixed monthly or annual rate per user or per customer account. Our transaction revenue consists of transaction fees and interchange fees on a fixed or variable rate per transaction. Transactions primarily include card payments, real-time payments, check payments, ACH payments, cross-border payments, pay-by-card, invoice financing, and creation of invoices. Much of our revenue comes from repeat transactions, which are an important contributor to our recurring revenue.

In addition, we generate revenue from interest on funds held for customers. When we process payment transactions, the funds flow through our bank accounts, resulting in a balance of funds held for customers. The balances may fluctuate based on volume and the type of payments processed. Interest is earned from interest-bearing deposit accounts, certificates of deposit, money market funds, corporate bonds, asset-backed securities, municipal bonds, commercial paper, U.S. treasury securities, and U.S. agency securities. We hold these funds from the day they are withdrawn from a payer's account to the day the funds are credited to the receiver. This revenue can fluctuate depending on the amount of customer funds held, as well as our yield on customer funds invested, which is influenced by market interest rates and our investments.

Our Receivables Purchases and Servicing Model

We market our BILL Spend and Expense software and BILL Divvy Card, a charge card for business expenses, to potential spending businesses and issue business-purpose charge cards through our card issuing partner banks (Issuing Banks). When a business applies for a BILL Divvy Card, we utilize, on behalf of the Issuing Bank, proprietary risk management capabilities to confirm the identity of the business, and perform a credit underwriting process to determine if the business is eligible for a BILL Divvy Card pursuant to our credit policies. Once approved for a BILL Divvy Card the spending business is provided a credit limit and can use the BILL Spend and Expense software to request virtual cards or physical cards, establish budgets, and manage spend.

The majority of cards on our platform are issued by Cross River Bank, a Federal Deposit Insurance Corporation (FDIC)-insured New Jersey state chartered bank, and WEX Bank, an FDIC-insured Utah state chartered bank. Under our arrangements with the Issuing Banks, we must comply with their respective credit policies and underwriting procedures, and the Issuing Banks maintain ultimate authority to decide whether to issue a card or approve a transaction. We are responsible for all fraud and unauthorized use of a card and generally are required to hold the Issuing Bank harmless from such losses unless claims regarding fraud or unauthorized use are due to the sole gross negligence of the Issuing Bank.

When a spending business completes a purchase transaction, the payment to the supplier is made by the cards' Issuing Bank. Obligations incurred by the spending business in connection with their purchase transaction are reflected as receivables on the Issuing Bank's balance sheets from the BILL Divvy Card account for the spending business. The Issuing Bank then sells a 100% participation interest in the receivable to us. Pursuant to our agreements with the Issuing Banks, we are obligated to purchase the participation interests in all of the receivables originated through our platform, and our obligations are secured by cash deposits. When we purchase the participation interests, the purchase price is equal to the outstanding principal balance of the receivable.

In order to purchase the participation rights in the receivables, we maintain certain funding arrangements, including warehouse facilities. We typically fund some portion of these participation interest purchases by borrowing under our credit facilities, although we may also fund purchases using corporate cash.

Our Business Model

We efficiently reach SMBs through our proven direct and indirect go-to-market strategies. We acquire them directly through digital marketing and inside sales and indirectly by partnering with leading companies that are trusted by SMBs, including accounting firms, financial institutions, and software providers.

Our revenue from existing businesses using our solutions is visible and predictable. For fiscal 2025, over 89% of our subscription and transaction revenue from BILL AP/AR customers came from customers who were acquired prior to the start of the fiscal year. See "*—Key Business Metrics—Businesses Using Our Solutions*" below for the definition of BILL AP/AR customers. We expand within our existing customer base by adding more users, increasing transactions per customer, launching additional products, and through pricing and packaging our services. We make it easy for SMBs to try our platform through our risk-free trial program. Should an SMB choose to become a customer after the trial period, it can take several months to adapt their financial operations to fully leverage our platform. Even with a transition period, however, we believe our customer retention is strong. Excluding those customers of our financial institution partners, approximately 86% of BILL AP/AR customers as of June 30, 2024 were still customers as of June 30, 2025.

Net dollar-based retention rate is an important indicator of customer satisfaction and usage of our platform, as well as potential revenue for future periods. We calculate our net dollar-based retention rate at the end of each fiscal year. We calculate our net dollar-based retention rate by starting with the revenue billed to BILL AP/AR customers in the last quarter of the prior fiscal year (Prior Period Revenue). We then calculate the revenue billed to these same customers in the last quarter of the current fiscal year (Current Period Revenue). See "*—Key Business Metrics—Businesses Using Our Solutions*" below for the definition of BILL AP/AR customer. Current Period Revenue includes any upsells and is net of contraction or attrition, but excludes revenue from new customers and excludes interest earned on funds held for customers. We then repeat the calculation of Prior Period Revenue and Current Period Revenue with respect to each of the preceding three quarters, and aggregate the four Prior Period Revenues (the Aggregate Prior Period Revenue) and the four Current Period Revenues (the Aggregate Current Period Revenue). Our net dollar-based retention rate equals the Aggregate Current Period Revenue divided by Aggregate Prior Period Revenue.

Our net dollar-based retention rate was 94%, 92%, and 111% during fiscal 2025, 2024, and 2023, respectively. The increase in fiscal 2025 when compared to fiscal 2024 was primarily due to increased revenue from businesses associated with financial institution partners and growth in total payment volume. The decrease in fiscal 2024 when compared to fiscal 2023 was primarily due to the change in spending patterns per customer, continued softness in the SMB economic environment, which limited payment monetization, and the migration or churn of certain customers of a bank partner.

Key Business Metrics

We regularly review several metrics, including the key business metrics presented in the table below, to measure our performance, identify trends affecting our business, prepare financial projections, and make strategic decisions. We periodically review and revise these metrics to reflect changes in our business.

We present our key business metrics on a consolidated basis, which we believe better reflects the performance of our consolidated business overall. Our key business metrics are defined following the table below and track our BILL AP/AR, BILL Spend and Expense, and Embedded Solutions and Other combined (as further defined below). The relevant metrics for each of BILL AP/AR, BILL Spend and Expense, and Embedded Solutions and Other are set forth in the footnotes to the table. The calculation of the key business metrics and other measures discussed below may differ from other similarly-titled metrics used by other companies, securities analysts, or investors.

	As of June 30,			% Growth as of June 30,	
	2025	2024	2023	2025	2024
Businesses using our solutions [(1)]	493,800	474,600	461,000	4 %	3 %

	Year ended June 30,			% Growth Year ended June 30,	
	2025	2024	2023	2025	2024
Total Payment Volume (billions) [(2)]	$ 329.8	$ 292.4	$ 266.0	13 %	10 %

	Year ended June 30,			% Growth Year ended June 30,	
	2025	2024	2023	2025	2024
Transactions processed (millions) [(3)]	121.3	103.8	85.1	17 %	22 %

(1) As of June 30, 2025, the total number of BILL AP/AR customers was approximately 169,500; the total number of spending businesses that used our BILL Spend and Expense solution was approximately 41,100, and the total number of Embedded Solutions and Other customers was approximately 283,200.

(2) During fiscal 2025, the TPV by BILL AP/AR customers was approximately $279.0 billion; the total card payment volume transacted by spending businesses that used BILL Divvy Cards was approximately $21.5 billion; and the TPV transacted by Embedded Solutions and Other customers was approximately $29.3 billion.

(3) During fiscal 2025, the total number of transactions executed by BILL AP/AR customers was approximately 47.8 million; the total number of transactions executed by spending businesses that used BILL Divvy Cards was approximately 66.4 million; and the total number of transactions executed by Embedded Solutions and Other customers was approximately 7.1 million.

Businesses Using Our Solutions

We define businesses using our solutions as the summation of: (A) businesses that use our core BILL accounts payable and receivable platform (BILL AP/AR), (B) spending businesses that use our BILL Spend and Expense product, and (C) businesses that access our solutions through our embedded partners' platforms and other indirect sales channels (including our financial institution partners), and Invoice2go subscribers (Embedded Solutions and Other). Businesses using more than one of our solutions are included separately in the total for each solution utilized; as of June 30, 2025, this included approximately 15,800 businesses. Businesses using our solutions during a trial period are not counted as new businesses using our solutions during that period. If an organization has multiple entities billed separately for the use of our solutions, each entity is counted as a business using our solutions. Businesses using our solutions exclude certain network members utilizing limited features of our platform, such as those that only receive payments. The number of businesses using our solutions in the table above represents the total number of businesses using our solutions at the end of each fiscal year.

Total Payment Volume

To grow revenue from businesses using our solutions, we must deliver a product experience that helps them automate their back-office financial operations. The more they use and rely upon our product offerings to automate their operations, the more transactions they process on our platform. This metric provides an important indication of the aggregate value of transactions that businesses using our solutions are completing on our platform and is an indicator of our ability to generate revenue from businesses using our solutions. We define TPV as the total value of transactions that we process on our platform during a particular period, comprising transactions from BILL AP/AR customers, BILL Divvy Card transactions, and transactions executed by Embedded Solutions and Other customers. Our calculation of TPV is presented gross of payments that may be subsequently reversed. Such reversals comprised less than 2% of TPV during each of fiscal 2025, 2024, and 2023.

Transactions Processed

We define transactions processed as the total number of payments initiated and processed through our platform during a particular period. Payment transactions include checks, ACH payments, card payments, Invoice2go subscriber transactions, real-time payments, pay by card, invoice financing, and cross-border payments.

Components of Results of Operations

Revenue

We generate revenue primarily from subscription and transaction fees.

Subscription fees are fixed at a monthly or annual rate per user or per customer account for the use of our platform to process transactions. Transaction fees are fees collected for each transaction processed, on either a fixed or variable fee basis. Transaction fees primarily include processing of payments in the form of checks, ACH, card payments, real-time payments, pay by card, invoice financing, cross-border payments, and the creation of invoices. Transaction fees also include interchange fees paid by suppliers accepting card payments. Fixed transaction fees are set at a fixed charge per payment transaction, while variable transaction fees are generally calculated based on a percentage of the dollar amount of the payment transaction.

Our contracts with SMB and accounting firm customers provide them with access to the functionality of our cloud-based payments platform to process transactions. These contracts are either monthly contracts paid in arrears or upfront, or annual arrangements paid up front. We charge our SMB and accounting firm customers subscription fees to access our platform either based on the number of users or per customer account and the level of service. We generally also charge these customers transaction fees based on transaction volume and the category of transaction. The contractual price for subscription and transaction services is based on either negotiated fees or the rates published on our website. Revenue recognized excludes amounts collected on behalf of third parties, such as sales taxes collected and remitted to governmental authorities.

We enable our SMB and accounting firm customers to make virtual card payments to their suppliers. We also facilitate the extension of credit to spending businesses through the BILL Spend and Expense product in the form of BILL Divvy Cards. The spending businesses utilize the credit on BILL Divvy Cards as a means of payment for goods and services provided by their suppliers. Virtual card payments and BILL Divvy Cards are originated through agreements with the Issuing Banks. Our agreements with the Issuing Banks allow for card transactions on the Mastercard and Visa networks. For each virtual card and BILL Divvy Card transaction, suppliers are required to pay interchange fees to the issuer of the card. Based on our agreements with the Issuing Banks, we recognize the interchange fees as revenue gross or net of fees paid to the Issuing Banks based on our determination of whether we are the principal or the agent under the agreements.

We also enter into multi-year contracts with financial institution customers to provide them with access to our cloud-based payments platform. These contracts typically include fees for initial implementation services that are paid during the period the implementation services are provided as well as fees for subscription and transaction processing services, which are subject to guaranteed minimum fees that are paid over the contract term. These contracts enable the financial institutions to provide their customers with access to online bill pay services through the financial institutions' online platforms. Implementation services are required up-front to establish an infrastructure that allows the financial institutions' online platforms to communicate with our online platform. A financial institution's customers cannot access online bill pay services until implementation is complete. The total consideration in these contracts varies based on the number of users and transactions to be processed.

In addition, we generate revenue from interest on funds held for customers. Interest on funds held for customers consists of the interest that we earn from customer funds while payment transactions are clearing. Interest is earned from interest-bearing deposit accounts, certificates of deposit, money market funds, corporate bonds, asset-backed securities, municipal bonds, commercial paper, U.S. treasury securities, and U.S. agency securities, until those payments are cleared and credited to the intended recipient.

Service Costs and Expenses

Service costs – Service costs consist primarily of costs that are directly attributed to processing customers' and spending businesses' transactions (such as the cost of printing checks, postage for mailing checks, fees associated with the issuance and processing of card transactions, net of card network incentives, fees for processing payments), personnel-related costs, including stock-based compensation, for our customer success and payment operations teams, outsourced support services for our customer success team, direct and amortized costs for implementing and integrating our cloud-based platform into our customers' systems, and cloud payments infrastructure costs. We expect that service costs will increase in absolute dollars, but may fluctuate as a percentage of revenue from period to period, as we continue to invest in growing our business and based on whether or not we are the principal or the agent under arrangements with third parties.

Research and development (R&D) – R&D expenses consist primarily of personnel-related expenses, including stock-based compensation expenses, for our R&D teams, incurred in developing new products or enhancing existing products, and allocated overhead costs. We expense a substantial portion of R&D expenses as incurred. We believe that delivering new and enhanced functionality is critical to attract new customers and expand our relationship with existing customers. We expect to continue to make investments in and expand our offerings to enhance our customers' experience and satisfaction, and to attract new customers. We expect our R&D expenses to increase in absolute dollars, but they may fluctuate as a percentage of revenue from period to period as we expand our R&D team to develop new products and product enhancements, including continued investments in our artificial intelligence tools and offerings, such as AI agents. We capitalize certain software development costs that are attributable to developing new products and adding incremental functionality to our platform and amortize such costs into service costs over the estimated life of the new product or incremental functionality, which is generally three years.

Sales and marketing – Sales and marketing expenses consist primarily of rewards expense in connection with our card rewards programs, personnel-related expenses, including stock-based compensation expenses, for our sales and marketing teams, sales commissions, marketing program expenses, travel-related expenses, and costs to market and promote our platform through advertisements, marketing events, partnership arrangements, direct customer acquisition, and allocated overhead costs. Sales commissions that are incremental to obtaining new customer contracts are deferred and amortized ratably over the estimated period of our relationship with new customers.

We focus our sales and marketing efforts on generating awareness of our company, platform, and products, creating sales leads, and establishing and promoting our brand. We plan to continue investing in sales and marketing efforts by driving our go-to-market strategies, building our brand awareness, and sponsoring additional marketing events; however, we will adjust our sales and marketing spend level as needed, as the spend may fluctuate from period to period, in response to changes in the economic environment.

General and administrative – General and administrative expenses consist primarily of personnel-related expenses, including stock-based compensation expenses, for finance, corporate business operations, risk management, legal and compliance, human resources, information technology, costs incurred for external professional services, losses from fraud, and allocated overhead costs. We expect to incur additional general and administrative expenses as we explore various growth initiatives, which include incurring higher costs for professional services. We also expect to increase the size of our general and administrative functions to support the growth in our business. As a result, we expect that our general and administrative expenses will increase in absolute dollars but may fluctuate as a percentage of revenue from period to period.

Provision for expected credit losses – Provision for expected credit losses represents the amount of expense required to maintain the allowance for expected credit losses on our consolidated balance sheets, which represents management's estimate of expected credit losses. In the event that our receivables outperform expectation and/or we reduce our expectation of credit losses in future periods, we may release reserves and thereby reduce the provision for expected credit losses. The provision is determined based on our estimate of expected credit losses on acquired cards receivables, loans held for investment and accounts receivable on our balance sheets, changes in our estimate of expected credit losses on receivables outstanding and loans held for investment as of the end of the period and the net charge-offs incurred in the period.

Depreciation and amortization **–** Depreciation and amortization consist of depreciation and amortization of property and equipment, and amortization of acquired intangibles, such as developed technology, customer relationship, and trade names. Amortization of capitalized internal-use software costs paid in cash are excluded.

Restructuring – Restructuring costs consist primarily of employee severance and other employment termination benefits, including commission, and stock-based compensation expense. Additionally, these costs include contract termination expenses and other costs related to the execution of our restructuring plan announced on December 5, 2023, which included a reduction in force (RIF) and closure of our office in Sydney, Australia (Restructuring Plan). Refer to Note 15 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for additional information on the Restructuring Plan.

Other income, net **–** Other income, net consist primarily of interest income on our corporate funds, gain on debt extinguishment and interest expense on our borrowings (including amortization of debt discount and issuance costs).

Provision for income taxes **–** Income tax expense consist of U.S. federal, state and foreign income taxes. We maintain a full valuation allowance against our U.S. federal, state and Australian net deferred tax assets as we have concluded that it is more likely than not that we will not realize our net deferred tax assets.

Results of Operations

The following table sets forth our results of operations together with the dollar and percentage change for the periods presented (amounts in thousands):

	Year ended June 30,			Change (2025 compared to 2024)		Change (2024 compared to 2023)	
	2025	2024	2023	Amount	%	Amount	%
Revenue							
Subscription and transaction fees [(1)]	$ 1,300,804	$ 1,122,733	$ 944,710	$ 178,071	16 %	$ 178,023	19 %
Interest on funds held for customers	161,766	167,439	113,758	(5,673)	(3)%	53,681	47 %
Total revenue	1,462,570	1,290,172	1,058,468	172,398	13 %	231,704	22 %
Cost of revenue							
Service costs [(1)]	229,805	189,894	151,010	39,911	21 %	38,884	26 %
Depreciation and amortization	42,298	44,722	42,967	(2,424)	(5)%	1,755	4 %
Total cost of revenue	272,103	234,616	193,977	37,487	16 %	40,639	21 %
Gross profit	1,190,467	1,055,556	864,491	134,911	13 %	191,065	22 %
Operating expenses							
Research and development [(1)]	340,059	336,754	314,632	3,305	1 %	22,122	7 %
Sales and marketing [(1)]	543,711	478,540	515,858	65,171	14 %	(37,318)	(7)%
General and administrative [(1)] [(3)]	281,913	277,662	249,054	4,251	2 %	28,608	11 %
Provision for expected credit losses	72,749	60,105	32,224	12,644	21 %	27,881	87 %
Depreciation and amortization [(2)]	32,637	49,072	48,496	(16,435)	(33)%	576	1 %
Restructuring	—	27,587	—	(27,587)	(100)%	27,587	100 %
Total operating expenses	1,271,069	1,229,720	1,160,264	41,349	3 %	69,456	6 %
Operating loss	(80,602)	(174,164)	(295,773)	93,562	(54)%	121,609	(41)%
Other income, net	111,012	147,845	72,856	(36,833)	(25)%	74,989	103 %
Income (loss) before provision for income taxes	30,410	(26,319)	(222,917)	56,729	(216)%	196,598	(88)%
Provision for income taxes	6,611	2,559	808	4,052	158 %	1,751	217 %
Net income (loss)	$ 23,799	$ (28,878)	$ (223,725)	$ 52,677	(182)%	$ 194,847	(87)%

(1) Includes stock-based compensation charged to revenue and expenses as follows (amounts in thousands):

	Year ended June 30,			Change (2025 compared to 2024)		Change (2024 compared to 2023)	
	2025	2024	2023	Amount	%	Amount	%
Revenue - subscription and transaction fees	$ 2,329	$ 1,831	$ 188	$ 498	27 %	$ 1,643	874 %
Cost of revenue - service costs	9,627	9,309	9,111	318	3 %	198	2 %
Research and development	107,603	103,382	93,364	4,221	4 %	10,018	11 %
Sales and marketing *	39,992	49,070	130,421	(9,078)	(19)%	(81,351)	(62)%
General and administrative	82,981	81,209	80,619	1,772	2 %	590	1 %
Restructuring	—	3,574	—	(3,574)	(100)%	3,574	100 %
Total stock-based compensation	$ 242,532	$ 248,375	$ 313,703	$ (5,843)	(2)%	$ (65,328)	(21)%

* Fiscal 2023 includes $52.2 million of stock-based compensation expense related to separation and advisory agreements with our former Chief Revenue Officer.

(2) Depreciation and amortization do not include amortization of capitalized internal-use software costs paid in cash.

(3) Provision for expected credit losses was included in general and administrative expenses in fiscal 2023.

The following table sets forth the components of our consolidated statements of operations for the periods presented as a percentage of revenue:

	Year ended June 30,		
	2025	2024	2023
Revenue			
Subscription and transaction fees	89 %	87 %	89 %
Interest on funds held for customers	11 %	13 %	11 %
Total revenue	100 %	100 %	100 %
Cost of revenue			
Service costs	16 %	15 %	14 %
Depreciation and amortization	3 %	3 %	4 %
Total cost of revenue	19 %	18 %	18 %
Gross profit	81 %	82 %	82 %
Operating expenses			
Research and development	23 %	25 %	30 %
Sales and marketing	37 %	37 %	49 %
General and administrative	20 %	22 %	24 %
Provision for expected credit losses	5 %	5 %	3 %
Depreciation and amortization	2 %	4 %	5 %
Restructuring	— %	2 %	— %
Total operating expenses	87 %	95 %	110 %
Operating loss	(6)%	(13)%	(28)%
Other income, net	8 %	11 %	7 %
Income (loss) before provision for income taxes	2 %	(2)%	(21)%
Provision for income taxes	— %	— %	— %
Net income (loss)	2 %	(2)%	(21)%

Comparison of Fiscal 2025 and 2024

Revenue

The following table sets forth our revenue during fiscal 2025 and 2024, respectively (amounts in thousands):

	Year ended June 30,		Change	
	2025	2024	Amount	%
Subscription fees	$ 272,136	$ 257,143	$ 14,993	6 %
Transaction fees	1,028,668	865,590	163,078	19 %
Total subscription and transaction fees	1,300,804	1,122,733	178,071	16 %
Interest on funds held for customers	161,766	167,439	(5,673)	(3)%
Total revenue	$ 1,462,570	$ 1,290,172	$ 172,398	13 %

Total revenue increased by $172.4 million, or 13% during fiscal 2025 as compared to fiscal 2024, primarily due to:

- a $163.1 million increase in transaction fee revenue primarily due to increased total payment volume driven by the increase in customer adoption of our products; and
- a $15.0 million increase in subscription fee revenue primarily due to an increase in customers as compared to the same prior year period; offset by
- a $5.7 million decrease in interest on funds held for customers primarily due to lower yield driven by the decrease in interest rates.

Cost of Revenue, Gross Profit, and Gross Margin

Cost of revenue, gross profit, and gross margin during fiscal 2025 and 2024, respectively, were as follows (amounts in thousands):

	Year ended June 30,		Change	
	2025	2024	Amount	%
Cost of revenue:				
Service costs	$ 229,805	$ 189,894	$ 39,911	21 %
Depreciation and amortization [(1)]	42,298	44,722	(2,424)	(5)%
Total cost of revenue	272,103	234,616	37,487	16 %
Gross profit	$ 1,190,467	$ 1,055,556	$ 134,911	13 %
Gross margin	81.4%	81.8%		

[(1)] Consists of depreciation of property and equipment and amortization of developed technology, excluding amortization of capitalized internal-use software costs paid in cash.

Service costs increased by $39.9 million during fiscal 2025 as compared to fiscal 2024, primarily due to:

- a $36.6 million increase in direct costs associated with the processing of our customers' payment transactions, which was driven by the increase in the number of customers, increased adoption of new product offerings, and an increase in the volume of transactions; and
- a $2.4 million increase in temporary contractors, and $3.9 million increase in shared overhead; offset by
- a $3.2 million decrease in personnel-related costs due to our RIF announced in December 2023.

Gross margin decreased to 81.4% during fiscal 2025 from 81.8% during fiscal 2024, primarily due to a change in mix of costs associated with processing of payments.

Research and Development Expenses

Research and development expenses increased by $3.3 million during fiscal 2025 as compared to fiscal 2024, primarily due to a $20.9 million increase in personnel-related costs, including stock-based compensation expense, due to increase in headcount, offset by a $18.6 million decrease due to higher capitalization of certain software development costs.

Our research and development expenses decreased to 23% as a percentage of revenue during fiscal 2025 from 25% during fiscal 2024, primarily due to revenue growth, but a relatively lower increase in personnel-related expenses, including stock-based compensation, as a percentage of revenue.

Sales and Marketing Expenses

Sales and marketing expenses increased by $65.2 million during fiscal 2025 as compared to fiscal 2024, primarily due to the following:

- a $52.2 million increase in rewards expense in connection with our BILL Divvy Cards as a result of increased transaction volume. Rewards expense increased from 48% to 49% as a percentage of revenue from spend and expense interchange fees primarily due to lower interchange fees relative to total card payment volume;
- a $6.0 million increase in advertising, marketing initiatives, and software subscription expenses; and
- a $5.9 million increase in personnel-related expense primarily driven by a $15.0 million increase in headcount, offset by a $9.1 million decrease in stock-based compensation expense.

Our sales and marketing expenses remained flat at 37% as a percentage of revenue during fiscal 2025 as compared to the prior year period.

General and Administrative Expenses

General and administrative expenses increased by $4.3 million during fiscal 2025 as compared to fiscal 2024, primarily due to the following:

- a $12.0 million increase in personnel-related expense, including stock-based compensation expense, resulting from increase in headcount; offset by
- a $6.7 million decrease in professional and consulting fees for outside services.

Our general and administrative expenses decreased to 20% as a percentage of revenue during fiscal 2025 from 22% during fiscal 2024, primarily due to revenue growth, but a relatively lower increase in personnel-related expenses, including stock-based compensation, as a percentage of revenue.

Provision for Expected Credit Losses

Provision for expected credit losses increased by $12.6 million during fiscal 2025 as compared to fiscal 2024, primarily due to growth in purchase of loans held for investments, offset by a $6.8 million decrease in the provision for expected credit losses for acquired card receivables driven by a release of $5.7 million of credit losses reserve due to refinements to the credit loss methodology. During fiscal 2025, provision for expected credit losses for card receivables also reflects improved delinquency trends, which were largely offset by growth in the acquired cards receivables.

Depreciation and Amortization

Depreciation and amortization decreased by $18.9 million during fiscal 2025 as compared to fiscal 2024, primarily due to certain fully amortized intangible assets as of the beginning of the current fiscal year.

Restructuring

Restructuring expense decreased by $27.6 million during fiscal 2025 as compared to fiscal 2024 as the Restructuring Plan announced on December 5, 2023 was substantially completed in fiscal 2024. Refer to Note 15 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for additional information on the Restructuring Plan.

Other Income, Net

Other income, net decreased by $36.8 million during fiscal 2025 as compared to fiscal 2024, primarily due to the following:

- a $31.4 million decrease in interest income primarily due to a reduction in the average balance of corporate funds and lower yield driven by interest rates decrease; and
- a $4.7 million decrease due to a lower gain on debt extinguishment resulting from the partial repurchases of our 2025 Notes and 2027 Notes.

Provision for Income Taxes

Provision for income taxes during fiscal year ended June 30, 2025, consists of a current federal and state tax liability as a result of the mandatory R&D capitalization by the Tax Cuts and Jobs Act of 2017, which became effective for us beginning fiscal 2023. R&D expenses are capitalized and amortized over five years for domestic R&D and fifteen years for international R&D. The requirement increases our current year cash tax liabilities. The current tax liability was offset by the reduction to the net deferred tax liability.

To supplement our consolidated financial statements, which are prepared and presented in accordance with U.S. generally accepted accounting principles (GAAP), we use certain non-GAAP financial measures, as described below, to understand and evaluate our core operating performance. These non-GAAP financial measures, which may be different than similarly-titled measures used by other companies, are presented to enhance investors' overall understanding of our financial performance and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

We believe that these non-GAAP financial measures provide useful information about our financial performance, enhance the overall understanding of our past performance and future prospects and allow for greater transparency with respect to important metrics used by our management for financial and operational decision-making. We are presenting these non-GAAP metrics to assist investors in seeing our financial performance using a management view. We believe that these measures provide an additional tool for investors to use in comparing our core financial performance over multiple periods with other companies in our industry.

We also periodically review our non-GAAP financial measures and may revise these measures to reflect changes in our business or otherwise.

Non-GAAP Gross Profit and Non-GAAP Gross Margin

We define non-GAAP gross profit as gross profit minus depreciation and amortization, and stock-based compensation and related payroll taxes charged to cost of revenue. Non-GAAP gross margin is defined as non-GAAP gross profit, divided by total revenue. We believe non-GAAP gross profit and non-GAAP gross margin provide our management and investors consistency and comparability with our past financial performance and facilitate period-to-period comparisons of operations. The following table shows a reconciliation of our non-GAAP gross profit and non-GAAP gross margin to our gross profit and gross margin for the periods presented (amounts in thousands):

	Year ended June 30,		
	2025	2024	2023
Revenue	$ 1,462,570	$ 1,290,172	$ 1,058,468
Gross profit	1,190,467	1,055,556	864,491
Add:			
Depreciation and amortization [1]	42,298	44,722	42,967
Stock-based compensation and related payroll taxes charged to cost of revenue	9,920	9,594	9,428
Non-GAAP gross profit	$ 1,242,685	$ 1,109,872	$ 916,886
Gross margin	81.4 %	81.8 %	81.7 %
Non-GAAP gross margin	85.0 %	86.0 %	86.6 %

[1] Consists of depreciation of property and equipment and amortization of developed technology, excluding amortization of capitalized internal-use software costs paid in cash.

Free Cash Flow

Free cash flow is a non-GAAP measure defined as net cash provided by operating activities, adjusted by purchases of property and equipment and capitalization of internal-use software costs. We believe free cash flow is an important liquidity measure of the cash that is generated, after incurring operating expenses, purchases of property and equipment and capitalization of internal-use software costs, for future operational expenses and investment in our business. Free cash flow is useful to investors as a liquidity measure because it measures our ability to generate or use cash in the ordinary course of business. One limitation of free cash flow is that it does not reflect our future contractual commitments. Additionally, free cash flow does not represent the total increase or decrease in our cash balance for a given period. Once our business needs and obligations are met, cash can be used to maintain strong balance sheets and invest in future growth. The following table provides a reconciliation of our free cash flow to net cash provided by operating activities for the periods presented (in thousands):

	Year ended June 30,		
	2025	2024	2023
Net cash provided by operating activities	$ 350,644	$ 278,771	$ 187,768
Purchases of property and equipment	(4,335)	(976)	(7,589)
Capitalization of internal-use software costs	(33,767)	(19,917)	(23,614)
Free cash flow	$ 312,542	$ 257,878	$ 156,565

Liquidity and Capital Resources

As of June 30, 2025, our principal sources of liquidity were our cash and cash equivalents of $1.0 billion, our available-for-sale short-term investments of $1.2 billion, and our available undrawn Revolving Credit Facilities (as defined below) of $420.0 million. Our cash equivalents are comprised primarily of money market funds, certificates of deposit, and investments in debt securities with original maturities of three months or less at the time of purchase. Our short-term investments are comprised primarily of available-for-sale investments in corporate bonds, certificates of deposit, asset-backed securities, municipal bonds, and U.S. treasury securities with original maturities of more than three months. Our corporate deposits held at large multinational financial institutions and U.S. national or regional banks, may at times exceed federally insured limits. We monitor the financial strength of the financial institutions with which we do business to ensure they are financially sound and present minimal credit risk. We further believe the associated risk of concentration for our investments is mitigated by holding a diversified portfolio of highly rated investments consisting of the money market funds and short-term debt securities described above. We have a total borrowing capacity of $600.0 million from our Revolving Credit Facilities, and have drawn $180.0 million from 2021 Credit Facility (as defined below), as of June 30, 2025. Subsequently, in July 2025, the Company borrowed $150.0 million from the 2025 Credit Facility (as defined below). Our principal uses of cash are funding our operations and other working capital requirements, including the contractual and other obligations discussed below.

In December 2024, we issued $1.4 billion in aggregate principal amount of 0% convertible senior notes due 2030 (the 2030 Notes). The aggregate net proceeds from the offering of the 2030 Notes were approximately $1.38 billion, after deducting the debt discount and issuance costs totaling approximately $24.0 million. We used certain of the net proceeds to: (i) repurchase a portion of our outstanding 2025 Notes (as defined below) and 2027 Notes (as defined below) for $130.8 million and $408.6 million, respectively, (ii) repurchase $200.0 million of shares of common stock, and (iii) pay the cost of related capped call transactions in the amount of $93.0 million.

We believe that our cash, cash equivalents, and short-term investments will be sufficient to meet our working capital requirements for at least the next 12 months. In the future, we may attempt to raise additional capital through the sale of equity securities or through additional equity-linked or debt financing arrangements to fund future operations or obligations, including the repayment of outstanding convertible senior notes. We may also seek to raise additional capital from these offerings or financings on an opportunistic basis when we believe there are suitable opportunities for doing so. If we raise additional funds by issuing equity or equity-linked securities, the ownership of our existing stockholders will be diluted. If we raise additional financing by incurring additional indebtedness, we may be subject to increased fixed payment obligations and could also be subject to additional restrictive covenants, such as limitations on our ability to incur additional debt, and other operating restrictions that could adversely impact our ability to conduct our business. Any future indebtedness we incur may have terms that could be unfavorable to equity investors. There can be no assurances that we will be able to raise additional capital. The inability to raise capital would adversely affect our ability to achieve our business objectives.

As of June 30, 2025, our principal commitments to settle our contractual obligations consisted of our 2025 Notes, 2027 Notes, 2030 Notes, and outstanding borrowings from our 2021 Credit Facility, as further discussed below. For additional discussion about our Notes and Revolving Credit Facilities, refer to Note 9 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K. In addition, we have minimum commitments under our noncancellable operating lease agreements and agreements with certain vendors. There have been no material changes to our contractual obligations, commitments, or litigation from those disclosed in Note 14 to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

In August 2024, our board of directors approved a new share repurchase program pursuant to which we announced our intention to purchase up to $300.0 million of our outstanding shares of common stock (the August 2024 Share Repurchase Program). During the year ended June 30, 2025, we repurchased and subsequently retired 4,487,417 shares for $236.4 million, including the accrued excise tax, under the August 2024 Share Repurchase Program. As of June 30, 2025, approximately $65.0 million remained available for future share repurchases under the August 2024 Share Repurchase Program. In July 2025, we repurchased $65.0 million of our common stock under this program and completed the repurchase of shares under the August 2024 Share Repurchase Program. Previously, in December 2024, our board of directors approved the repurchase of up to an additional $200.0 million of our outstanding shares of common stock in connection with the issuance of the 2030 Notes. We repurchased 2,260,397 shares of our common stock for $201.2 million, including the accrued excise tax, in privately negotiated transactions concurrently with the pricing of, and using the proceeds from, the issuance of the 2030 Notes. The total price of the shares repurchased and related transaction costs are reflected as a reduction of common stock and accumulated deficit on our consolidated balance sheets.

In August 2025, our board of directors authorized an additional share repurchase program pursuant to which we announced our intention to purchase up to $300 million of our outstanding shares of common stock (the 2025 Share Repurchase Program). We may repurchase such shares from time to time through open market purchases, in privately negotiated transactions, or by other means, including through the use of trading plans. The timing and total amount of stock repurchases will depend upon business, economic and market conditions, corporate and regulatory requirements, prevailing stock prices, and other considerations. The 2025 Share Repurchase Program has no mandated end date, may be suspended, discontinued or modified at any time, and does not obligate us to acquire any amount of common stock.

Depending on market conditions, our liquidity requirements, contractual restrictions, and other factors, we may consider initiating additional share repurchase programs or repurchasing additional Notes.

Cash Flows

Below is a summary of our consolidated cash flows for the periods presented (in thousands):

	Year ended June 30,		
	2025	2024	2023
Net cash provided by (used in):			
Operating activities	$ 350,644	$ 278,771	$ 187,768
Investing activities	$ (817,390)	$ (409,374)	$ 259,285
Financing activities	$ 666,522	$ (742,599)	$ 235,110

Net Cash Provided by Operating Activities

Our primary source of cash provided by our operating activities is our revenue from subscription and transaction fees. Our subscription revenue is primarily based on a fixed monthly or annual rate per user or per customer account. Our transaction revenue is comprised of transaction fees on a fixed or variable rate per type of transaction. We also generate cash from the interest earned on both corporate funds and funds held in trust on behalf of customers. Our primary uses of cash in our operating activities include payments for employees' salaries and related costs, payments to third parties to fulfill our payment transactions, payments to sales and marketing partners, payments for card rewards expenses, and other general corporate expenditures.

Net cash provided by operating activities increased to $350.6 million during fiscal 2025 compared to $278.8 million during fiscal 2024. The net change was due mainly to the increase in our revenue during the year.

Net Cash Provided by (Used in) Investing Activities

Our cash usage for our investing activities consists primarily of purchases of corporate and customer fund available-for-sale investments, purchases of loans held for investment, and capitalization of internal-use software. Our cash proceeds from our investing activities consist primarily of proceeds from the maturities and sale of corporate and customer fund available-for-sale investments and repayments of loans held for investment. Additionally, the increase or decrease in our net cash from investing activities is impacted by the net change in acquired card receivables.

Our net cash used in investing activities was $817.4 million during fiscal 2025 compared to net cash used of $409.4 million during fiscal 2024. The net change was primarily due to the decrease in proceeds from maturities of corporate and customer short-term investments and increase in purchases of corporate and customer fund short-term investments, offset by the change in acquired card receivables.

Net Cash Provided by (Used in) Financing Activities

Our cash proceeds from our financing activities consist primarily of proceeds from issuance of convertible senior notes, and employee purchases of our common stock under our employee stock purchase plan. Our cash usage for our financing activities consists primarily of repurchase of convertible senior notes, repurchases of shares, purchase of capped calls, and convertible senior notes issuance costs. Additionally, the increase or decrease in our net cash from financing activities is impacted by the change in customer fund deposits liability and prepaid card deposits.

Our net cash provided by financing activities was $666.5 million during fiscal 2025 compared to net cash used of $742.6 million during fiscal 2024. The net change was primarily due to proceeds from issuance of convertible senior notes, the decrease in payments for repurchase of convertible senior notes and increase in prepaid card deposits, offset by the increase in repurchase of common stock, purchase of capped call, decrease in proceeds from line of credit borrowings and increase in customer fund deposit liability.

2030 Notes

On December 6, 2024, we issued $1.4 billion in aggregate principal amount of our 0% convertible senior notes due on April 01, 2030. The 2030 Notes are senior, unsecured obligations, and will not accrue interest unless we determine to pay special interest, and are convertible on or after January 1, 2030 until the close of business on the second scheduled trading day immediately preceding the maturity date on April 01, 2030. The 2030 Notes are convertible by the holders at their option during any calendar quarter after December 31, 2024 under certain circumstances, including if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on and including the last trading day of the immediately preceding calendar quarter is greater than or equal to 130.00% of the $119.45 per share initial conversion price. If the note holders exercise their right to convert, our current intent is to settle such conversion through a combination settlement involving a repayment of the principal portion in cash and the balance in shares of common stock. For additional discussion about our 2030 Notes and the capped call transactions, refer to Note 9 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

2027 Notes

On September 24, 2021, we issued $575.0 million in aggregate principal amount of our 0% convertible senior notes due on April 1, 2027 (the 2027 Notes). The 2027 Notes are senior, unsecured obligations, will not accrue interest unless we determine to pay special interest, and are convertible on or after January 1, 2027 until the close of business on the second scheduled trading day immediately preceding the maturity date on April 1, 2027. The 2027 Notes are convertible by the holders at their option during any calendar quarter after December 31, 2021 under certain circumstances, including if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on and including the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the $414.80 per share initial conversion price. If the note holders exercise their right to convert, our current intent is to settle such conversion through a combination settlement involving a repayment of the principal portion in cash and the balance in shares of common stock.

In December 2024, in connection with the issuance of our 2030 Notes, we entered into privately negotiated transactions with certain holders of our 2027 Notes to repurchase $451.5 million aggregate principal amount of our 2027 Notes for an aggregate cash repurchase price of $408.6 million, inclusive of transaction costs. Following the repurchases, we cancelled the repurchased 2027 Notes and, after such cancellation, $123.5 million aggregate principal amount of 2027 Notes remains outstanding. For additional discussion about our 2027 Notes and the capped call transactions, refer to Note 9 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

2025 Notes

On November 30, 2020, we issued $1.15 billion in aggregate principal amount of our 0% convertible senior notes due on December 1, 2025 (the 2025 Notes). The 2025 Notes are senior, unsecured obligations, will not accrue interest unless we determine to pay special interest, and are convertible on or after September 1, 2025 until the close of business on the second scheduled trading day immediately preceding the maturity date on December 1, 2025. The 2025 Notes are convertible by the holders at their option during any calendar quarter after March 31, 2021 under certain circumstances, including if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on and including the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the $160.88 per share initial conversion price. If the note holders exercise their right to convert, our current intent is to settle such conversion through a combination settlement involving a repayment of the principal portion in cash and the balance in shares of common stock.

In December 2024, in connection with the issuance of our 2030 Notes, we entered into privately negotiated transactions with certain holders of our 2025 Notes to repurchase $133.9 million aggregate principal amount of our 2025 Notes for an aggregate cash repurchase price of $130.8 million, inclusive of transaction costs. In addition, in fiscal 2024, we entered into privately negotiated transactions with certain holders of our 2025 Notes to repurchase $982.7 million aggregate principal amount of our 2025 Notes for an aggregate cash repurchase price of $933.2 million, inclusive of transaction costs. Following each of the repurchases, we cancelled the repurchased 2025 Notes and, after such cancellation, $33.5 million aggregate principal amount of 2025 Notes remains outstanding. For additional discussion about our 2025 Notes and the capped call transactions, refer to Note 9 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Revolving Credit Facilities

2021 Credit Facility

We have a total borrowing capacity of $300.0 million pursuant to our Revolving Credit and Security Agreement, by and between our subsidiary, Divvy Peach, LLC, Goldman Sachs Bank USA and the lenders party thereto (as amended to date, the 2021 Credit Facility), of which we borrowed $180.0 million as of June 30, 2025. Revolving loans under the 2021 Credit Facility bear interest at a rate per annum determined by reference to either the SOFR Rate or an adjusted benchmark rate plus an applicable margin ranging from 2.65% to 2.75%, based on the outstanding principal amount and the date that principal amounts are outstanding. Obligations under the 2021 Credit Facility are secured by receivables generated by our BILL Divvy Card and certain related collateral, and subject to a limited guarantee by BILL Holdings, Inc. Our 2021 Credit Facility matures in June 2026. For additional discussion about our 2021 Credit Facility, refer to Note 9 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

2025 Credit Facility

On May 23, 2025, Odin Financing, LLC, our wholly-owned subsidiary, entered into a Revolving Credit Agreement (the 2025 Credit Facility and together with the 2021 Credit Facility, the Revolving Credit Facilities) with JPMorgan Chase Bank, N.A. (JPMorgan), as administrative agent, and the lenders party thereto, which provides for a total borrowing capacity of $300.0 million. In July 2025, we borrowed $150.0 million from the 2025 Credit Facility. Revolving loans under the 2025 Credit Facility bear interest at a rate per annum determined by reference to the applicable one-month secured overnight financing rate or a base rate, plus an applicable margin of 1.80%. Obligations under the 2025 Credit Facility are secured by receivables generated by our BILL Divvy Card and certain related collateral, and subject to a limited guarantee by BILL Holdings, Inc. Our 2025 Credit Facility matures on November 23, 2027. For additional discussion about our 2025 Credit Facility, refer to Note 9 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Off-Balance Sheet Arrangements

We are contractually obligated to purchase all card receivables from U.S.-based Issuing Banks including authorized transactions that have not cleared. The transactions that have been authorized but not cleared totaled $76.0 million as of June 30, 2025 and have not been recorded on our consolidated balance sheets. We have off-balance sheet credit exposures with these authorized but not cleared transactions; however, our expected credit losses with respect to these transactions were not material as of June 30, 2025.

Other than our expected credit loss exposure on the card transactions that have not cleared, we had no other off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our consolidated financial condition, results of operations, liquidity, capital expenditures, or capital resources as of June 30, 2025.

As of June 30, 2025, we, in partnership with the Issuing Banks and the Originating Bank Partner, had approximately $3.6 billion in unused credit available to spending businesses and borrowers using our invoice financing product. While this balance represents the total unused credit available, historical trends and current expectations indicate that the unused credit will likely not be fully utilized by spending businesses and borrowers using our invoice financing product at any one time.

Critical Accounting Estimates

Our consolidated financial statements have been prepared in accordance with GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported revenue generated, and reported expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are described in the notes to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K, we believe that the following critical accounting estimates are most important to understanding and evaluating our reported financial results.

Expected Credit Losses on Acquired Card Receivables

We acquire card receivables pursuant to our contracts with certain Issuing Banks. The acquired card receivables portfolio consists of a large group of smaller balances from spending businesses across a wide range of industries. The allowance for expected credit losses reflects our estimate of uncollectible balances resulting from credit losses and is based on the determination of the amount of expected credit losses inherent in the acquired card receivables as of the reporting date. An estimate of lifetime expected credit losses is performed by incorporating historical loss experience, as well as current and future economic conditions over a reasonable and supportable period beyond the balance sheet date. In estimating expected credit losses, we use models that entail a significant amount of judgment. The primary areas of judgment used in measuring the quantitative components of our reserves relate to the attributes used to segment the portfolio, the determination of the historical loss experience look-back period, and the weighting of historical loss experience by monthly cohort. We use these models and assumptions to determine the reserve rates applicable to the outstanding acquired card receivables balances to estimate reserves for expected credit losses. Based on historical loss experience, the probability of default varies by credit limit sizes, therefore the attribute used to segment the portfolio is the credit limit size of spending businesses. Our models use past loss experience to estimate the probability of default and exposure at default by credit limit size and aged balances. We also estimate the likelihood and magnitude of recovery of previously charged-off loans based on historical recovery experience. Additionally, management evaluates whether to include qualitative reserves to cover credit losses that are expected but may not be adequately represented in the quantitative methodology or the economic assumptions. The qualitative reserves address possible limitations within the models or factors not included within the models, such as macroeconomic conditions, changes in underwriting strategies, the nature and volume of the portfolio, and the volume and severity of past due accounts.

We review our assumptions periodically and the amount of allowance that we recorded may be impacted by actual performance of the acquired card receivables and changes in any of the assumptions used. In general, we charge-off card receivables after the balance becomes 120 days delinquent.

Goodwill

We continually evaluate our current and estimated future financial results, macroeconomic environment and industry-specific conditions, which are subject to many uncertainties, including the impact of tariffs, volatility related to changes in rates of inflation, interest rates, the strength of the U.S. dollar, and the potential for a slowing economy. These conditions, if sustained or exacerbated, could negatively impact the estimated fair value of our single reporting unit, and we may be required to perform a quantitative goodwill impairment test in a future period, which could result in a non-cash impairment charge.

Spending Businesses Rewards

Our BILL Spend and Expense product allows spending businesses to earn rewards based on transaction volume. The amount of rewards that a spending business earns varies based on the terms and conditions of the rewards program. The majority of our rewards are earned and paid based on fixed rates and are not subject to estimation uncertainty. The remaining rewards are earned through our reward points program and may be redeemed at varying rates based on the redemption method selected by the spending business. Redemption methods include statement credits, cash, travel, and gift cards. Determining a liability for the earned and outstanding rewards is a subjective process that requires the use of estimates and the exercise of significant judgment. We estimate the ultimate redemption cost of rewards points based on historical redemption trends. Our current assumption is that substantially all rewards earned will eventually be redeemed. We use the weighted-average redemption cost during the previous 12 months, adjusted as appropriate for recent changes in redemption costs, including changes related to the mix of rewards redeemed, to estimate future redemption costs. While the rewards liability is sensitive to changes in assumptions for redemption costs and involves significant judgment, we believe historical performance is the best indication of future rewards redemption behavior and therefore, it is the primary basis for our estimate.

Recent Accounting Pronouncements

See “The Company and its Significant Accounting Policies” Note 1 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for recently adopted accounting pronouncements and recently issued accounting pronouncements not yet adopted as of June 30, 2025.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Our overall investment portfolio is comprised of corporate investments and funds held for customers. Our corporate investments are invested in cash and cash equivalents and investment-grade fixed income marketable securities. These assets are available for corporate operating purposes with maturities of up to 37 months from the date of purchase based on the effective maturity date. The funds held for customers are invested with safety of principal as the primary objective. As secondary objectives, we seek to provide liquidity and diversification and maximize interest income. The funds held for customers are invested in money market funds that maintain a constant net asset value, other cash equivalents, and highly liquid, investment-grade fixed income marketable securities, with maturities of up to 37 months from the time of purchase based on the effective maturity date. Certain types of investments may have effective maturity dates different from contractual maturity dates. Our investment policy governs the types of investments we make. We classify all of our investments in marketable securities as available-for-sale.

As part of our customer funds investment strategy, we use funds collected daily from our customers to satisfy the obligations of other unrelated customers, rather than liquidating investments purchased with previously collected funds. There is risk that we may not be able to satisfy customer obligations in full or on time due to insufficient liquidity or due to a decline in value of our investments. However, the liquidity risk is minimized because we typically collect the customer's funds in advance of the payment obligation and by maintaining certain investments in bank deposits and constant net asset value money market funds that allow for same-day liquidity. The risk of a decline in investment value is minimized by our restrictive investment policy allowing for only short-term, high quality fixed income marketable securities. We also maintain other sources of liquidity including our corporate cash balances.

Interest Rate and Credit Risk

We are exposed to interest rate risk relating to our investments of corporate cash and funds held for customers that we process through our bank accounts. Our corporate investment portfolio consists principally of interest-bearing bank deposits, money market funds, certificates of deposit, commercial paper, other corporate notes, asset-backed securities, and U.S. treasury securities. Funds that we hold for customers are held in non-interest and interest-bearing bank deposits, money market funds, certificates of deposit, commercial paper, other corporate notes, and U.S. treasury securities. We recognize interest earned from funds held for customers as revenue. We do not pay interest to customers.

Factors that influence the rate of interest we earn include the short-term market interest rate environment and the weighting of our balances by security type. The annualized interest rate earned on our corporate investment portfolio and funds held for customers decreased to 4.50% during fiscal 2025 compared to 5.07% during fiscal 2024.

Unrealized gains or losses on our marketable debt securities are due primarily to interest rate fluctuations from the time the securities were purchased. We account for both fixed and variable rate securities at fair value with unrealized gains and losses recorded in accumulated other comprehensive income (loss) since we classify our marketable debt securities as available-for-sale. Our investments in marketable debt securities are generally held through maturity with minimal sales before maturity barring unforeseen circumstances, and thus unrealized gains or losses on fixed-income securities from market interest rate decreases or increases are not realized as the securities mature at par.

We are also exposed to interest-rate risk relating to borrowings from our Revolving Credit Facilities. As of June 30, 2025, we borrowed $180.0 million from our Revolving Credit Facilities. Because the interest rate on each of our Revolving Credit Facilities is indexed to a designated term SOFR, which is a floating rate mechanism, our interest cost may increase if market interest rates rise. A hypothetical 1.0%-5.0% increase or decrease in interest rates would not have a material effect on our financial results.

In addition to interest rate risks, we also have exposure to risks associated with changes in laws and regulations that may affect customer fund balances. For example, a change in regulations that restricts the permissible investment alternatives for customer funds would reduce our interest earned revenue.

We are exposed to credit risk in connection with our investments in securities through the possible inability of the borrowers to meet the terms of the securities. We limit credit risk by investing in investment-grade securities as rated by Moody's, Standard & Poor's, or Fitch, by investing only in securities that mature in the near-term, and by limiting concentration in securities other than U.S. Treasuries. Investment in securities of issuers with short-term credit ratings must be rated A-2/P-2/F2 or higher. Investment in securities of issuers with long-term credit ratings must be rated A- or A3, or higher. Investment in asset-backed securities and money market funds must be rated AAA or equivalent. Investment in repurchase agreements will be at least 102 percent collateralized with securities issued by the U.S. government or its agencies. Securities in our corporate portfolio may not mature beyond two years from purchase, and securities held in our customer fund accounts may not mature beyond 37 months from purchase, based on the effective maturity date. No more than 5% of invested funds, either corporate or customer, may be held in the issues of a single corporation.

We are also exposed to credit risk related to the timing of payments made from customer funds collected. For certain transactions we remit customer funds to our customers' suppliers in advance of having good or confirmed funds collected from our customers and if a customer disputes a transaction after we remit funds on their behalf, then we could suffer a credit loss. Furthermore, our customers generally have three days to dispute transactions, and if we remit funds in advance of receiving confirmation that no dispute was initiated by our customer, then we could suffer a credit loss. We mitigate this credit exposure by leveraging our data assets to make credit underwriting decisions about whether to accelerate disbursements, managing exposure limits, and various controls in our operating systems.

We continually evaluate the credit quality of the securities in our portfolios. If a security holding is downgraded below our credit rating threshold or we otherwise believe the security's payment performance may be compromised, we will evaluate the relevant risks, remaining time to maturity, amount of principal, as well as other factors, and we will make a determination of whether to continue to hold the security or promptly sell it.

We are exposed to credit risk from card receivable balances we have with our spending businesses and loans held for investment balances from borrowers using our invoice financing product. Spending businesses and borrowers may default on their obligations to us due to bankruptcy, lack of liquidity, operational failure, or other reasons. Although we regularly review our credit exposure to specific spending businesses and borrowers as well as to specific industries that we believe may present credit concerns, default risk may arise from events or circumstances that are difficult to foresee or detect, such as fraud. In addition, our ability to manage credit risk or collect amounts owed to us may be adversely affected by legal or regulatory changes (such as restrictions on collections or changes in bankruptcy laws, and minimum payment regulations). We rely principally on the creditworthiness of spending businesses for repayment of card receivables and therefore have limited recourse for collection. We rely principally on our ability to collect outstanding balances on loans held for investment by receiving payments processed through our platform from the borrowers' customers and applying them to outstanding loan balances. Our ability to assess creditworthiness may be impaired if the criteria or models we use to manage our credit risk prove inaccurate in predicting future losses, which could cause our losses to rise and have a negative impact on our results of operations. Any material increases in delinquencies and losses beyond our current estimates could have a material adverse impact on us. Although we make estimates to provide for expected credit losses in our outstanding portfolio of card receivables and loans held for investments, these estimates may differ from actual losses.

Foreign Currency Exchange Risk

We are exposed to foreign currency exchange risk relating to our cross-border payment service, which allows customers to pay their international suppliers in foreign currencies. When customers make a cross-border payment, customers fund those payments in U.S. dollars based upon an exchange rate that is quoted on the initiation date of the transaction. Subsequently, when we convert and remit those funds to our customers' suppliers primarily through our global payment partners, the exchange rate may differ, due to foreign exchange fluctuation, from the exchange rate that was initially quoted. Our transaction fees to our customers are not adjusted for changes in foreign exchange rates between the initiation date of the transaction and the date the funds are converted.

We are also exposed to foreign currency exchange risk relating to the operations of our subsidiary in Canada. A change in foreign currency exchange rate can affect our financial results due to transaction gains or losses related to the remeasurement of certain monetary asset and monetary liability balances that are denominated in currencies other than the functional currency of our Canadian subsidiary, which is in U.S. dollars.

If the value of the U.S. dollar weakens relative to the foreign currencies, this may have an unfavorable effect on our cash flows and operating results. We believe that a 10% change in the relative value of the U.S. dollar to other foreign currencies would have an immaterial effect on our cash flows and operating results.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of BILL Holdings, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of BILL Holdings, Inc. and its subsidiaries (the "Company") as of June 30, 2025 and 2024, and the related consolidated statements of operations, of comprehensive income (loss), of stockholders' equity and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of June 30, 2025, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of June 30, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2025, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company;

and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition

As described in Notes 1 and 2 to the consolidated financial statements, the Company enters into contracts with small and midsize businesses (SMB) and accounting firm customers to provide access to the functionality of the Company's cloud-based payments platform to process transactions. The Company charges its SMB and accounting firm customers subscription fees for access to its platform either based on the number of users or per customer account and the level of service. The Company generally also charges customers transaction fees based on transaction volume and the category of transaction. The contractual price for subscription and transaction services is based on either negotiated fees or the rates published on the Company's website. The Company accounts for its annual and monthly contracts as a series of distinct services that are satisfied over time. The Company enables SMB and accounting firm customers to make virtual card payments to their suppliers. The Company also facilitates the extension of credit to spending businesses through the BILL Spend and Expense product in the form of BILL Divvy Cards. For each virtual card and BILL Divvy Card transaction, suppliers are required to pay interchange fees to the issuer of the card. Based on the Company's agreements with its Issuing Banks, the Company recognizes the interchange fees as revenue gross or net of fees paid to the Issuing Bank based on the Company's determination of whether it is the principal or agent under the agreements. The Company enters into multi-year contracts with financial institution customers to provide them with access to the Company's cloud-based payments platform. These contracts typically include fees for initial implementation services that are paid during the period the implementation services are provided as well as fees for subscription and transaction processing services, which are subject to guaranteed minimum fees that are paid over the contract term. The Company also earns revenue from interest earned on funds held for customers that are initially deposited into the Company's bank accounts that are separate from the Company's operating cash accounts until remitted to the customers or their suppliers. Interest and fees earned are recognized based on the effective interest method and also include the accretion of discounts and the amortization of premiums on marketable debt securities. The Company's revenue was $1,463 million for the year ended June 30, 2025.

The principal considerations for our determination that performing procedures relating to revenue recognition is a critical audit matter are a high degree of auditor effort in performing procedures and evaluating audit evidence related to the Company's revenue recognition.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process. These procedures also included, among others (i) for certain revenue streams, testing revenue recognized for a sample of revenue transactions by obtaining and inspecting source documents, such as user agreements and third-party bank statements; (ii) for certain revenue streams, developing an independent expectation of revenue, generally based on transaction volume and historical or contractual pricing, and comparing the result to revenue recognized; (iii) for certain revenue streams, confirming total revenue recognized for the year ended June 30, 2025; and (iv) for certain revenue streams, testing the collection of cash receipts during the year and accounts receivable balances as of June 30, 2025 for amounts not yet collected.

/s/ PricewaterhouseCoopers LLP

San Jose, California

August 28, 2025

We have served as the Company's auditor since 2023.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of BILL Holdings, Inc.

Opinion on the Financial Statements

We have audited the consolidated statements of operations, comprehensive income (loss), stockholders' equity and statement of cash flows of BILL Holdings, Inc. (the Company) for the year ended June 30, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the results of its operations and its cash flows for the year ended June 30, 2023, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We served as the Company's auditor from 2018 to 2023.

San Mateo, California

August 29, 2023

BILL HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)

	June 30, 2025	June 30, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,038,346	$ 985,941
Short-term investments	1,180,110	601,535
Accounts receivable, net	32,341	28,049
Acquired card receivables, net of allowances of $15,020 and $20,883 as of June 30, 2025 and 2024, respectively	685,108	697,216
Prepaid expenses and other current assets	258,418	297,169
Funds held for customers	4,044,470	3,704,907
Total current assets	7,238,793	6,314,817
Non-current assets:		
Operating lease right-of-use assets, net	56,086	59,414
Property and equipment, net	116,611	88,034
Intangible assets, net	222,805	281,471
Goodwill	2,396,509	2,396,509
Other assets	33,178	38,568
Total assets	$ 10,063,982	$ 9,178,813
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 16,293	$ 7,447
Accrued compensation and benefits	39,581	34,158
Deferred revenue	22,435	17,006
Other accruals and current liabilities	252,455	299,506
Borrowings from credit facilities, net	180,005	—
Convertible senior notes, net	33,421	—
Customer fund deposits	4,044,470	3,704,907
Total current liabilities	4,588,660	4,063,024
Non-current liabilities:		
Deferred revenue	285	4,167
Operating lease liabilities	58,372	62,847
Borrowings from credit facilities, net	—	180,009
Convertible senior notes, net	1,501,044	733,991
Other long-term liabilities	1,581	574
Total liabilities	6,149,942	5,044,612
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Preferred stock: $0.00001 par value per share; 10,000 shares authorized; none issued and outstanding	—	—
Common stock; $0.00001 par value per share; 500,000 shares authorized; 103,012 and 106,646 shares issued and outstanding at June 30, 2025 and 2024, respectively	2	2
Additional paid-in capital	5,414,645	5,233,037
Accumulated other comprehensive income (loss)	10,197	(1,890)
Accumulated deficit	(1,510,804)	(1,096,948)
Total stockholders' equity	3,914,040	4,134,201
Total liabilities and stockholders' equity	$ 10,063,982	$ 9,178,813

See accompanying notes to consolidated financial statements.

BILL HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Year ended June 30, 2025	2024	2023
Revenue			
Subscription and transaction fees	$ 1,300,804	$ 1,122,733	$ 944,710
Interest on funds held for customers	161,766	167,439	113,758
Total revenue	1,462,570	1,290,172	1,058,468
Cost of revenue			
Service costs	229,805	189,894	151,010
Depreciation and amortization (1)	42,298	44,722	42,967
Total cost of revenue	272,103	234,616	193,977
Gross profit	1,190,467	1,055,556	864,491
Operating expenses			
Research and development	340,059	336,754	314,632
Sales and marketing	543,711	478,540	515,858
General and administrative	281,913	277,662	249,054
Provision for expected credit losses	72,749	60,105	32,224
Depreciation and amortization (1)	32,637	49,072	48,496
Restructuring	—	27,587	—
Total operating expenses	1,271,069	1,229,720	1,160,264
Operating loss	(80,602)	(174,164)	(295,773)
Other income, net	111,012	147,845	72,856
Income (loss) before provision for income taxes	30,410	(26,319)	(222,917)
Provision for income taxes	6,611	2,559	808
Net income (loss)	$ 23,799	$ (28,878)	$ (223,725)
Net income (loss) per share attributable to common stockholders:			
Basic	$ 0.23	$ (0.27)	$ (2.11)
Diluted	$ (0.07)	$ (0.27)	$ (2.11)
Weighted-average number of common shares used to compute net income (loss) per share attributable to common stockholders:			
Basic	103,568	106,102	105,976
Diluted	103,912	106,102	105,976

(1) Depreciation and amortization do not include amortization of capitalized internal-use software costs paid in cash.

See accompanying notes to consolidated financial statements.

BILL HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands)

	Year ended June 30,		
	2025	**2024**	**2023**
Net income (loss)	$ 23,799	$ (28,878)	$ (223,725)
Other comprehensive income (loss):			
Net unrealized gain on investments in available-for-sale securities	12,087	2,598	5,729
Comprehensive income (loss)	$ 35,886	$ (26,280)	$ (217,996)

See accompanying notes to consolidated financial statements.

BILL HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands)

	Common stock		Additional paid-in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Total stockholders' equity
	Shares	Amount				
Balance at June 30, 2022	104,731	$ 2	$ 4,598,737	$ (10,217)	$ (544,828)	$ 4,043,694
Issuance of common stock upon exercise of stock options and release of restricted stock units	2,703	—	13,872	—	—	13,872
Issuance of common stock as consideration for an acquisition	40	—	3,375	—	—	3,375
Issuance of common stock under the employee stock purchase plan	182	—	17,879	—	—	17,879
Repurchase and retirement of common stock	(1,106)	—	—	—	(87,615)	(87,615)
Stock-based compensation	—	—	312,760	—	—	312,760
Other comprehensive income	—	—	—	5,729	—	5,729
Net loss	—	—	—	—	(223,725)	(223,725)
Balance at June 30, 2023	106,550	2	4,946,623	(4,488)	(856,168)	4,085,969
Issuance of common stock upon exercise of stock options, warrants and release of restricted stock units, net of shares withheld and retired for tax	2,754	—	13,002	—	—	13,002
Issuance of common stock under the employee stock purchase plan	225	—	16,495	—	—	16,495
Repurchase and retirement of common stock, including excise tax	(2,883)	—	—	—	(211,902)	(211,902)
Unwind of capped calls	—	—	9,657	—	—	9,657
Stock-based compensation	—	—	247,260	—	—	247,260
Other comprehensive income	—	—	—	2,598	—	2,598
Net loss	—	—	—	—	(28,878)	(28,878)
Balance at June 30, 2024	106,646	2	5,233,037	(1,890)	(1,096,948)	4,134,201
Issuance of common stock upon exercise of stock options, warrants and release of restricted stock units, net of shares withheld and retired for tax	2,843	—	8,986	—	—	8,986
Issuance of common stock under the employee stock purchase plan	270	—	11,553	—	—	11,553
Repurchase and retirement of common stock, including excise tax	(6,747)	—	—	—	(437,655)	(437,655)
Purchases of capped calls	—	—	(92,960)	—	—	(92,960)
Stock-based compensation	—	—	254,029	—	—	254,029
Other comprehensive income	—	—	—	12,087	—	12,087
Net income	—	—	—	—	23,799	23,799
Balance at June 30, 2025	103,012	2	5,414,645	10,197	(1,510,804)	3,914,040

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year ended June 30,		
	2025	2024	2023
Cash flows from operating activities:			
Net income (loss)	$ 23,799	$ (28,878)	$ (223,725)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Stock-based compensation	242,532	248,375	313,567
Amortization of intangible assets	61,925	79,956	80,205
Depreciation of property and equipment	13,010	13,838	11,258
Amortization of capitalized internal-use software costs paid in cash	14,508	9,369	4,215
Amortization of debt discount and issuance costs	4,739	6,238	6,964
Accretion of discount on investments in marketable debt securities	(37,000)	(55,062)	(37,194)
Accretion of discount on loans held for investment	(21,215)	(9,209)	(127)
Gain on debt extinguishment	(40,550)	(46,654)	—
Provision for expected credit losses on acquired card receivables and other financial assets	72,749	60,105	32,189
Non-cash operating lease expense	8,164	8,642	9,493
Other	395	1,395	(107)
Changes in assets and liabilities:			
Accounts receivable	(4,458)	69	(4,482)
Prepaid expenses and other current assets	(26,986)	(6,825)	(16,844)
Other assets	8,417	7,528	320
Accounts payable	8,213	(1,125)	(1,686)
Other accruals and current liabilities	30,222	20,992	34,465
Operating lease liabilities	(9,412)	(9,839)	(10,303)
Other long-term liabilities	46	(14,580)	(3,097)
Deferred revenue	1,546	(5,564)	(7,343)
Net cash provided by operating activities	350,644	278,771	187,768
Cash flows from investing activities:			
Cash paid for acquisition, net of acquired cash and cash equivalents	—	—	(28,902)
Purchases of corporate and customer fund short-term investments	(2,847,736)	(2,682,659)	(2,743,763)
Proceeds from maturities and sales of corporate and customer fund short-term investments	2,214,628	2,513,646	3,295,568
Purchase of intangible assets	(2,868)	—	—
Purchases of loans held for investment	(798,926)	(359,654)	(5,878)
Principal repayments of loans held for investment	787,513	326,172	4,472
Acquired card receivables, net	(129,439)	(185,486)	(234,256)
Purchases of property and equipment	(4,335)	(976)	(7,589)
Capitalization of internal-use software costs	(33,767)	(19,917)	(23,614)
Proceeds from beneficial interest	—	—	2,080
Other	(2,460)	(500)	1,167
Net cash provided by (used in) investing activities	(817,390)	(409,374)	259,285

	Year ended June 30, 2025	2024	2023
Cash flows from financing activities:			
Proceeds from issuance of convertible senior notes	1,400,000	—	—
Cash paid for convertible senior notes issuance costs	(24,006)	—	—
Payments for repurchase of convertible senior notes	(539,403)	(933,187)	—
Proceeds from unwind of capped calls	—	11,442	—
Purchase of capped calls	(92,960)	—	—
Customer fund deposits liability and other	318,683	353,964	204,390
Prepaid card deposits	28,517	(17,901)	26,584
Repurchase of common stock	(430,002)	(211,902)	(87,615)
Proceeds from line of credit borrowings	—	45,000	60,000
Cash paid for line of credit issuance costs	(1,721)	—	—
Proceeds from exercise of stock options	3,701	8,114	13,872
Tax withholdings related to net share settlements of equity awards	(7,840)	(3,862)	—
Proceeds from issuance of common stock under the employee stock purchase plan	11,553	16,495	17,879
Contingent consideration payout	—	(10,762)	—
Net cash provided by (used in) financing activities	666,522	(742,599)	235,110
Effect of exchange rate changes on cash, cash equivalents, restricted cash and restricted cash equivalents	(290)	(240)	(38)
Net increase (decrease) in cash, cash equivalents, restricted cash, and restricted cash equivalents	199,486	(873,442)	682,125
Cash, cash equivalents, restricted cash, and restricted cash equivalents, beginning of year	3,351,398	4,224,840	3,542,715
Cash, cash equivalents, restricted cash, and restricted cash equivalents, end of year	$ 3,550,884	$ 3,351,398	$ 4,224,840
Reconciliation of cash, cash equivalents, restricted cash, and restricted cash equivalents within the consolidated balance sheets to the amounts shown in the consolidated statements of cash flows above:			
Cash and cash equivalents	$ 1,038,346	$ 985,941	$ 1,617,151
Restricted cash included in other current assets	101,620	174,101	87,322
Restricted cash included in other assets	4,885	5,297	13,810
Restricted cash and restricted cash equivalents included in funds held for customers	2,406,033	2,186,059	2,506,557
Total cash, cash equivalents, restricted cash, and restricted cash equivalents, end of year	$ 3,550,884	$ 3,351,398	$ 4,224,840
Supplemental disclosure of cash flow information:			
Cash paid for interest during the period	$ 13,782	$ 12,611	$ 7,440
Cash paid for income taxes during the period	$ 6,321	$ 5,628	$ 1,266
Noncash investing and financing activities:			
Payable on purchases of property and equipment and internal-use software costs	$ 5,234	$ 906	$ 174
Payable on purchases of acquired card receivables	9,213	105,406	—
Payable on repurchase of common stock	5,000	—	—
Payable on excise tax	2,653	—	—
Issuance and exercise of warrants	$ 13,125	$ 8,750	$ —

See accompanying notes to consolidated financial statements.

NOTE 1 – THE COMPANY AND ITS SIGNIFICANT ACCOUNTING POLICIES

Bill.com, Inc. was incorporated in the State of Delaware in April 2006. Bill.com Holdings, Inc. was incorporated in the State of Delaware in August 2018 (and renamed BILL Holdings, Inc. in February 2023). In November 2018, Bill.com, Inc. consummated a reorganization with BILL Holdings, Inc., resulting in the latter becoming the parent entity of Bill.com, Inc. BILL Holdings, Inc. and its wholly-owned subsidiaries are collectively referred to as the “Company”.

The Company is a provider of software-as-a-service, cloud-based payments, and spend and expense management products, which allow users to automate accounts payable and accounts receivable transactions, enable businesses to easily connect with their suppliers and/or customers to do business, eliminate expense reports, manage cash flows, and improve back-office efficiency.

Offering of Convertible Notes

On December 6, 2024, the Company issued $1.4 billion in aggregate principal amount of 0% convertible senior notes due 2030 (the 2030 Notes). The Company received $1.38 billion in net proceeds from the sale of the 2030 Notes, after deducting initial purchaser discounts and other offering costs. The Company used a portion of the net proceeds to pay the cost of capped call transactions in the amount of $93.0 million, to repurchase portions of its outstanding 2025 and 2027 convertible senior notes for $130.8 million and $408.6 million, respectively, and to repurchase $200.0 million of shares of its common stock.

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and were prepared in conformity with U.S. generally accepted accounting principles (GAAP) and applicable rules and regulations of the Securities and Exchange Commission (SEC). All intercompany accounts and transactions have been eliminated.

Segment Reporting

The Company operates as one operating segment because its chief operating decision maker (CODM), who is the Chief Executive Officer, reviews its financial information on a consolidated basis with net income (loss) as the primary measure of segment profitability for purposes of making decisions regarding allocating resources and assessing performance. The CODM uses this measure to evaluate the Company’s operational efficiency and profitability, make strategic capital allocation decisions, and assess progress against financial targets, and is regularly provided with financial results comparing actual performance to budgeted targets and prior periods. The CODM does not evaluate the performance of the operating segment using asset information.

On a regular basis, the Company’s CODM is provided with significant segment expenses as reported within the consolidated statements of operations, adjusted for depreciation, amortization and restructuring, as presented in the consolidated statements of operations, stock-based compensation (refer to Note 10), amortization of debt issuance costs and gain on debt extinguishment (refer to Note 11). Other items included in the segment's profit or loss measure are interest income, interest expense (refer to Note 11) and provision for income taxes presented in the consolidated statements of operations and comprehensive income (loss).

Total revenue from external customers outside of the U.S. was less than 3% of consolidated total revenue during each of the years ended June 30, 2025, 2024, and 2023.

Reclassification

Certain accounts in the prior period consolidated statements of cash flows were reclassified to conform with the current year presentation.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make various estimates and assumptions that affect the amounts reported and disclosed in the consolidated financial statements and the accompanying notes. Management regularly assesses these estimates, including, but not limited to useful lives of long-lived assets; capitalization of internal-use software costs; the estimate of expected credit losses on accounts receivable, acquired card receivables, and loans held for investment; accrual for rewards; benefit periods used to amortize deferred costs; reserve for losses on funds held for customers; and valuation of deferred tax assets. The Company evaluates these estimates and assumptions and adjusts them accordingly. Actual results could differ from those estimates, and such differences may be material to the consolidated financial statements.

Funds Held for Customers and Customer Fund Deposits

Funds held for customers and the corresponding liability on customer fund deposits represent funds that are collected from customers for payments to their suppliers and funds that are collected on behalf of customers. Generally, these funds held for customers are initially deposited in separate bank accounts until remitted to the customers' suppliers or to the customers. Funds held for customers also include amounts that are held by or deposited into the accounts of payment processing companies and receivables from customers. The funds held for customers are restricted for the purpose of satisfying the customers' fund obligations and are not available for general business use by the Company. The Company partially invests funds held for customers in highly liquid investments, which include money market funds and marketable debt securities with maturities of three months or less, as well as marketable debt securities with maturities ranging from three months up to thirty-seven months at the time of purchase based on the effective maturity date. Funds held for customers that are invested in marketable debt securities are classified as available-for-sale. These investments are carried at fair value, with unrealized gains or losses included in accumulated other comprehensive income (loss) on the consolidated balance sheets and as a component of the consolidated statements of comprehensive income (loss). The Company contractually earns interest on funds held for customers with associated counterparties.

Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents

Cash and cash equivalents consist of cash in banks, and highly liquid investments with maturities of three months or less at the time of purchase.

Restricted cash consists of (i) amounts restricted under deposit account control agreements, (ii) minimum cash balances that are required to be maintained by certain banks, (iii) cash collateral required by the Company's lessors to satisfy letter of credit requirements under its lease agreements, (iv) cash collateral required by a bank in connection with the Company's money transmission activities, and (v) cash in bank and cash deposits held by payment processing companies included in funds held for customers.

Restricted cash equivalents consist of highly liquid investments with maturities of three months or less at the time of purchase that are included in funds held for customers.

Except for the restricted cash included in funds held for customers, the current and non-current portion of the restricted cash is included in prepaid expenses and other current assets, and in other assets, respectively, in the accompanying consolidated balance sheets.

Short–term Investments

The Company invests excess cash in a diversified portfolio of highly rated marketable debt securities with maturities of more than three months. These securities are classified as available-for-sale and recorded at fair value. The Company determines the appropriate classification of investments in marketable debt securities at the time of purchase and reevaluates such designation at each balance sheet date. After consideration of risk versus reward attributes and liquidity requirements, the Company may sell these debt securities prior to their stated maturities. As the Company views these securities as available to support current operations, including those with maturities beyond 12 months, and therefore classifies these securities as current assets in the accompanying consolidated balance sheets. Unrealized gains or losses are included in accumulated other comprehensive income (loss) on the consolidated balance sheets and as a component of the consolidated statements of comprehensive income (loss). If the estimated fair value of an available-for-sale debt security is below its amortized cost basis, then the Company evaluates for impairment. The Company considers its intent to sell the security or whether it is more likely than not that it will be required to sell the security before recovery of its amortized basis. If either of these criteria are met, the debt security's amortized cost basis is written down to fair value through other income, net in the consolidated statements of operations. If neither of these criteria are met, the Company evaluates whether unrealized losses have resulted from a credit loss or other factors. When a credit loss exists, the Company compares the present value of cash flows expected to be collected from the debt security with the amortized cost basis of the security to determine what allowance amount, if any, should be recorded. An impairment relating to credit losses is recorded through an allowance for credit losses reported in other income, net in the consolidated statements of operations. The allowance is limited by the amount that the fair value of the debt security is below its amortized cost basis.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash, cash equivalents, restricted cash, restricted cash equivalents, short-term investments, accounts receivable, acquired card receivables and loans held for investment (collectively referred to as Financial Assets). The Company maintains its cash, cash equivalents, restricted cash, restricted cash equivalents and short-term investments with large multinational financial institutions that may at times exceed federally insured limits. Management believes that the financial institutions with which the Company does business are financially sound with minimal credit risk. Management further believes the associated risk of concentration for the Company's investments is mitigated by holding a diversified portfolio of highly rated investments consisting of money market funds and short-term debt securities.

The Company performs credit evaluations to verify the credit quality of its Financial Assets and determine any at-risk financial instruments. As of June 30, 2025 and 2024, the allowance for expected credit losses related to accounts receivable, acquired card receivables and loans held for investment totaled approximately $30.3 million and $25.8 million, respectively.

There were no customers that exceeded 10% of the Company's total revenue during each of the years ended June 30, 2025, 2024, and 2023.

Foreign Currency

The functional currency of the Company's foreign subsidiary is the U.S. dollar, which is the Company's reporting currency. Gains and losses from the remeasurement of transactions denominated in foreign currencies other than the functional currency of the foreign subsidiary are included in other income, net in the accompanying statements of operations.

Accounts Receivable and Unbilled Revenue

Accounts receivable, which consist primarily of fees from customers, including accounting firm and financial institution customers, are recorded at the invoiced amount, net of an allowance for expected credit losses. Unbilled revenue is recorded based on amounts that the Company expects to invoice to customers in the subsequent period. The allowance for expected credit losses related to accounts receivable and unbilled revenue is based on the Company's assessment of the collectability of the receivables. The Company regularly reviews the adequacy of the allowance for expected credit losses by considering the age of each outstanding invoice and the collection history of each customer to determine whether a specific allowance is appropriate. Accounts receivable deemed uncollectible are charged against the allowance for expected credit losses when identified. For all periods presented, the allowance for expected credit losses related to accounts receivable and unbilled revenue was not material.

Loans Held for Investment

Loans held for investment represent funds advanced under either a term loan or line of credit agreement, through a partnership with a third-party bank (the Originating Bank Partner) in connection with the Company's invoice financing product, with each invoice financed having a repayment term of 12 months. The Company purchases loans or lines of credit draws from the Originating Bank Partner pursuant to the terms outlined in the loan sale agreement between the Company and the Originating Bank Partner. The undrawn lines of credit are unconditionally cancellable. Loans that the Company has the intent and ability to hold for the foreseeable future or until maturity or payoff are classified as held for investment and are initially recognized at their purchase price and subsequently reported at amortized cost. The loans held for investment are recorded net of the allowance for expected credit losses. Loans held for investment are included in prepaid expenses and other current assets in the accompanying consolidated balance sheets.

The Company accretes discount and interest income using the effective interest method over the life of the loan. Accretion of discount and interest income on these loans is included in subscription and transaction fees revenue in the accompanying consolidated statements of operations.

Loans are considered past due if payment is not received on the scheduled payment due date. The Company places loans on nonaccrual status when they become 60 days past due and applies the modified cost recovery method to record payments received on nonaccrual assets. The allowance for expected credit losses reflects the Company’s estimate of uncollectible balances resulting from credit losses and is based on the determination of the amount of expected credit losses inherent in the loans held for investment balance as of the reporting date. An estimate of lifetime expected credit losses is performed by incorporating historical loss experience, as well as current and future economic conditions over a reasonable and supportable period beyond the reporting date. In estimating expected credit losses, the Company uses models that entail a significant amount of judgment. The primary area of judgment used in measuring the quantitative components of the Company’s reserves is the historical loss experience look-back period. The Company uses these models and assumptions to determine the reserve rates applicable to the outstanding loans held for investment balances to estimate reserves for expected credit losses. The Company’s models may include past loss experience and payment history to estimate the loss rates. Additionally, management evaluates whether to include qualitative reserves to cover credit losses that are expected but may not be adequately represented by the quantitative methodology or the economic assumptions. The qualitative reserves address possible limitations within the models or factors not included within the models, such as macroeconomic conditions, changes in underwriting strategies, the nature and volume of the portfolio, and the volume and severity of past due accounts. In general, loans held for investment are charged-off on or before the loan becomes 120 days delinquent. Assumptions regarding expected losses are reviewed periodically and may be impacted by actual performance of the loans receivable and changes in any of the factors discussed above.

Acquired Card Receivables

The portfolio of acquired card receivables consists of U.S. based commercial accounts diversified across various geographies and industries. The Company manages credit risk based on common risk characteristics including financial condition of the users of the spend and expense management application.

Acquired card receivables are reported at their principal amounts outstanding net of allowance for expected credit losses and represent a revolving line of credit. The undrawn lines of credit are unconditionally cancellable. Acquired card receivables are deemed to be held for investment when such receivables are not acquired specifically for resale.

As part of the onboarding process, users of the Company’s free spend and expense management application are provided with a credit limit subject to a credit policy and underwriting process which is periodically re-performed based on risk indicators and the size of the credit limit.

Spending businesses may over fund their accounts through payments in excess of the outstanding balance. Such over funded amounts are recorded as prepaid card deposits, which are included in other accruals and current liabilities in the accompanying consolidated balance sheets.

Acquired card receivables represent amounts due on card transactions integrated with the spend and expense management application. The Company is contractually obligated to purchase a 100% participation interest in all card receivables from U.S.-based card issuing banks (Issuing Banks) including authorized transactions that have not cleared at the Issuing Banks. Acquired card receivables are recorded at the time a transaction clears at the Issuing Banks and generally payment for the card receivables is made on the day the transaction clears at the Issuing Banks.

The acquired card receivables portfolio consists of a large group of smaller balances from spending businesses across a wide range of industries. The allowance for expected credit losses reflects the Company's estimate of uncollectible balances resulting from credit losses and is based on the determination of the amount of expected credit losses inherent in the acquired card receivables as of the reporting date. An estimate of lifetime expected credit losses is performed by incorporating historical loss experience, as well as current and future economic conditions over a reasonable and supportable period beyond the balance sheet date. In estimating expected credit losses, the Company uses models that entail a significant amount of judgment. The primary areas of judgment used in measuring the quantitative components of the Company's reserves relate to the attributes used to segment the portfolio, the determination of the historical loss experience look-back period, and the weighting of historical loss experience by monthly cohort. The Company uses these models and assumptions to determine the reserve rates applicable to the outstanding acquired card receivables balances to estimate reserves for expected credit losses. Based on historical loss experience, the probability of default varies by credit limit size, therefore it is incorporated as an attribute used to segment the portfolio. The Company's models use past loss experience to estimate the probability of default and exposure at default by credit limit size and aged balances. The Company also estimates the likelihood and magnitude of recovery of previously charged-off loans based on historical recovery experience. Additionally, management evaluates whether to include qualitative reserves to cover credit losses that are expected but may not be adequately represented by the quantitative methodology or the economic assumptions. The qualitative reserves address possible limitations within the models or factors not included within the models, such as macroeconomic conditions, changes in underwriting strategies, the nature and volume of the portfolio, and the volume and severity of past due accounts. In general, acquired card receivables are charged-off after the balance becomes 120 days delinquent. Assumptions regarding expected losses are reviewed periodically and may be impacted by actual performance of the acquired card receivables and changes in any of the factors discussed above.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the respective assets, generally two to three years. Leasehold improvements are amortized over the shorter of estimated useful lives of the assets or the lease term. Expenditures for repairs and maintenance are charged to expense as incurred. Upon disposition, the cost and related accumulated depreciation and amortization are removed from the accounts and the resulting gain or loss is reflected in the consolidated statements of operations.

The Company capitalizes internal and external direct costs incurred related to obtaining or developing internal-use software. Costs incurred during the application development stage are capitalized and are amortized using the straight-line method over the estimated useful lives of the software, generally three years commencing on the first day of the month following when the software is ready for its intended use. Costs related to planning and other preliminary project activities and post-implementation activities are expensed as incurred.

Goodwill

Goodwill represents the excess of the purchase price of the acquisition over the net fair value of identifiable assets acquired and liabilities assumed. Goodwill amounts are not amortized. The Company monitors goodwill for impairment on at least an annual basis, or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. No triggering events indicating possible impairment were identified during the fiscal year or in any prior period. The Company continually evaluates its current and estimated future financial results, macroeconomic environment and industry-specific conditions, which are subject to many uncertainties, including the impact of tariffs, volatility related to changes in rates of inflation, interest rates, the strength of the U.S. dollar, and the potential for a slowing economy. These conditions, if sustained or exacerbated, could negatively impact the estimated fair value of the Company's single reporting unit. As a result, the Company may be required to perform a quantitative goodwill impairment test in a future period, which could result in a non-cash impairment charge.

Intangible Assets

The Company generally recognizes assets for customer relationships, developed technology and finite-lived trade names from an acquisition. Finite-lived intangible assets are carried at acquisition cost less accumulated amortization. Such amortization is recorded on a straight-line basis over the estimated useful lives of the respective assets, generally from three to ten years. Amortization for developed technology is recognized in cost of revenue. Amortization for customer relationships and trade names is recognized in sales and marketing expenses.

Impairment

Goodwill is tested annually at the reporting unit level for impairment during the fourth fiscal quarter or more frequently if facts or changes in circumstances indicate the carrying amount of goodwill may not be recoverable. The Company has one reporting unit; therefore, all of its goodwill is associated with the entire company. Management has the option to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of the Company is less than the carrying amount, including goodwill. If it is determined that it is more likely than not that the fair value of the Company is less than the carrying amount, a quantitative assessment is performed by comparing the fair value of a reporting unit with its carrying amount. An impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit’s fair value, not to exceed the total amount of goodwill allocated to that reporting unit. The Company also has the option to bypass the qualitative assessment and perform the quantitative assessment.

The Company reviews the valuation of long-lived assets, including property and equipment and finite-lived intangible assets, whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The recoverability of long-lived assets or asset groups is calculated based on the estimated undiscounted future cash flows expected to result from the use and eventual disposition of the asset. Impairment testing is performed at the asset group level.

Based on management's assessment, the Company did not recognize any impairment losses on its goodwill, finite-lived intangible assets or other long-lived assets during the periods presented herein.

Leases

The Company determines if an arrangement is a lease, or contains a lease, by evaluating whether there is an identified asset and whether the Company controls the use of the identified asset throughout the period of use. The Company determines the classification of the lease, whether operating or financing, at the lease commencement date, which is the date the leased assets are made available for use.

The Company uses the non-cancelable lease term when recognizing the right-of-use (ROU) assets and lease liabilities, unless it is reasonably certain that a renewal or termination option will be exercised. The Company accounts for lease components and non-lease components as a single lease component. Modifications are assessed to determine whether incremental differences result in new contract terms and accounted for as a new lease or whether the additional right of use should be included in the original lease and continue to be accounted with the remaining ROU asset.

Operating lease ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. Lease payments consist of the fixed payments under the arrangement, less any lease incentives. Variable costs, such as common area maintenance costs, are not included in the measurement of the ROU assets and lease liabilities, but are expensed as incurred. As the implicit rate of the leases is not determinable, the Company uses an incremental borrowing rate in determining the present value of the lease payments. Lease expenses are recognized on a straight-line basis over the lease term.

The Company does not recognize ROU assets on lease arrangements with a term of 12 months or less. Lease expense for such arrangements is recognized on a straight-line basis over the term of the lease.

Convertible Senior Notes, net and Capped Calls

Convertible senior notes, net are accounted as a liability and measured at amortized cost. The carrying amount of the convertible senior notes is calculated as the proceeds at issuance, net of debt discounts and debt issuance costs. The difference between the principal amount and carrying amount is amortized to interest expense over the term of the convertible senior notes using the effective interest rate method and is included within other income, net in the consolidated statements of operations.

The cost of capped calls executed in connection with the offering of the convertible senior notes is recorded as a reduction to additional paid-in capital in the consolidated statements of stockholders' equity (refer to Note 9 for further details on convertible senior notes and capped calls).

Accrued Rewards

Spending businesses participate in rewards programs based on card transactions. The Company records a rewards liability that represents the estimated cost for rewards owed to spending businesses. Rewards liabilities are impacted over time by redemption costs and by spending businesses meeting eligibility requirements. Changes in the rewards liabilities during the period are recognized as an increase or decrease to sales and marketing expense in the accompanying consolidated statements of operations. The accrued rewards liability, which was $87.6 million and $67.7 million as of June 30, 2025 and 2024, respectively, is included in other accruals and current liabilities in the accompanying consolidated balance sheets. The rewards expense, which was $272.0 million, $219.8 million, and $173.9 million, during the years ended June 30, 2025, 2024, and 2023, respectively, is included in sales and marketing expenses in the accompanying consolidated statements of operations.

Revenue Recognition

The Company enters into contracts with small and midsize businesses (SMB) and accounting firm customers to provide access to the functionality of the Company’s cloud-based payments platform to process transactions. These contracts are either monthly contracts paid in arrears, or annual arrangements paid up front. The Company charges its SMB and accounting firm customers subscription fees for access to its platform either based on the number of users or per customer account and the level of service. The Company generally also charges customers transaction fees based on transaction volume and the category of transaction. The contractual price for subscription and transaction services is based on either negotiated fees or the rates published on the Company’s website.

The Company accounts for its annual and monthly contracts as a series of distinct services that are satisfied over time. Revenues recognized exclude amounts collected on behalf of third parties, such as sales taxes collected and remitted to governmental authorities.

The Company enables SMB and accounting firm customers to make virtual card payments to their suppliers. The Company also facilitates the extension of credit to spending businesses through the BILL Spend and Expense product in the form of BILL Divvy Cards. The spending businesses utilize the credit on BILL Divvy Cards as a means of payment for goods and services provided by their suppliers. Virtual card payments and BILL Divvy Cards are originated through agreements with Issuing Banks. The agreements with the Issuing Banks allow for card transactions on the Mastercard and Visa networks. For each virtual card and BILL Divvy Card transaction, suppliers are required to pay interchange fees to the issuer of the card. Based on the Company's agreements with its Issuing Banks, the Company recognizes the interchange fees as revenue gross or net of fees paid to the Issuing Bank based on the Company's determination of whether it is the principal or agent under the agreements.

The Company enters into multi-year contracts with financial institution customers to provide them with access to the Company’s cloud-based payments platform. These contracts typically include fees for initial implementation services that are paid during the period the implementation services are provided as well as fees for subscription and transaction processing services, which are subject to guaranteed minimum fees that are paid over the contract term. These contracts enable the financial institutions to provide their customers with access to online bill pay services through the financial institutions’ online platforms. Implementation services are required up-front to establish an infrastructure that allows the financial institutions’ online platforms to communicate with the Company’s online platform. A financial institution’s customers cannot access online bill pay services until implementation is complete.

Initial implementation services and transaction processing services are not capable of being distinct from the subscription for online bill pay services and are combined into a single performance obligation. The total consideration in these contracts varies based on the number of users and transactions to be processed. The Company has determined it meets the variable consideration allocation exception and therefore recognizes guaranteed monthly payments and any overages as revenue in the month they are earned. Implementation fees are recognized based on the proportion of transactions processed to the total estimated transactions to be processed over the contract period. The Company allocates revenue to each performance obligation based on its relative standalone selling price.

Interest on Funds Held for Customers

The Company also earns revenue from interest earned on funds held for customers that are initially deposited into the Company’s bank accounts that are separate from the Company’s operating cash accounts until remitted to the customers or their suppliers. The Company partially invests funds held for customers in highly liquid investments with maturities of three months or less and in marketable debt securities with maturities of three months to one year at the time of purchase. Interest and fees earned are recognized based on the effective interest method and also include the accretion of discounts and the amortization of premiums on marketable debt securities.

Deferred Revenue

Subscription and transaction fees from customers for which the Company has annual or multi-year contracts are generally billed in advance. These fees are initially recorded as deferred revenue and subsequently recognized as revenue as the performance obligation is satisfied.

Deferred Costs

Deferred costs consist of (i) deferred sales commissions that are incremental costs of obtaining customer contracts and (ii) deferred service costs, primarily direct payroll costs, for implementation services provided to customers prior to the launching of the Company’s products for general availability (go-live) to customers. Deferred sales commissions are amortized ratably over the estimated life of the customer relationship aligned with the pattern of customer attrition, taking into consideration the initial contract term and expected renewal periods. Deferred service costs are amortized ratably over the estimated benefit period of the capitalized costs starting on the go-live date of the service.

Service Costs

Service costs consist primarily of costs that are directly attributed to processing customers’ and spending businesses' transactions (such as the cost of printing checks, postage for mailing checks, fees associated with the issuance and processing of card transactions, net of card network incentives, fees for processing payments), personnel-related costs, including stock-based compensation, for the Company’s customer success and payment operations teams, outsourced support services for the Company's customer success team, direct and amortized costs for implementing and integrating the Company’s cloud-based platform into the customers’ systems, and cloud payments infrastructure costs.

Research and Development

Costs incurred in research and development, excluding development costs eligible for capitalization as internal-use software, are expensed as incurred.

Stock-based Compensation

The Company measures stock-based compensation for purchase rights issued under the Employee Stock Purchase Plan (ESPP) at fair value on the date of grant using the Black-Scholes option-pricing model. The Company measures stock-based compensation for restricted stock units (RSUs) and market-based RSUs based on the closing price of the Company’s stock and using the Monte Carlo simulation model, respectively, on the date of grant. The Company measures stock-based compensation for performance-based awards at fair value on the date of grant. Awards that are classified as liabilities are remeasured at fair value at the end of each reporting period.

The Company recognizes compensation on a straight-line basis over the requisite service period of one to four years for RSUs, the offering period of one year for purchase rights under the ESPP, and the requisite period of one to three years for market-based RSUs. The Company recognizes compensation for performance-based awards over the vesting period if it is probable that the performance condition will be achieved. The Company accounts for forfeitures as they occur.

Advertising

The Company expenses the costs of advertising, including promotional expenses, as incurred. Advertising expenses during the years ended June 30, 2025, 2024, and 2023 were $47.2 million, $43.6 million, and $39.0 million, respectively.

Income Taxes

The Company accounts for income taxes using the asset and liability method, which requires the recognition of taxes payable or refundable for the current year and deferred income tax assets and liabilities for the future tax consequences of temporary differences between the financial statement carrying amounts and the tax basis of the Company's assets and liabilities, net operating loss (NOL), and tax credit carryforwards. A valuation allowance is established to reduce deferred tax assets to the amount expected to be realized.

The Company accounts for uncertainty in income taxes using a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. The Company classifies any liabilities for unrecognized tax benefits as current to the extent that the Company anticipates payment (or receipt) of cash within one year. Interest and penalties related to uncertain tax positions are recognized in the provision for income taxes.

Net Income (Loss) Per Share Attributable to Common Stockholders

Basic net income (loss) per share attributable to common stockholders is calculated by dividing the net income (loss) attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period, without consideration of potentially dilutive securities. Diluted net income per share attributable to common stockholders is calculated by dividing net income by the weighted average number of common and dilutive common stock outstanding during the period, using the treasury stock and if-converted methods. Diluted net loss per share attributable to common stock equals to basic net loss per share since the effect of potentially dilutive securities is anti-dilutive given the net loss of the Company in that period.

Restructuring

The Company records a liability for involuntary employee termination benefits when management has committed to a plan that establishes the terms of the arrangement and that plan has been communicated to employees. Costs to terminate a contract before the end of the term are recognized on the termination date, and costs that will continue to be incurred in a contract for the remaining term without economic benefit are recognized as of the cease-use date.

New Accounting Pronouncements and Disclosure Rules Recently Adopted

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-07, Reportable Segments (Topic 280): Improvements to Reportable Segment Disclosures, which expands annual and interim disclosure requirements for reportable segments, primarily through enhanced disclosures about significant segment expenses, including public entities with a single operating or reportable segment. The Company adopted ASU 2023-07 beginning with its annual report for fiscal year ended June 30, 2025 on a retrospective basis. For additional information, see Note 1, Segment Reporting.

New Accounting Pronouncements and Disclosure Rules Not Adopted

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which expands disclosures in an entity's income tax rate reconciliation table and regarding cash taxes paid both in the U.S. and foreign jurisdictions. The updated standard will be effective for annual periods beginning in fiscal 2026. This ASU will result in the required additional disclosures being included in the consolidated financial statements, once adopted.

In November 2024, the Financial Accounting Standards Board issued ASU 2024-03, Disaggregation of Income Statement Expenses (Topic 220), which requires additional disclosures, for interim and annual reporting, of expenses by nature, such as employee compensation, depreciation and amortization, and selling expenses. The updated standard will be effective beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. This ASU will result in the required additional disclosures being included in the consolidated financial statements on a prospective basis, with the option for retrospective application, once adopted.

In November 2024, the Financial Accounting Standards Board issued ASU 2024-04, Induced Conversions of Convertible Debt Instruments (Topic 470), which clarifies the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. The amendments in this update are effective for all entities for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted for all entities that have adopted the amendments in ASU 2020-06. The Company is currently evaluating the impact of this standard on the consolidated financial statements.

In July 2025, the Financial Accounting Standards Board issued ASU 2025-05, Financial Instruments - Credit Losses (Topic 326). The guidance in ASU 2025-05 provides all entities with a practical expedient to assume that current conditions as of the balance sheet date do not change for the remaining life of current accounts receivable and contract assets. ASU 2025-05 is effective for fiscal years beginning after December 15, 2025 and interim reporting periods within those annual reporting periods. Early adoption is permitted. The Company is currently evaluating the impact of this standard on the consolidated financial statements.

NOTE 2 – REVENUE

The Company generates revenue primarily from subscription and transaction fees. The table below shows the Company's revenue from subscription and transaction fees, which are disaggregated by solutions, and revenue from interest on funds held for customers (in thousands). For the purpose of disaggregating revenue by solutions, the Company defines BILL AP/AR as transaction and subscription revenue derived from businesses that use its core BILL accounts payable and receivable platform; BILL Spend and Expense as interchange revenue derived from BILL Divvy Card transactions; and Embedded and Other Solutions as transaction and subscription revenue from businesses that access the Company's solutions through its embedded partners' platforms and other indirect sales channels (including financial institution partners), and Invoice2go revenue.

	June 30,		
	2025	2024	2023
BILL AP/AR	$ 667,782	$ 595,408	$ 505,644
BILL Spend and Expense	555,016	457,309	353,132
Integrated platform	1,222,798	1,052,717	858,776
Embedded and Other Solutions	78,006	70,016	85,934
Total subscription and transaction fees	1,300,804	1,122,733	944,710
Interest on funds held for customers	161,766	167,439	113,758
Total revenue	$ 1,462,570	$ 1,290,172	$ 1,058,468

Deferred revenue

Fees from customers with which the Company has annual or multi-year contracts are generally billed in advance. These fees are initially recorded as deferred revenue and subsequently recognized as revenue as the performance obligation is satisfied. During the year ended June 30, 2025, the Company recognized $21.1 million of revenue that was included in the short and long term deferred revenue balances as of June 30, 2024.

Remaining performance obligations

The Company has performance obligations associated with commitments in customer contracts for future services that have not yet been recognized as revenue. As of June 30, 2025, the aggregate amount of transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied), including deferred revenue, was $73.1 million. Of the total remaining performance obligations, the Company expects to recognize approximately 46% over the next year, 23% between one to two years and 31% over the next three to five years thereafter. The Company determines remaining performance obligations at a point in time based on contracts with customers. The Company evaluates its customer relationships on an ongoing basis, and may selectively renegotiate certain terms of its agreements with financial institutions, accounting firms and SMBs. There were no subsequent events that would materially impact the amount of the remaining performance obligations as of June 30, 2025. However, actual amounts and timing of revenue recognized may differ due to subsequent contract modifications, renewals and/or terminations.

Unbilled revenue

Unbilled revenue consists of revenue recognized that has not been billed to the customers yet. The unbilled revenue amounted to $17.3 million and $16.7 million as of June 30, 2025 and 2024, respectively.

Deferred costs

Deferred costs consisted of the following as of the dates presented (in thousands):

	June 30,	
	2025	**2024**
Deferred sales commissions:		
Current	$ 10,094	$ 8,142
Non-current	16,237	15,113
Total deferred sales commissions	$ 26,331	$ 23,255
Deferred service costs:		
Current	$ 627	$ 430
Non-current	2,418	1,930
Total deferred service costs	$ 3,045	$ 2,360

The current portion of deferred costs is included in prepaid expenses and other current assets and the non-current portion is included in other assets in the accompanying consolidated balance sheets. The amortization of deferred sales commissions, which is included in sales and marketing in the accompanying consolidated statements of operations, was $9.7 million, $7.9 million, and $6.6 million during the years ended June 30, 2025, 2024, and 2023, respectively. The amortization of deferred service costs, which is included in service costs in the accompanying consolidated statements of operations, was $0.2 million, $2.0 million, and $2.5 million during the years ended June 30, 2025, 2024, and 2023, respectively.

NOTE 3 – FAIR VALUE MEASUREMENT

The Company measures and reports its cash equivalents, short-term investments, funds held for customers that are invested in money market funds and marketable debt securities at fair value. Fair value is defined as the exchange price that would be received for an asset or an exit price paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair value hierarchy defines a three-level valuation hierarchy for disclosure of fair value measurements as follows:

Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable, unadjusted quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity for the related assets or liabilities and typically reflect management's estimate of assumptions that market participants would use in pricing the assets or liabilities.

In determining fair value, the Company utilizes quoted market prices, or valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, and also considers counterparty credit risk in its assessment of fair value.

The following table summarizes the fair values of the financial assets and liabilities, determined using quoted market prices of identical assets or market prices of similar assets from active markets as of the dates presented (in thousands):

	Pricing Category	Fair Value at June 30, 2025	Fair Value at June 30, 2024
Assets			
Cash equivalents:			
Money market funds	Level 1	$ 365,456	$ 522,618
Corporate bonds	Level 2	69,956	—
Certificates of deposit	Level 2	2,216	—
Short-term investments:			
Corporate bonds	Level 2	758,333	298,202
U.S. treasury securities	Level 2	287,559	180,983
Asset-backed securities	Level 2	118,236	59,363
Certificates of deposit	Level 2	15,982	38,370
U.S. agency securities	Level 2	—	24,617
Funds held for customers:			
Restricted cash equivalents			
Money market funds	Level 1	1,642,494	1,319,609
Corporate bonds	Level 2	18,929	89,082
Short-term investments			
Corporate bonds	Level 2	486,362	937,198
U.S. treasury securities	Level 2	868,705	342,041
Asset-backed securities	Level 2	167,970	116,475
Certificates of deposit	Level 2	99,138	119,616
Municipal bonds	Level 2	6,592	—
Liabilities [1]			
0% 2025 Notes	Level 2	32,567	154,933
0% 2027 Notes	Level 2	112,738	489,112
0% 2030 Notes	Level 2	$ 1,185,128	$ —

[1] These liabilities are carried at par value, less the unamortized issuance costs in the accompanying consolidated balance sheets.

There were no transfers of financial instruments between Level 1, Level 2, and Level 3 during the periods presented.

The Company's financial instruments that are not measured and recorded at fair value, including cash, restricted cash, acquired cards receivables, loans held for investment, interest receivable, incentive receivables and borrowings from credit facilities, are carried at amortized cost, which approximates their fair value. If these financial instruments were measured at fair value in the financial statements, cash would be classified as Level 1; restricted cash, interest receivables, incentive receivables and borrowings from credit facilities would be classified as Level 2 and the acquired card receivables and loans held for investment would be classified as Level 3 in the fair value hierarchy.

NOTE 4 – SHORT-TERM INVESTMENTS AND FUNDS HELD FOR CUSTOMERS

The following table summarizes the assets underlying short-term investments and funds held for customers as of the dates presented (in thousands):

	June 30, 2025	June 30, 2024
Short-term investments:		
Available-for-sale debt securities	$ 1,180,110	$ 601,535
Total short-term investments	1,180,110	601,535
Funds held for customers:		
Restricted cash	749,111	779,838
Restricted cash equivalents	1,661,423	1,408,691
Funds receivable	25,499	11,870
Available-for-sale debt securities	1,628,767	1,515,330
Total funds held for customers	4,064,800	3,715,729
Less - interest income included in other current assets[1]	(20,330)	(10,822)
Total funds held for customers, net of income earned by the Company	$ 4,044,470	$ 3,704,907

[1] Represents interest income, accretion of discount (offset by amortization of premium), and net unrealized gains on customer funds that were invested in money market funds and short-term marketable debt securities. The Company contractually earns interest income on these investments, which is expected to be transferred into the Company's corporate deposit account upon sale or settlement of the associated investment, and is not considered funds held for customers.

The following table summarizes the estimated fair value of available-for-sale debt securities, included within short-term investments and funds held for customers, as of the dates presented (in thousands):

	June 30, 2025			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Short-term investments:				
Corporate bonds	$ 756,009	$ 2,598	$ (274)	$ 758,333
U.S. treasury securities	287,356	261	(58)	287,559
Asset-backed securities	118,074	177	(15)	118,236
Certificates of deposit	15,982	—	—	15,982
Total short-term investments	$ 1,177,421	$ 3,036	$ (347)	$ 1,180,110
Funds held for customers:				
Corporate bonds	$ 483,604	$ 2,759	$ (1)	$ 486,362
Certificates of deposit	99,138	—	—	99,138
Asset-backed securities	167,179	791	—	167,970
Municipal bonds	6,560	32	—	6,592
U.S. treasury securities	864,602	4,319	(216)	868,705
Total funds held for customers	$ 1,621,083	$ 7,901	$ (217)	$ 1,628,767

	June 30, 2024			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Short-term investments:				
Corporate bonds	$ 298,628	$ 140	$ (566)	$ 298,202
U.S. treasury securities	181,225	—	(242)	180,983
U.S. agency securities	59,340	68	(45)	59,363
Asset-backed securities	38,370	—	—	38,370
Certificates of deposit	24,669	—	(52)	24,617
Total short-term investments	$ 602,232	$ 208	$ (905)	$ 601,535
Funds held for customers:				
Corporate bonds	$ 937,989	$ 23	$ (814)	$ 937,198
Certificates of deposit	119,615	1	—	119,616
Asset-backed securities	116,542	11	(78)	116,475
U.S. treasury securities	342,202	1	(162)	342,041
Total funds held for customers	$ 1,516,348	$ 36	$ (1,054)	$ 1,515,330

The amortized cost and fair value amounts for short-term investments include interest receivables of $8.9 million and $4.9 million as of June 30, 2025 and 2024, respectively. The amortized cost and fair value amounts for funds held for customers include interest receivable of $12.4 million and $6.8 million as of June 30, 2025 and 2024, respectively.

The following table summarizes fair value of the Company's available-for-sale debt securities, included within short-term investments and funds held for customers, by remaining contractual maturity as of the dates presented (in thousands):

	June 30, 2025	June 30, 2024
Due within 1 year	$ 1,118,478	$ 1,699,009
Due in 1 year through 5 years	1,689,477	409,309
Due in 5 years through 10 years	922	8,547
Total	$ 2,808,877	$ 2,116,865

As of June 30, 2025, approximately 161 out of approximately 829 investments in available-for-sale debt securities were in an unrealized loss position. The following tables show gross unrealized losses and fair values for those investments that were in an unrealized loss position as of the dates presented (in thousands):

	June 30, 2025					
	Less than 12 months		12 months or longer		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Short-term investments:						
Corporate bonds	$ 209,648	$ (274)	$ —	$ —	$ 209,648	$ (274)
U.S. treasury securities	139,598	(58)	—	—	139,598	(58)
Asset-backed securities	30,362	(15)	—	—	30,362	(15)
Total short-term investments	$ 379,608	$ (347)	$ —	$ —	$ 379,608	$ (347)
Funds held for customers:						
Corporate bonds	$ 12,867	$ (1)	$ —	$ —	$ 12,867	$ (1)
Asset-backed securities	4,576	—	—	—	4,576	—
U.S. treasury securities	82,910	(216)	—	—	82,910	(216)
Total funds held for customers	$ 100,353	$ (217)	$ —	$ —	$ 100,353	$ (217)

	June 30, 2024					
	Less than 12 months		12 months or longer		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Short-term investments:						
Corporate bonds	$ 130,469	$ (333)	$ 60,576	$ (232)	$ 191,045	$ (565)
U.S. treasury securities	152,004	(156)	28,979	(86)	180,983	(242)
Asset-backed securities	24,149	(39)	2,155	(7)	26,304	(46)
U.S. agency securities	24,617	(52)	—	—	24,617	(52)
Total short-term investments	$ 331,239	$ (580)	$ 91,710	$ (325)	$ 422,949	$ (905)
Funds held for customers:						
Corporate bonds	$ 506,540	$ (814)	$ —	$ —	$ 506,540	$ (814)
Asset-backed securities	68,629	(76)	5,546	(2)	74,175	(78)
U.S. treasury securities	327,340	(162)	—	—	327,340	(162)
Total funds held for customers	$ 902,509	$ (1,052)	$ 5,546	$ (2)	$ 908,055	$ (1,054)

Unrealized losses have not been recognized into income as the Company neither intends to sell, nor anticipates that it is more likely than not that the Company will be required to sell, the securities before recovery of their amortized cost basis. The decline in fair value is due primarily to changes in market interest rates, rather than credit losses.

There have been no significant realized gains or losses on the short-term investments and funds held for customers during the years ended June 30, 2025, 2024, and 2023.

NOTE 5 – ACQUIRED CARD RECEIVABLES

As of June 30, 2025, approximately $221.7 million of the acquired card receivables balance served as collateral for the Company’s borrowings from the Revolving Credit Facilities (as defined below, see Note 9).

The Company incurred losses related to card transactions disputed by spending businesses. The amounts were not material during the years ended June 30, 2025 and 2024.

The acquired card receivables balances do not include purchases of participation interests in card receivables from the Company's card issuing partner banks (Issuing Banks) that have not cleared at the end of the reporting period. Purchases of participation interests in card receivables that have not cleared as of June 30, 2025 totaled $76.0 million. The Company recognized an immaterial amount of expected credit losses on the card receivables that have not cleared yet as of each of June 30, 2025 and 2024.

Credit Quality Information

The Company regularly reviews collection experience, delinquencies, and net charge-offs in determining allowance for expected credit losses related to acquired card receivables. Historical collections rates have shown that days past due is the primary indicator of the likelihood of loss. The Company uses the delinquency trends or past due status of the acquired card receivables as the credit quality indicator. Acquired card receivables are considered past due if full payment is not received on the bill date or within a grace period, which is generally limited to five days. Below is a summary of the acquired card receivables by class (i.e., past due status) as of the dates presented (in thousands):

	June 30,	
	2025	2024
Current and less than 30 days past due	$ 686,070	$ 706,026
30 ~ 59 days past due	6,173	4,277
60 ~ 89 days past due	5,312	3,393
90 ~ 119 days past due	2,562	4,093
Over 119 days past due	11	310
Total	$ 700,128	$ 718,099

Allowance for Expected Credit Losses

Below is a summary of the changes in allowance for expected credit losses (in thousands):

	June 30,	
	2025	2024
Balance, beginning	$ 20,883	$ 15,498
Provision for expected credit losses	45,326	52,327
Charge-off amounts	(59,265)	(51,805)
Recoveries collected	8,076	4,863
Balance, ending	$ 15,020	$ 20,883

During the year ended June 30, 2025, the Company refined its methodology used to reserve for credit losses. The refinements include incorporating credit limit size into the attributes used to segment the portfolio as well as updating how economic assumptions are applied. The refinements to the methodology maintain the timeliness and accuracy of the Company's estimate of expected credit losses on the acquired card receivables, supporting the continuous evolution of the acquired card receivable portfolio. As a result, the provision for expected credit losses for the year ended June 30, 2025 included a release of $5.7 million.

Card receivables acquired from the Issuing Banks were $21.7 billion and $17.6 billion during the years ended June 30, 2025 and 2024, respectively. The provision for expected credit losses related to acquired card receivables decreased during the year ended June 30, 2025 compared to prior year due to refinements in methodology used to reserve for credit losses described above and improvements in delinquency performance, which were offset by growth in cards receivables acquired. The charged-off amounts related to acquired card receivables increased during the year ended June 30, 2025 compared to June 30, 2024 due to growth in cards receivables acquired offset by improvements in delinquency performance. The decrease in allowance for expected credit losses as of June 30, 2025 compared to June 30, 2024, was primarily due to the refinements in methodology.

NOTE 6 – LOANS HELD FOR INVESTMENT

Loans held for investment represent funds advanced under either a term loan or line of credit agreement, through a partnership with a third-party bank (the Originating Bank Partner). Loans held for investment are included in prepaid expenses and other current assets in the accompanying consolidated balance sheets and consisted of the following as of the dates presented (in thousands):

	June 30, 2025	June 30, 2024
Unpaid principal balance [(1)]	$ 61,938	$ 44,491
Less: Discount at loan purchase, net of amortization	(1,527)	(1,120)
Less: Allowance for expected credit losses	(14,853)	(4,700)
Loans held for investment, net	$ 45,558	$ 38,671

[(1)] The Company started offering only line of credit in June 2024 through the Originating Bank Partner. There were no term loans outstanding as of June 30, 2025 or originated during the year ended June 30, 2025. As of June 30, 2024, the outstanding balance of term loans, originated during fiscal 2024, was $24.2 million.

Credit Quality Information

The Company conducts an eligibility assessment prior to loan origination by the Originating Bank Partner. This process is performed at the invoice level and involves evaluating the invoice repayment likelihood by the respective network members associated with each invoice. Subsequently, the credit quality of these loans is monitored based on the delinquency trends or past due status of the loans held for investment, which are considered the credit quality indicators. Below is a summary of the loans held for investment by class (i.e., past due status) as of the dates presented (in thousands):

	June 30, 2025	June 30, 2024[(1)]
Current and less than 30 days past due	$ 55,540	$ 39,130
30 ~ 59 days past due	1,471	1,617
60 ~ 89 days past due	1,461	1,469
90 ~ 119 days past due	1,685	1,142
Over 119 days past due	254	13
Total	$ 60,411	$ 43,371

[(1)] The Company started offering only line of credit in June 2024 through the Originating Bank Partner, as such the entire line of credit outstanding balance of $19.2 million was included under 'Current and less than 30 days past due' as of June 30, 2024. The outstanding balance of term loans, originated during fiscal 2024, was $24.2 million as of June 30, 2024.

Allowance for Credit Losses

Below is a summary of the changes in allowance for credit losses presented (in thousands):

	June 30, 2025	June 30, 2024
Balance, beginning	$ 4,700	$ —
Provision for expected credit losses	27,032	7,884
Charge-off amounts	(17,382)	(3,266)
Recoveries collected	503	82
Balance, end of period	$ 14,853	$ 4,700

The provision for expected credit losses, charge-off amounts and allowance for expected credit losses related to loans held for investment increased during the year ended June 30, 2025 compared to the same prior year due to growth in purchases of loans held for investment and an increase in loss rates.

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of the dates presented (in thousands):

	June 30, 2025	June 30, 2024
Software and equipment	$ 21,815	$ 20,802
Capitalized software	129,520	81,582
Furniture and fixtures	15,510	13,361
Leasehold improvements	39,855	39,103
Property and equipment, gross	206,700	154,848
Less: accumulated depreciation and amortization	(90,089)	(66,814)
Property and equipment, net	$ 116,611	$ 88,034

Depreciation and amortization expense, which includes the amortization of capitalized software, during the years ended June 30, 2025, 2024, and 2023 was $27.5 million, $23.2 million, and $15.5 million, respectively.

As of June 30, 2025 and 2024, the unamortized capitalized software cost was $85.6 million and $57.5 million, respectively.

NOTE 8 – GOODWILL AND INTANGIBLE ASSETS

Goodwill

Goodwill, which is primarily attributable to expected synergies from acquisitions and is not deductible for U.S. federal and state income tax purposes, consisted of $2.4 billion as of each of June 30, 2025 and 2024.

Intangible Assets

Intangible assets consisted of the following as of the dates presented (amounts in thousands):

	June 30, 2025			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted average remaining useful life (In years)
Customer relationships	$ 259,268	$ (104,336)	$ 154,932	6.0
Developed technology	219,217	(151,344)	67,873	1.9
Trade name	48,042	(48,042)	—	0.0
Total	$ 526,527	$ (303,722)	$ 222,805	

	Jun 30, 2024			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted average remaining useful life (In years)
Customer relationships	$ 259,269	$ (78,410)	$ 180,859	7.0
Developed technology	215,958	(116,126)	99,832	2.9
Trade name	48,042	(47,262)	780	0.2
Total	$ 523,269	$ (241,798)	$ 281,471	

Amortization of finite-lived intangible assets was as follows during the years ended June 30, 2025 and 2024 (in thousands):

	June 30,	
	2025	2024
Cost of revenue	$ 35,217	$ 38,948
Sales and marketing	26,708	41,008
Total	$ 61,925	$ 79,956

As of June 30, 2025, future amortization of finite-lived intangible assets that will be recorded in cost of revenue and operating expenses is estimated as follows (in thousands):

Fiscal years ending June 30:	Amount
2026	$ 60,660
2027	57,990
2028	27,004
2029	25,927
2030	25,927
Thereafter	25,297
Total	$ 222,805

NOTE 9 – DEBT AND BORROWINGS

Debt and borrowings consisted of the following (in thousands):

	Carrying Value at			
	June 30, 2025	June 30, 2024	Expected Remaining Term (years)	Effective Interest Rate at June 30, 2025
Current liabilities:				
Convertible senior notes:				
2025 Notes, principal	$ 33,463	$ —	0.4	0.36 %
Less: unamortized debt discount and issuance costs	(42)	—		
Convertible senior notes, net current	33,421	—		
Revolving credit facility:				
2021 Credit Facility	180,005	—	0.9	7.89 %
Borrowings from Revolving Credit Facility (including unamortized debt premium)[1]	180,005	—		
Non-current liabilities:				
Convertible senior notes:				
2030 Notes, principal	1,400,000	—	4.8	0.32 %
2027 Notes, principal	123,548	575,000	1.8	0.48 %
2025 Notes, principal	—	167,314		
Less: unamortized debt discount and issuance costs	(22,504)	(8,323)		
Convertible senior notes, net	1,501,044	733,991		
Revolving credit facility:				
2021 Credit Facility	—	180,009		
Borrowings from Revolving Credit Facility (including unamortized debt premium)[1]	—	180,009		
Total	$ 1,714,470	$ 914,000		

[1] Unamortized debt issuance costs balance for the Revolving Credit Facilities was $2.1 million and $0.6 million as of June 30, 2025 and June 30, 2024, respectively, and is included in other assets on the consolidated balance sheets.

Convertible senior notes

2030 Notes

On December 6, 2024, the Company issued $1.4 billion aggregate principal amount of 0% convertible senior notes due April 1, 2030, in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. The 2030 Notes are subject to the terms and conditions of the indenture governing the 2030 Notes between the Company and Computershare Trust Company, N.A., as trustee (in its capacity as trustee for each of the 2030 Notes, the 2025 Notes (as defined below) and the 2027 Notes (as defined below), as applicable, the Notes Trustee). The net proceeds from the issuance of the 2030 Notes were approximately $1.4 billion, after deducting the debt discount and debt issuance costs totaling approximately $24.0 million.

The 2030 Notes are senior, unsecured obligations of the Company, and will not accrue interest unless the Company determines to pay special interest as a remedy for failure to timely file any reports required to be filed with the SEC, the failure to remove certain trading restrictions, or failure to deliver reports to the Notes Trustee. The 2030 Notes rank senior in right of payment to any of the Company's indebtedness that is expressly subordinated to the 2030 Notes and rank equal in right of payment to any of the Company's unsecured indebtedness that is not so subordinated, including the 2025 Notes and 2027 Notes. In addition, the 2030 Notes are effectively junior in right of payment to any of the Company's secured indebtedness to the extent of the value of the assets securing such indebtedness, and structurally junior to all indebtedness and other liabilities (including trade payables) of the Company's subsidiaries.

The 2030 Notes have an initial conversion rate of 8.3718 shares of common stock per $1,000 principal amount, which is equivalent to an initial conversion price of approximately $119.45 per share of the Company’s common stock and 11.7 million shares issuable upon conversion. The conversion rate is subject to customary adjustments for certain events as described below. Upon conversion, the Company will pay or deliver, as the case may be, cash, shares of its common stock, or a combination of cash and shares of its common stock, at the Company's election. The Company’s current intent is to settle conversions of the 2030 Notes through a combination settlement, which involves a repayment of the principal portion in cash with any excess of the conversion value over the principal amount settled in shares of common stock.

The Company may redeem for cash, all or any portion of the 2030 Notes, at the Company’s option, on or after December 1, 2027 if the last reported sale price of the Company’s common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on and including the trading day preceding the date on which the Company provides notice of redemption at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus any accrued and unpaid special interest to, but excluding, the redemption date. No sinking fund is provided for the 2030 Notes. The holders of the 2030 Notes may convert their notes at their option at any time prior to the close of business on the business day immediately preceding January 1, 2030 in multiples of $1,000 principal amount, under the following circumstances:

- during any calendar quarter commencing after the calendar quarter ending on December 31, 2024, and only during such calendar quarter, if the last reported sale price of the Company's common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on and including the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day;
- during the 5 business day periods after any 5 consecutive trading day period in which the trading price per $1,000 principal amount of the 2030 Notes for each trading day of that period was less than 98% of the product of the last reported sale price of the Company’s common stock and the conversion rate on each such trading day;
- if the Company calls such notes for redemption, at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date; or
- upon the occurrence of specified corporate events.

The conversion rate is subject to adjustment upon the occurrence of certain events or if the Company’s board of directors determines it is in the best interest of the Company. Additionally, holders of the 2030 Notes that convert their notes in connection with a make-whole fundamental change or during the redemption period, may be eligible to receive a make-whole premium through an increase of the conversion rate based on the estimated fair value of the 2030 Notes for the given date and stock price. The make-whole premium is designed to compensate the holder for lost “time-value” of the conversion option. The maximum number of additional shares that may be issued under the make-whole premium is 2.9301 per $1,000 principal (the lowest price of $88.48 in the make whole).

The indenture governing the 2030 Notes contains customary events of default with respect to the 2030 Notes and provides that upon certain events of default occurring and continuing, the holders of the 2030 Notes will have the right, at their option, to require the Company to repurchase for cash all or a portion of their outstanding notes, at a price equal to 100% of the principal amount of the 2030 Notes to be repurchased, plus any accrued and unpaid interest.

2027 Notes

On September 24, 2021, the Company issued $575.0 million in aggregate principal amount of its 0% convertible senior notes due on April 1, 2027, in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the 2027 Notes). The 2027 Notes are subject to the terms and conditions of the indenture governing the 2027 Notes between the Company and the Notes Trustee.

The net proceeds from the issuance of the 2027 Notes were $560.1 million, after deducting debt discount and debt issuance costs totaling $14.9 million.

The 2027 Notes are senior, unsecured obligations of the Company, and will not accrue interest unless the Company determines to pay special interest as a remedy for failure to timely file any reports required to be filed with the SEC, certain trading restrictions or failure to deliver reports to the Notes Trustee. The 2027 Notes rank senior in right of payment to any of the Company's indebtedness that is expressly subordinated to the 2027 Notes and rank equal in right of payment to any of the Company's unsecured indebtedness that is not so subordinated, including the 2025 Notes. In addition, the 2027 Notes are subordinated to any of the Company's secured indebtedness and to all indebtedness and other liabilities of the Company's subsidiaries.

The 2027 Notes have an initial conversion rate of 2.4108 shares of common stock per $1,000 principal amount, which is equivalent to an initial conversion price of approximately $414.80 per share of the Company's common stock. The conversion rate is subject to customary adjustments for certain events as described below. Upon conversion, the Company will pay or deliver, as the case may be, cash, shares of its common stock, or a combination of cash and shares of its common stock, at its election. The Company's current intent is to settle conversions of the 2027 Notes through a combination settlement, which involves a repayment of the principal portion in cash with any excess of the conversion value over the principal amount settled in shares of common stock.

The Company may redeem for cash, all or any portion of the 2027 Notes, at the Company's option, on or after October 5, 2024 if the last reported sale price of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on and including the trading day (Conversion Condition) preceding the date on which the Company provides notice of redemption at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus any accrued and unpaid special interest to, but excluding, the redemption date. No sinking fund is provided for the 2027 Notes.

The holders of the 2027 Notes may convert their notes at their option at any time prior to the close of business on the business day immediately preceding January 1, 2027 in multiples of $1,000 principal amount, under the following circumstances:

- during any calendar quarter commencing after the calendar quarter ending on December 31, 2021, and only during such calendar quarter, if the last reported sale price of the Company's common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on and including the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day;

- during the five business day periods after any five consecutive trading day period in which the trading price per $1,000 principal amount of the 2027 Notes for each trading day of that period was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate on each such trading day;

- if the Company calls such notes for redemption, at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date; or

- upon the occurrence of specified corporate events.

The conversion rate is subject to adjustment upon the occurrence of certain events or if the Company's board of directors determines it is in the best interest of the Company. Additionally, holders of the 2027 Notes that convert their notes in connection with a make-whole fundamental change or during the redemption period, may be eligible to receive a make-whole premium through an increase of the conversion rate based on the estimated fair value of the 2027 Notes for the given date and stock price. The make-whole premium is designed to compensate the holder for lost "time-value" of the conversion option. The maximum number of additional shares that may be issued under the make-whole premium is 1.2656 per $1,000 principal (the lowest price of $272.00 in the make whole).

The indenture governing the 2027 Notes contains customary events of default with respect to the 2027 Notes and provides that upon certain events of default occurring and continuing, the holders of the 2027 Notes will have the right, at their option, to require the Company to repurchase for cash all or a portion of their outstanding notes, at a price equal to 100% of the principal amount of the 2027 Notes to be repurchased, plus any accrued and unpaid interest.

On December 6, 2024, using proceeds from the issuance of the 2030 Notes, the Company entered into privately negotiated transactions with certain holders of its 2027 Notes to repurchase $451.5 million aggregate principal amount for an aggregate cash repurchase price of $408.6 million. The carrying amount of the extinguished 2027 Notes was $446.5 million, net of unamortized issuance cost of $5.0 million, resulting in a $37.9 million gain recorded in other income, net in the accompanying consolidated statement of operations.

The shares issuable upon conversion of the remaining outstanding 2027 Notes at the initial conversion price is 0.3 million.

2025 Notes

On November 30, 2020, the Company issued $1.15 billion in aggregate principal amount of its 0% convertible senior notes due on December 1, 2025, in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the 2025 Notes, and together with the 2027 Notes and 2030 Notes, the Notes). The 2025 Notes are subject to the terms and conditions of the indenture governing the 2025 Notes between the Company and the Notes Trustee. The net proceeds from the issuance of the 2025 Notes were $1.13 billion, after deducting debt discount and debt issuance costs totaling $20.6 million.

The 2025 Notes are senior, unsecured obligations of the Company, and will not accrue interest unless the Company determines to pay special interest as a remedy for failure to timely file any reports required to be filed with the SEC, certain trading restrictions, or failure to deliver reports to the Notes Trustee. The 2025 Notes rank senior in right of payment to any of the Company's indebtedness that is expressly subordinated to the 2025 Notes and rank equal in right of payment to any of the Company's unsecured indebtedness that is not so subordinated, including the 2027 Notes. In addition, the 2025 Notes are subordinated to any of the Company's secured indebtedness and to all indebtedness and other liabilities of the Company's subsidiaries.

The 2025 Notes have an initial conversion rate of 6.2159 shares of common stock per $1,000 principal amount, which is equivalent to an initial conversion price of approximately $160.88 per share of the Company's common stock. The conversion rate is subject to customary adjustments for certain events as described below. Upon conversion, the Company will pay or deliver, as the case may be, cash, shares of its common stock, or a combination of cash and shares of its common stock, at its election.

The Company may redeem for cash, all or any portion of the 2025 Notes, at the Company's option, on or after December 5, 2023 if the last reported sale price of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on and including the trading day (Conversion Condition) preceding the date on which the Company provides notice of redemption at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus any accrued and unpaid special interest to, but excluding, the redemption date. No sinking fund is provided for the 2025 Notes.

The holders of the 2025 Notes may convert their notes at their option at any time prior to the close of business on the business day immediately preceding September 1, 2025 in multiples of $1,000 principal amount, under the following circumstances:

- during any calendar quarter commencing after the calendar quarter ending on March 31, 2021, and only during such calendar quarter, if the last reported sale price of the Company's common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on and including the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day;
- during the five business day periods after any five consecutive trading day period in which the trading price per $1,000 principal amount of the 2025 Notes for each trading day of that period

was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate on each such trading day;

- if the Company calls such notes for redemption, at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date; or
- upon the occurrence of specified corporate events.

The conversion rate is subject to adjustment upon the occurrence of certain events or if the Company's board of directors determines it is in the best interest of the Company. Additionally, holders of the 2025 Notes that convert their notes in connection with a make-whole fundamental change or during the redemption period, may be eligible to receive a make-whole premium through an increase of the conversion rate based on the estimated fair value of the 2025 Notes for the given date and stock price. The make-whole premium is designed to compensate the holder for lost "time-value" of the conversion option. The maximum number of additional shares that may be issued under the make-whole premium is 2.9525 per $1,000 principal (the lowest price of $109.07 in the make whole).

The indenture governing the 2025 Notes contains customary events of default with respect to the 2025 Notes and provides that upon certain events of default occurring and continuing, the holders of the 2025 Notes will have the right, at their option, to require the Company to repurchase for cash all or a portion of their outstanding notes, at a price equal to 100% of the principal amount of the 2025 Notes to be repurchased, plus any accrued and unpaid interest.

On March 6, 2024, the Company entered into privately-negotiated transactions with certain holders of its 2025 Notes to repurchase $748.2 million aggregate principal amount of the 2025 Notes for an aggregate cash repurchase price of $711.0 million, inclusive of transaction costs. The carrying amount of the extinguished 2025 Notes was $743.6 million, net of unamortized issuance cost of $4.6 million, resulting in a $32.6 million gain recorded in other income, net in the accompanying consolidated statement of operations, comprised of $35.7 million gain on extinguishment of debt and $3.2 million loss on mark to market derivative related to forward contract to settle the repurchase.

On May 29, 2024, the Company entered into privately-negotiated transactions with certain holders of its 2025 Notes to repurchase $234.5 million aggregate principal amount of the 2025 Notes for an aggregate cash repurchase price of $222.2 million, inclusive of transaction costs. The carrying amount of the extinguished 2025 Notes was $233.2 million, net of unamortized issuance cost of $1.2 million, resulting in a $11.0 million gain on extinguishment of debt recorded in other income, net in the accompanying consolidated statement of operations.

On December 6, 2024, using proceeds from the issuance of the 2030 Notes, the Company entered into privately negotiated transactions with certain holders of its 2025 Notes to repurchase $133.9 million aggregate principal amount of the 2025 Notes for an aggregate cash repurchase price of $130.8 million. The carrying amount of the extinguished 2025 Notes was $133.4 million, net of unamortized issuance cost of $0.5 million, resulting in a $2.6 million gain recorded in other income, net in the accompanying consolidated statement of operations.

The shares issuable upon conversion of the remaining outstanding 2025 Notes at the initial conversion price is 0.2 million.

The "if-converted" value of the Notes did not exceed the principal amount of $1.6 billion and $0.7 billion as of June 30, 2025 and 2024, respectively.

Capped Call Transactions

In conjunction with the issuance of each of the 2025 Notes, 2027 Notes and 2030 Notes, the Company entered into capped call transactions (collectively, the Capped Calls) with certain of the initial purchasers of the Notes and/or their respective affiliates or other financial institutions at a total cost of $93.0 million. The Capped Calls are separate transactions and are not part of the terms of the Notes. The total amount paid for the Capped Calls was recorded as a reduction of additional paid-in capital. The Company used the proceeds from the Notes to pay for the cost of the Capped Call premium. The cost of the Capped Calls is not expected to be tax-deductible as the Company did not elect to integrate the Capped Calls into the Notes for tax purposes.

On March 6, 2024, the Company entered into agreements to terminate a portion of the Capped Calls previously entered into in connection with the issuance of the 2025 Notes, in a notional amount corresponding to the amount of 2025 Notes that are repurchased. The Company received $10.3 million in cash, and also recorded a $1.7 million gain on mark to market derivative to settle the Capped Call unwinding. The gain was recorded in other income, net in the accompanying consolidated statement of operations.

On May 29, 2024, the Company entered into agreements to terminate the remaining portion of the Capped Calls previously entered into in connection with the issuance of the 2025 Notes. The Company received $1.2 million in cash, and recorded an immaterial gain in other income, net in the accompanying consolidated statement of operations.

The Capped Calls associated with the 2027 Notes and 2030 Notes have an initial strike price of $414.80 and $119.45 per share, respectively, subject to certain adjustments, which corresponds to the respective initial conversion price of the 2027 Notes and 2030 Notes, and have an initial cap price of $544.00 and $154.84 per share, respectively, subject to certain adjustments. The Capped Calls associated with the 2027 Notes and 2030 Notes cover, approximately 0.3 million and 11.7 million shares, respectively, of the Company's common stock, subject to anti-dilution adjustments. The Capped Calls are expected to generally reduce the potential dilution of the Company's common stock upon any conversion of the 2027 Notes and 2030 Notes and/or offset any cash payments that the Company is required to make in excess of the principal amount of such converted notes, as the case may be, with such reduction and/or offset subject to a cap.

Revolving Credit Facilities

2021 Credit Facility

The Company's Revolving Credit and Security Agreement by and among Divvy Peach, LLC, a wholly-owned subsidiary of the Company, and Goldman Sachs Bank USA, as administrative agent, and the lenders party thereto (as amended from time to time, the 2021 Credit Facility) was initially executed in March 2021, amended in August 2022 to finance the acquisition of card receivables and increase the borrowing capacity, and further amended in March 2024 to extend the maturity date and further increase the borrowing capacity. The 2021 Credit Facility matures in June 2026 or earlier pursuant to the agreement and has a total commitment of $300.0 million. The required minimum utilization was $180.0 million, or 60% of the total commitment, and the Company had borrowed an additional $45.0 million in March 2024. Total outstanding borrowings were $180.0 million as of June 30, 2025. Borrowings are secured by acquired card receivables and bear interest of 2.65% per annum, plus SOFR (subject to a floor rate of 0.25% and benchmark adjustment rate of 0.28%). The Company is required to comply with certain restricted covenants, including liquidity requirements. As of June 30, 2025, the Company was in compliance with those covenants.

The debt issuance costs and debt premium associated with the 2021 Credit Facility is amortized using the effective interest method over the remaining term of the contract and recorded in other income, net in the accompanying consolidated statement of operations. During each of the years ended June 30, 2025 and 2024 the amortization amount was not material.

2025 Credit Facility

On May 23, 2025, the Company entered into a $300.0 million revolving credit facility, by and among Odin Financing, LLC, a wholly-owned subsidiary of the Company, and JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto (the 2025 Credit Facility). The facility is secured by card receivables and is intended to finance the acquisition of such receivables. Borrowings bear interest per annum based on SOFR or an adjusted benchmark rate plus an applicable margin of 1.80%. The 2025 Credit Facility matures in November 2027 or earlier pursuant to the agreement. The required minimum utilization is $150.0 million, or 50% of the total commitment, starting two months subsequent the contract execution. In July 2025, the Company borrowed $150.0 million from the 2025 Credit Facility.

The Company is required to comply with certain restricted covenants, including liquidity requirements. As of June 30, 2025, the Company was in compliance with those covenants.

The debt issuance costs associated with the 2025 Credit Facility is amortized on a straight-line over the term of the contract and is recorded in other income, net in the accompanying consolidated statement of operations. During the period ended June 30, 2025 the amortization amount was not material.

NOTE 10 – STOCKHOLDERS' EQUITY

Equity Incentive Plans

On November 26, 2019, the Company's board of directors approved the 2019 Equity Incentive Plan (2019 Plan), which became effective on December 10, 2019. The 2019 Plan authorizes the award of stock options, RSUs, restricted stock awards, stock appreciation rights, performance-based awards, market-based awards, cash awards, and stock bonus awards, as determined by the Company's board of directors.

The Company initially reserved 7,100,000 shares of its common stock, plus any reserved shares not issued or subject to outstanding grants under previous equity incentive plans, for issuance pursuant to awards granted under the 2019 Plan. The number of shares reserved for issuance under the 2019 Plan increases automatically on July 1 of each of 2020 through 2029 by the number of shares equal to the lesser of 5% of the total number of outstanding shares of the Company's common stock as of the immediately preceding June 30, or a number as may be determined by the Company's board of directors.

The total number of shares of common stock available for future grants under the Equity Incentive Plans was 17,870,737 shares as of June 30, 2025.

Restricted Stock Units

The following table summarizes RSU activity for the year ended June 30, 2025.

	Number of shares [1] (in thousands)	Weighted average grant date fair value
Nonvested at June 30, 2024	4,600	$ 108.24
Granted	6,871	53.03
Vested	(2,361)	95.17
Forfeited	(1,224)	84.78
Nonvested at June 30, 2025	7,886	$ 67.67

[1] Includes RSU, market-based RSUs and performance-based RSUs.

The fair value of the RSU grant is determined based upon the market closing price of the Company's common stock on the date of grant. The weighted-average grant date fair value of RSUs granted during the years ended June 30, 2025, 2024, and 2023 was $53.03, $90.90, and $120.25 per share, respectively. The RSUs vest over the requisite service period, which ranges between 1 year and 4 years from the date of grant, subject to the continued employment of the employees and services of the non-employee directors. The total fair value of RSUs that vested during the years ended June 30, 2025, 2024, and 2023 was approximately $145.7 million, $145.1 million, and $197.3 million, respectively.

Performance-based RSUs

During the year ended June 30, 2025 the Company granted 292,403 RSUs to certain executive employees that vest based upon the achievement of designated financial metrics and continued employment with the Company over a period of three years. The fair value of the performance-based RSU grant is determined based upon the market closing price of the Company's common stock on the date of grant. The weighted-average grant date fair value of these performance-based RSUs was $51.23 per unit. The Company recognizes expense for performance-based RSUs over the requisite service period. For any change in the estimate of the number of performance-based RSUs that are probable of vesting, the Company will cumulatively adjust compensation expense in the period that the change in estimate is made. The number of shares that ultimately vest vary with the achievement of the specified performance criteria.

Stock Based Compensation

Stock-based compensation by award type (in thousands):

	Year ended June 30,			Unrecognized compensation (in thousands)	Weighted-average recognition period (in years)
	2025	2024	2023		
Restricted stock units (RSUs)	$ 228,374	$ 217,696	$ 251,456	$ 451,785	2.9
Stock options	2,964	10,719	37,882	476	0.2
Performance-based awards	12,911	13,351	17,914	15,240	2.5
Employee stock purchase plan	6,063	9,129	11,280	5,620	0.9
Market-based RSUs	6,101	5,912	4,308	13,001	0.9
Total stock-based compensation	$ 256,413	$ 256,807	$ 322,840	$ 486,122	

Stock-based compensation was included in the following line items in the accompanying consolidated statements of operations and consolidated balance sheets (in thousands):

	Year ended June 30,		
	2025	2024	2023
Revenue - subscription and transaction fees	$ 2,329	$ 1,831	$ 188
Cost of revenue - service costs	9,627	9,309	9,111
Research and development	107,603	103,382	93,364
Sales and marketing	39,992	49,070	130,421
General and administrative	82,981	81,209	80,619
Restructuring	—	3,574	—
Total amount charged to operating loss	242,532	248,375	313,703
Property and equipment (capitalized internal-use software)	13,881	8,432	9,137
Total stock-based compensation	$ 256,413	$ 256,807	$ 322,840

Share Repurchase Program

In January 2023, the Company's board of directors authorized the repurchase of up to $300.0 million of the Company's outstanding shares of common stock (the January 2023 Share Repurchase Program). During the years ended June 30, 2024 and 2023, the Company repurchased and subsequently retired 2,882,634 shares for $211.9 million and 1,077,445 shares for $87.6 million under the January 2023 Share Repurchase Program, respectively. The Company completed the repurchase of shares with an aggregate value equal to the full authorized amount under the January 2023 Share Repurchase Program by December 31, 2023.

In August 2024, the Company's board of directors approved a new share repurchase program, pursuant to which the Company announced its intention to purchase up to $300.0 million of its outstanding shares of common stock (the August 2024 Share Repurchase Program). The Company repurchased and subsequently retired 4,487,417 shares for $236.4 million under the August 2024 Share Repurchase Program, including the immaterial amount of accrued excise tax, during the year ended June 30, 2025. As of June 30, 2025, approximately $65.0 million remained available for future share repurchases under the August 2024 Share Repurchase Program. In July 2025, the Company repurchased $65.0 million of its common stock under this program and completed the repurchase of shares under the August 2024 Share Repurchase Program.

In addition, in December 2024, the Company's board of directors approved the repurchase of up to an additional $200.0 million of its outstanding shares of common stock in connection with the issuance of the 2030 Notes. The Company repurchased 2,260,397 shares of its common stock for $201.2 million, which included an immaterial amount of accrued excise tax, in privately negotiated transactions concurrently with the pricing of, and using proceeds from, the issuance of the 2030 Notes.

In August 2025, the Company's board of directors authorized an additional share repurchase program pursuant to which the Company announced its intention to purchase up to $300 million of its outstanding shares of common stock (the 2025 Share Repurchase Program). The Company may repurchase such shares from time to time through open market purchases, in privately negotiated transactions, or by other means, including through the use of trading plans. The timing and total amount of stock repurchases will depend upon business, economic and market conditions, corporate and regulatory requirements, prevailing stock prices, and other considerations. The 2025 Share Repurchase Program has no mandated end date, may be suspended, discontinued or modified at any time, and does not obligate the Company to acquire any amount of common stock.

The total price of the shares repurchased and related transaction costs are reflected as a reduction of common stock and an increase to accumulated deficit on the accompanying consolidated balance sheets.

NOTE 11 – OTHER INCOME, NET

Other income, net consisted of the following for the periods presented (in thousands):

	Year ended June 30, 2025	Year ended June 30, 2024	Year ended June 30, 2023
Interest income	$ 90,903	$ 122,298	$ 91,279
Gain on debt extinguishment, net of change on mark to market derivatives	40,550	45,272	—
Lower of cost or market adjustment on card receivables sold and held for sale	—	—	(1,545)
Interest expense	(13,824)	(12,944)	(8,239)
Amortization of debt discount and issuance costs	(4,739)	(6,238)	(6,964)
Other	(1,878)	(543)	(1,675)
Total other income, net	$ 111,012	$ 147,845	$ 72,856

NOTE 12 – INCOME TAXES

The components of income (loss) before provision for income taxes were as follows during the periods presented (in thousands):

	Year ended June 30, 2025	Year ended June 30, 2024	Year ended June 30, 2023
Domestic	$ (43,567)	$ 5,312	$ (199,452)
Foreign	73,977	(31,631)	(23,465)
Total income (loss) before provision for income taxes	$ 30,410	$ (26,319)	$ (222,917)

The components of provision for income taxes were as follows during the periods presented (in thousands):

	Year ended June 30, 2025	Year ended June 30, 2024	Year ended June 30, 2023
Current:			
Federal	$ 3,850	$ 1,650	$ 572
State	2,758	1,251	1,583
Foreign	80	19	14
Total current	6,688	2,920	2,169
Deferred:			
Federal	(32)	(262)	(995)
State	(45)	(99)	(366)
Total deferred	(77)	(361)	(1,361)
Provision for income taxes	$ 6,611	$ 2,559	$ 808

The items accounting for the difference between the income taxes computed at the federal statutory rate and the provision for income taxes consisted of the following during the periods presented (in thousands):

	Year ended June 30,		
	2025	2024	2023
Expected provision (benefit) at U.S. federal statutory rate	$ 6,386	$ (5,528)	$ (46,813)
State income taxes, net of federal benefit	7,325	9,134	8,087
Stock-based compensation [(1)]	19,204	24,300	4,253
Research and development tax credits	(23,383)	(24,039)	(19,974)
Change in valuation allowance [(2)]	10,939	4,943	48,321
Restructuring	—	(13,769)	—
Foreign rate differential	(15,455)	6,658	4,942
Other	1,595	860	1,992
Provision for income taxes	$ 6,611	$ 2,559	$ 808

[(1)] The rate impact during the year ended June 30, 2025, 2024 and 2023 relates to the impact of non-deductible stock compensation and shortfalls related to tax deductions being smaller than the associated stock compensation expense.

[(2)] The rate impact during the year ended June 30, 2025, 2024 and 2023 pertains to an increase in valuation allowance due to the increase in net deferred tax assets, capitalized R&D expense and tax credits generated during the year.

The components of deferred tax assets and liabilities were as follows as of the dates presented (in thousands):

	June 30,	
	2025	2024
Deferred tax assets:		
Accruals and reserves	$ 17,888	$ 13,966
Capitalized research and development	160,755	120,882
Deferred revenue	28	1,084
Stock-based compensation	19,532	17,093
Net operating and other loss carryforwards	280,004	360,592
Research and development credits	99,626	85,910
Accrued rewards	154	40
Operating lease liabilities	17,874	19,139
Other	3,660	598
Total deferred tax assets before valuation allowance	599,521	619,304
Valuation allowance	(503,692)	(494,424)
Deferred tax assets	$ 95,829	$ 124,880
Deferred tax liabilities:		
Deferred contract costs	$ (6,603)	$ (5,868)
Property and equipment	(22,253)	(15,853)
Intangible assets	(53,280)	(68,218)
Operating right of use assets	(14,066)	(14,992)
Other reserve	—	(20,399)
Total deferred tax liabilities	(96,202)	(125,330)
Net deferred tax liabilities	$ (373)	$ (450)

Accounting Standards Codification 740 requires that the tax benefit of net operating losses, temporary differences, and credit carryforwards be recorded as an asset to the extent that management assesses that realization is “more likely than not.” Realization of the future tax benefits is dependent on the Company’s ability to generate sufficient taxable income within the carryforward period. Because of the Company's recent history of operating losses, management believes that recognition of the deferred tax assets arising from the above-mentioned future tax benefits is currently not likely to be realized and, accordingly, has provided a valuation allowance. The change in valuation allowance was approximately $9.3 million, $15.0 million, and $95.3 million during the years ended June 30, 2025, 2024, and 2023, respectively. The increase in the June 30, 2025 valuation allowance is primarily from the application of the Tax Cuts and Jobs Act of 2017 effective fiscal year 2023 and thereafter, that requires companies to capitalize and amortize research and development expenses rather than deduct the costs as incurred, offset by a reduction in a deferred tax liabilities. The net deferred tax liability is included as other long-term liabilities in the accompanying consolidated balance sheets.

The Tax Cuts and Job Act subjects a U.S. company to tax on its Global Intangible Low Tax Income (GILTI). Under GAAP, the Company can make an accounting policy election to either treat taxes due on the GILTI inclusion as a current period expense or factor such amounts into the measurement of deferred taxes. The Company elected the period expense method.

The Company does not currently operate under any tax holiday in any country in which it operates.

The Company does not have foreign earnings available to distribute. As such, there is no unrecorded deferred tax liability associated with an outside basis of foreign subsidiaries.

As of June 30, 2025, the Company had NOL carryforwards of $944.3 million, $881.6 million, and $13.4 million for federal, state, and foreign tax purposes, respectively, that are available to reduce future taxable income. If not utilized, the state NOL carryforwards will begin to expire in 2025. As of June 30, 2025, the federal and foreign NOL carryforwards do not expire and will carry forward indefinitely until utilized. As of June 30, 2025, the Company had capital loss carryforwards of $74.3 million for foreign tax purposes. The foreign capital loss carryforwards do not expire and will carry forward indefinitely until utilized. As of June 30, 2025, the Company also had research and development tax credit carryforwards of $89.4 million and $66.2 million for federal and state tax purposes, respectively. If not utilized, the federal tax credits will expire at various dates beginning in 2041. The majority of the state tax credits do not expire and will carry forward indefinitely until utilized.

Utilization of the NOL and tax credit carryforwards may be subject to a substantial annual limitation due to the ownership change limitations provided by the Code and other similar state provisions. The annual limitation may result in the expiration of NOLs and tax credits before utilization.

Below is the reconciliation of the unrecognized tax benefits related to federal and California research and development credits during the periods presented (in thousands):

	Year ended June 30,		
	2025	2024	2023
Balance at the beginning of the year	$ 35,128	$ 23,300	$ 16,724
Add:			
Tax positions related to the current year	10,622	9,134	6,642
Purchase of intangible assets	209	—	—
Tax positions related to the prior year	—	2,714	226
Less:			
Statute of limitations lapse	—	(20)	(292)
Balance at the end of the year	$ 45,959	$ 35,128	$ 23,300

The Company had unrecognized tax benefits of $46.0 million and $35.1 million as of June 30, 2025 and 2024, respectively, all of which are offset by a full valuation allowance. If the unrecognized tax benefits as of June 30, 2025 were recognized, they would not have an impact to the effective tax rate due to the Company's valuation allowance.

The amount of interest and penalties accrued as of each of June 30, 2025 and 2024 were not material.

The Company files income tax returns in the U.S. for U.S. federal, California, and various states and foreign jurisdictions. The Company’s U.S. federal, state, and foreign tax returns for all years remain subject to examination by taxing authorities as a result of unused tax attributes being carried forward. The Company records liabilities related to uncertain tax positions, which provide adequate reserves for income tax uncertainties in all open tax years. The Company’s management evaluates the realizability of the Company’s deferred tax assets based on all available evidence, both positive and negative. The realization of net deferred tax assets is dependent on the Company’s ability to generate sufficient future taxable income during the foreseeable future. The Company does not anticipate any material change on its unrecognized tax benefits over the next 12 months.

Subsequent to the Company’s fiscal year ended June 30, 2025, the One Big Beautiful Bill Act (OBBBA) was enacted on July 4, 2025. The legislation includes tax related provisions that may impact the Company, including a repeal of Section 174 of the Internal Revenue Code relating to the capitalization and amortization of domestic research and experimental expenditures, applicable to the Company starting fiscal year ending June 30, 2026. The Company is in the process of evaluating the impacts of the OBBBA to its consolidated financial statements. A quantitative estimate of the OBBBA's effects cannot be reasonably determined at this time due to the complexity of the changes.

NOTE 13 – LEASES

The Company has non-cancelable operating leases for office and other facilities in various locations, which expire through 2031. Also, the Company subleases part of its office facility in Draper, Utah under a non-cancellable operating lease that expires in December 2030. The Company's leases do not contain any material residual value guarantees.

As of June 30, 2025, the weighted average remaining term of these operating leases is 6.0 years and the weighted-average discount rate used to estimate the net present value of the operating lease liabilities was 5.0%.

The total payment for amounts included in the measurement of operating lease liabilities was $13.4 million, $13.9 million, and $14.9 million during the years ended June 30, 2025, 2024, and 2023, respectively.

The total amount of ROU assets obtained in exchange for new operating lease liabilities was $4.8 million, $0.0 million, and $2.0 million during the years ended June 30, 2025, 2024, and 2023, respectively.

The components of lease expense during the years ended June 30, 2025, 2024, and 2023 are shown in the table below (in thousands):

	Year ended June 30		
	2025	2024	2023
Operating lease expense [1]	$ 12,627	$ 12,877	$ 14,081
Variable lease expense, net of credit	2,412	2,461	2,251
Sublease income	(842)	(581)	(586)
Total lease cost	$ 14,197	$ 14,757	$ 15,746

[1] Includes short-term lease, which is not material for the fiscal years ended June 30, 2025, 2024, and 2023.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Commitments

The Company has non-cancelable operating leases for office and other facilities in various locations, which expire through 2031. Future minimum lease payments as of June 30, 2025 are as follows (in thousands):

Fiscal years ending June 30:	Amount
2026	$ 13,292
2027	13,226
2028	13,590
2029	13,974
2030	14,361
Thereafter	14,278
Gross lease payments	82,721
Less - present value adjustments	(11,449)
Total operating lease liabilities, net	$ 71,272

The current portion of operating lease liabilities, which is included in other accruals and current liabilities in the accompanying consolidated balance sheets, was $12.9 million and $13.0 million as of June 30, 2025 and 2024, respectively. The non-current portion of operating lease liabilities was $58.4 million and $62.8 million as of June 30, 2025 and 2024, respectively.

In addition to the minimum lease payments above, the Company has multi-year agreements with certain third parties and financial institution partners, expiring through 2029, which require the Company to pay fees over the term of the respective agreements. Future payments under these other agreements as of June 30, 2025 are as follows (in thousands).

Fiscal years ending June 30:	Amount
2026	$ 22,426
2027	24,648
2028	11,812
2029	4,250
Total	$ 63,136

Purchase of Card Receivables That Have Not Cleared

The Company is contractually obligated to purchase all card receivables from the Issuing Banks including authorized transactions that have not cleared. The transactions that have been authorized but not cleared totaled $76.0 million as of June 30, 2025 and are not recorded on the accompanying consolidated balance sheets. The Company has credit exposures with these authorized but not cleared transactions; however, the expected credit losses recorded were not material as of June 30, 2025. See Note 5 for additional discussion about acquired card receivables.

Litigation

From time to time, the Company is involved in lawsuits, claims, investigations, and proceedings that arise in the ordinary course of business. The Company records a provision for a liability when management believes that it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. As of each of June 30, 2025 and 2024, the Company’s reserve for litigation is immaterial. The Company reviews these provisions periodically and adjusts these provisions to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and other information and events pertaining to a particular case. Litigation is inherently unpredictable.

Unused Credit Arrangements

As of June 30, 2025, the Company, in partnership with the Issuing Banks and the Originating Bank Partner, had approximately $3.6 billion in unused credit available to spending businesses and borrowers using the invoice financing product. While this balance represents the total unused credit available, historical trends and current expectations indicate that the unused credit will likely not be fully utilized by spending businesses using the spend and expense product and borrowers using the invoice financing product at any one time.

The Company manages credit risk exposure by limiting total credit for each spending business using the spend and expense product and borrowers using the invoice financing product. The Company periodically reviews credit lines to assess different factors, including account usage and creditworthiness of spending businesses using the spend and expense product and borrowers using the invoice financing product. The credit lines can be terminated by the Company at any time, and they do not necessarily represent future cash requirements. The Company does not record a liability for expected credit losses for unused lines of credit as they are unconditionally cancellable.

NOTE 15 – RESTRUCTURING

On December 5, 2023, the Company announced a restructuring plan (Restructuring Plan) intended to right-size the Company's organization, enhance profitability, and reallocate resources towards the most impactful initiatives. The Restructuring Plan included a reduction of the Company's global workforce and closure of its office in Sydney, Australia. The Company incurred the majority of the charges relating to the Restructuring Plan in the three months ended December 31, 2023. The Company has substantially completed the Restructuring Plan as of June 30, 2024.

There were no restructuring expenses recorded during the year ended June 30, 2025. During the year ended June 30, 2024, the Company recorded restructuring expenses of $27.6 million, which includes $3.6 million of stock-based compensation expense, as a separate line item in the accompanying consolidated statements of operations. The following table summarizes the restructuring liability that is included in other accruals and current liabilities and accounts payable on the accompanying consolidated balance sheets as of June 30, 2025:

	Severance and termination benefits	Contract termination	Other	Total restructuring liability
Balance, at June 30, 2023	$ —	$ —	$ —	$ —
Charges	22,817	480	705	24,002
Cash payments	(22,492)	(480)	(703)	(23,675)
Balance, at June 30, 2024	325	—	2	327
Charges	—	—	7	7
Reversal	(110)	—	—	(110)
Cash payments	(215)	—	(9)	(224)
Balance, at June 30, 2025	$ —	$ —	$ —	$ —

NOTE 16 – NET INCOME (LOSS) PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS

The following table presents the calculation of basic and diluted net income (loss) per share attributable to common stockholders (in thousands, except per share amounts):

	June 30,		
	2025[1]	2024	2023
Numerator:			
Net income (loss) attributable to common stockholders			
Basic	$ 23,799	$ (28,878)	$ (223,725)
Gain on debt extinguishment, net of change on mark to market derivatives and amortization of debt issuance costs	(31,327)	—	—
Diluted	$ (7,528)	$ (28,878)	$ (223,725)
Denominator:			
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders			
Basic	103,568	106,102	105,976
Effect of dilutive securities:			
Convertible senior notes	344	—	—
Diluted	103,912	106,102	105,976
Net income (loss) per share attributable to common stockholders:			
Basic	$ 0.23	$ (0.27)	$ (2.11)
Diluted	$ (0.07)	$ (0.27)	$ (2.11)

[1] For the fiscal year ended June 30, 2025, the dilutive effect of outstanding equity awards is reflected in diluted earnings per share by application of the treasury stock method and if-converted method.

Potentially dilutive securities, which were excluded from the diluted net income (loss) per share calculations because they would have been antidilutive, were as follows (in thousands):

	June 30,		
	2025	2024	2023
Equity awards	9,511	6,641	6,772
Convertible senior notes	12,226	2,426	8,534
Total	21,737	9,067	15,306

Shares issuable under the Notes is subject to adjustment up to approximately 16.6 million shares if certain corporate events occur prior to the maturity date of the Notes or if the Company issues a notice of redemption. As of June 30, 2025, no conversion was triggered for the Notes.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation and supervision of our chief executive officer (CEO) and our chief financial officer (CFO), have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of June 30, 2025, the end of the period covered by this Annual Report on Form 10-K. Our disclosure controls and procedures are designed to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure. Based on such evaluation, our CEO and CFO have concluded that our disclosure controls and procedures were effective at a reasonable assurance level.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Management, with the participation of our CEO and CFO, has assessed the effectiveness of our internal control over financial reporting as of June 30, 2025 based on the 2013 framework established in the “Internal Control-Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has concluded that our internal control over financial reporting as of June 30, 2025 was effective.

The effectiveness of the internal control over financial reporting as of June 30, 2025 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which appears in Part II, Item 8 of this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the fiscal quarter ended June 30, 2025 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitation on the Effectiveness of Internal Control

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

Item 9B. OTHER INFORMATION

				Trading Arrangement			
Name	**Title**	**Action**	**Date**	**Rule 10b5-1 (1)**	**Non-Rule 10b5-1 (2)**	**Total Shares to be Sold**	**Expiration Date**
John Rettig (3)	President and Chief Operating Officer	Adopt	6/6/2025	X		162,438	9/12/2026
Rajesh Aji (4)	Chief Legal Officer and Chief Compliance Officer	Adopt	3/3/2025	X		30,962	6/12/2026
Germaine Cota (4)	Senior Vice President, Finance and Accounting	Adopt	2/25/2025	X		31,184	5/29/2026

(1) Intended to satisfy the affirmative defense of Rule 10b5-1(c). The Rule 10b5-1 plan included a representation from the participant to the broker administering the plan that such person was not in possession of any material nonpublic information regarding us or our securities subject to the Rule 10b5-1 plan at the time the Rule 10b5-1 plan was entered into. This representation was made as of the date of adoption of the Rule 10b5-1 plan, and speaks only as of that date. In making this representation, there is no assurance with respect to any material nonpublic information of which the participant was unaware, or with respect to any material nonpublic information acquired by the participant or us after the date of the representation.

(2) Not intended to satisfy the affirmative defense of Rule 10b5-1(c).

(3) Includes certain shares underlying performance-based restricted stock units subject to future determination.

(4) The Rule 10b5-1 plan was inadvertently omitted in Item 5 of Part II of our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2025.

Item 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

We maintain a Code of Business Conduct and Ethics that incorporates our code of ethics applicable to all our employees (including executive officers), independent contractors, and our board of directors. Our Code of Business Conduct and Ethics is published on our Investor Relations website at investor.bill.com under "Governance." We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding amendments to, or waiver from, a provision of our Code of Business Conduct and Ethics by posting such information on the website address and location specified above.

The remaining information required by this item is incorporated by reference to the definitive Proxy Statement for our 2025 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after June 30, 2025.

Item 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2025 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after June 30, 2025.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2025 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after June 30, 2025.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2025 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after June 30, 2025.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2025 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after June 30, 2025.

PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as a part of this Annual Report on Form 10-K:

(1) Consolidated Financial Statements:

See “Index to Consolidated Financial Statements” in Part II, Item 8 of this Annual Report on Form 10-K.

(2) Financial Statement Schedules:

All financial statement schedules have been omitted as the information is not required under the related instructions or is not applicable or because the information required is already included in the financial statements or the notes to those financial statements.

(3) Exhibits

The documents set forth below are filed herewith or are incorporated herein by reference to the location indicated.

EXHIBITS

		Incorporated by Reference				
Exhibit Number	Description	Form	File No.	Exhibit Number	Filing Date	Filed Herewith
2.1	Agreement and Plan of Merger, dated May 6, 2021, between the Registrant, certain subsidiaries of the Registrant and DivvyPay, Inc., a Delaware corporation.	S-3/ASR	333-256709	2.1	06/02/2021	
2.2	Agreement and Plan of Merger, dated July 16, 2021, between the Registrant and Invoice2go, Inc.	S-3/ASR	333-259419	2.1	09/09/2021	
3.1	Restated Certificate of Incorporation, as amended.	10-Q	001-39149	3.1	02/07/2025	
3.2	Second Amended and Restated Bylaws.	8-K	001-39149	3.2	02/17/2023	
4.1	Form of Common Stock certificate.	S-1/A	333-234730	4.1	12/2/2019	
4.2	Tenth Amended and Restated Investors’ Rights Agreement, dated December 21, 2018, by and among the Registrant and certain security holders of the Registrant, as amended.	S-1	333-234730	4.2	11/15/2019	
4.3	Description of Securities Registered Under Section 12 of the Exchange Act.	10-K	001-39149	4.3	08/29/2023	
4.4	Indenture, dated as of November 30, 2020, between the Registrant and Wells Fargo Bank, National Association (including the form of 0% convertible senior notes due 2025).	8-K	001-39149	4.1	11/30/2020	
4.5	Indenture, dated as of September 24, 2021, between the Registrant and Wells Fargo Bank, National Association (including the form of 0% convertible senior notes due 2027).	10-K	001-39149	4.5	08/29/2023	
4.6	Form of Warrant to Purchase Common Stock by and between the Registrant and CPA.com, Inc.	10-K	001-39149	19.1	08/23/2024	
4.7	Form of Warrant to Purchase Common Stock by and between the Registrant and JPMC Strategic Investments I Corporation.	10-Q	001-39149	4.1	02/09/2024	
4.8	Indenture, dated as of December 6, 2024, between the Registrant and Computershare Trust Company, N.A. (including the form of 0% convertible senior notes due 2030).	8-K	001-39149	4.1	12/06/2024	
10.1†	Form of Indemnification Agreement.	S-1	333-234730	10.1	11/15/2019	
10.2†	2016 Equity Incentive Plan, as amended, and forms of equity agreements thereunder.	S-1	333-234730	10.3	11/15/2019	
10.3†	2019 Equity Incentive Plan, and forms of equity agreements thereunder.	10-K	001-39149	10.4	08/29/2023	

10.4†	2019 Employee Stock Purchase Plan, and forms of subscription agreement thereunder.	10-K	001-39149	10.5	08/29/2023	
10.5†	Form of Change in Control and Severance Agreement for executive officers.	S-1/A	333-234730	10.6	12/2/2019	
10.6†	Offer Letter, by and between the Registrant and René Lacerte.	S-1/A	333-234730	10.7	12/2/2019	
10.7†	Offer Letter, by and between the Registrant and John Rettig.	S-1/A	333-234730	10.8	12/2/2019	
10.8†	Offer Letter, by and between the Registrant and Ken Moss.					X
10.9†	Offer Letter, by and between the Registrant and Mary Kay Bowman.					X
10.10†	Offer Letter, by and between the Registrant and Mike Cieri.					X
10.11†	Offer Letter, by and between the Registrant and Rohini Jain.					X
10.12	Third Amendment to Office Lease, by and between the Registrant and US ER America Center 4, LLC.	10-K	001-39149	10.12	08/22/2022	
10.13	Amendment No. 5 to Revolving Credit and Security Agreement, by and among Goldman Sachs Bank USA, the lenders party thereto and Divvy Peach, LLC, dated as of March 15, 2024.	10-Q	001-39149	10.1	05/03/2024	
10.14†	DivvyPay, Inc. 2016 Equity Incentive Plan.	10-K	001-39149	10.14	08/30/2021	
10.15†	Invoice2go, Inc. 2014 Stock Plan.	S-8	333-259420	99.1	09/09/2021	
10.16	Revolving Credit Agreement by and among Odin Financing, LLC, J.P. Morgan Chase Bank, N.A. and the lenders party thereto, dated as of May 23, 2025.	8-K	001-39149	10.1	05/27/2025	
10.17	Form of Capped Call Confirmation.	8-K	001-39149	10.1	12/06/2024	
16.1	Letter from Ernst & Young LLP, dated September 7, 2023.	8-K	001-39149	16.1	09/07/2023	
19.1	Insider Trading Policy.	10-K	001-39149	19.1	08/23/2024	
21.1	List of Subsidiaries of the Registrant.					X
23.1	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm.					X
23.2	Consent of Ernst & Young LLP, independent registered public accounting firm.					X
31.1	Certification of Principal Executive Officer Pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1994 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Principal Financial Officer Pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1994 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
97.1	BILL Holdings, Inc. Compensation Recovery Policy.	10-K	001-39149	19.1	08/23/2024	
101.INS	Inline XBRL Document Set for the consolidated financial statements and accompanying notes in Part II, Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.					X

104	Inline XBRL for the cover page of this Annual Report on Form 10-K, included in the Exhibit 101 Inline XBRL Document Set		X

† Indicates management contract or compensatory plan.

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

Item 16. FORM 10-K SUMMARY

Not applicable.

SIGNATURES

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

August 28, 2025	By:	/s/ René Lacerte
(Date)		René Lacerte Chief Executive Officer (Principal Executive Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints René Lacerte and Rohini Jain, and each of them, as his or her true and lawful attorneys-in-fact, proxies, and agents, each with full power of substitution, for him or her in any and all capacities, to sign any and all amendments to this registration statement (including post-effective amendments or any abbreviated registration statement and any amendments thereto filed pursuant to Rule 462(b) increasing the number of securities for which registration is sought), and to file the same, with all exhibits thereto and other documents in connection therewith, with the SEC, granting unto said attorneys-in-fact, proxies, and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact, proxies, and agents, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Annual Report on Form 10-K has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ René Lacerte René Lacerte	Chief Executive Officer and Director (Principal Executive Officer)	August 28, 2025
/s/ Rohini Jain Rohini Jain	Chief Financial Officer (Principal Financial Officer)	August 28, 2025
/s/ Germaine Cota Germaine Cota	Senior Vice President, Finance and Accounting (Principal Accounting Officer)	August 28, 2025
/s/ Aida Alvarez Aida Alvarez	Director	August 28, 2025
/s/ Steven Cakebread Steven Cakebread	Director	August 28, 2025
/s/ Stephen Fisher Stephen Fisher	Director	August 28, 2025
/s/ Keri Gohman Keri Gohman	Director	August 28, 2025

/s/ David Hornik David Hornik	Director	August 28, 2025
/s/ Brian Jacobs Brian Jacobs	Director	August 28, 2025
/s/ Allie Kline Allie Kline	Director	August 28, 2025
/s/ Allison Mnookin Allison Mnookin	Director	August 28, 2025
/s/ Tina Reich Tina Reich	Director	August 28, 2025
/s/ Alison Wagonfeld Alison Wagonfeld	Director	August 28, 2025
/s/ Dan Wernikoff Dan Wernikoff	Director	August 28, 2025