

February 23, 2023

Accounting Memo on Consumer Receivables

Upon closing the acquisition of Afterpay Limited (“Afterpay”) on January 31, 2022, Block, Inc. (the “Company”) revised the write-off policy for Afterpay’s consumer receivables from 90 days to 180 days, based on observed historical collections after 90 days and to allow customers access to their accounts to continue to repay even after 90 days. Consumer receivables that were 90+ days past due and written off by Afterpay prior to the acquisition were not reversed, and as a consequence, the balance of consumer receivables that are 90+ days past due has steadily increased as illustrated in the table below. This table presents the aging analysis of the amortized cost of consumer receivables balance as of March 31, 2022, June 30, 2022, September 30, 2022, and December 31, 2022.

Unaudited In thousands	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022
Non-delinquent loans	\$ 1,206,259	\$ 1,175,488	\$ 1,152,509	\$ 1,643,874
1 - 60 days past due	149,913	149,531	159,759	295,830
61 - 90 days past due	49,194	22,344	21,385	20,612
91 -120 days past due	8,758	18,510	20,868	21,339
121 - 150 past due	-	19,904	20,210	20,956
151 - 180 days past due	-	-	19,367	19,839
Total amortized cost	\$ 1,414,124	\$ 1,385,777	\$ 1,394,098	\$ 2,022,450

The Company has maintained sufficient allowance for credit losses related to consumer receivables.